



AT THE  
**EPICENTRE**  
OF INDIA'S  
**DEFENCE &  
SPACE**  
REVOLUTION



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We, at Paras, are proud to contribute towards enhancing India's capabilities in defence and space. Our products and solutions help strengthen our country's national security. We are an integral part of India's mission of **'Make in India'** through our significant participation in defence and space programmes of our country.

Our wide range of products and continual focus on technology development help us cater to customised requirements of our customers and distinguishes us from the rest. With in-house R&D, ToTs from our customers and technology collaboration with foreign OEMs, we wish to become India's pioneer defence and space engineering company offering diversified niche technologies.

As one of the few companies with specialised technology competencies such as Optics manufacturing and EMP protection, Paras is likely to be an integral stakeholder in majority of future

programmes involving the local sourcing of defence and space optics and EMP protection solutions.

With India's renewed focus on bolstering its space and defence capabilities and indigenisation efforts for import substitution, we believe the opportunity landscape for us is widening.

Our technology development capabilities and state-of-the-art manufacturing infrastructure enables us to deliver superior value to our customers and other stakeholders.



# DECADES OF EXPERIENCE IN DEFENCE ENGINEERING

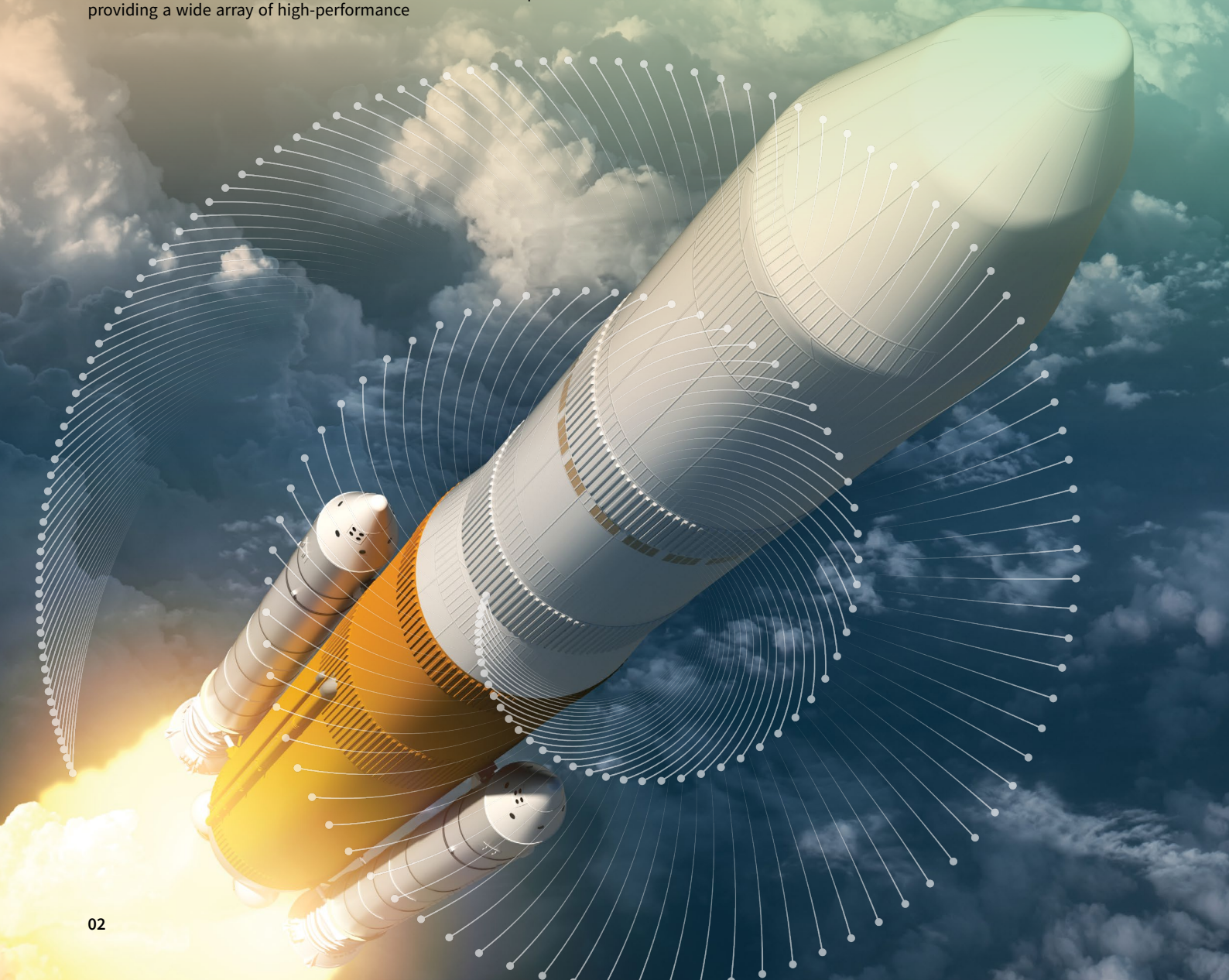
We are one of the leading private sector companies in the Defence & Space Industry having Indigenously Designed Developed and Manufactured (IDDM) capabilities and serving the Industry for over 4 decades with exceptional value.

We provide services to four major segments of India's defence sector, which constitutes heavy engineering, electro-magnetic pulse protection, defence and space optics and defence electronics. We are the only Indian supplier of critical imaging parts for space applications, including large-size optics and diffractive gratings.

Our defence electronics operations include providing a wide array of high-performance

computing and electronic systems for defence applications. We are capable of taking on and completing specialised turnkey solutions in the Electro-magnetic Pulse (EMP) protection segments. In the heavy engineering segment, we are specialised in high-end production for defence and space applications and have given our customers access to unique mechanical products.

In order to indigenously develop cutting-edge solutions for the Indian market, we have partnered with some of the leading technological companies worldwide.





**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.

**40+**

Years of industry experience

**380+**

Strong and active workforce

**5**

Key product verticals

**₹ 182.56 Cr**

Revenue

**50+**

Active projects

**₹ 27.08 Cr**

PAT

**₹ 23.32 Cr**

Net cash from operations

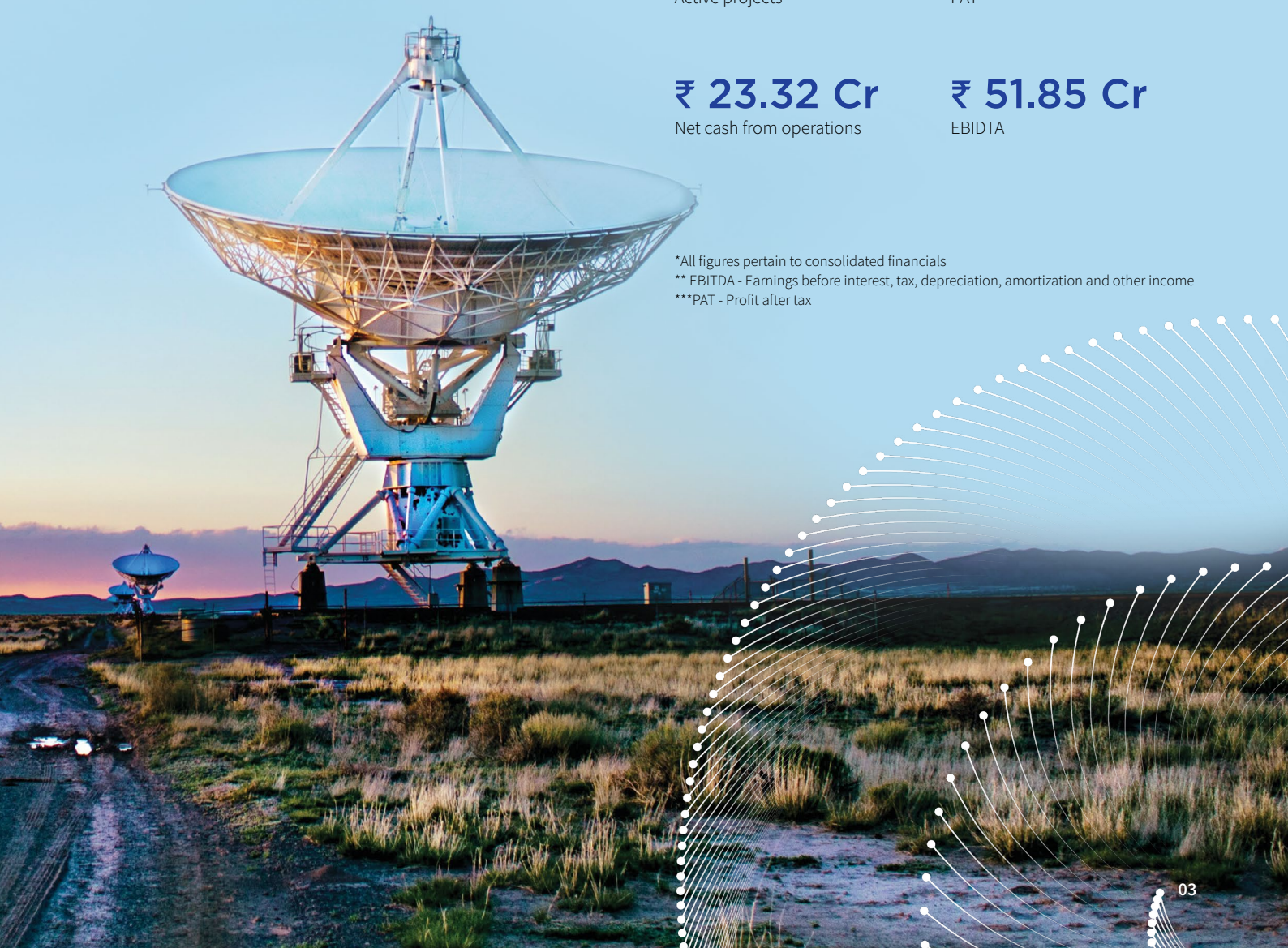
**₹ 51.85 Cr**

EBIDTA

\*All figures pertain to consolidated financials

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

\*\*\*PAT - Profit after tax





# PROVIDING VALUE THROUGH INNOVATION

Defence and Space Optics, Defence Electronics, Heavy Engineering, Electro-Magnetic Pulse (EMP) Solution, and Niche Technologies are our five technology-based verticals. We provide cutting edge products and turnkey solutions for domestic as well as international markets.







## PROVIDING VALUE THROUGH INNOVATION CONTD...

### Defence and Space Optics

We produce ultra-high precision optics for use in defence and space applications. Our products in this segment would include

#### Infrared lenses

These are the optical parts for thermal imaging cameras or night vision equipment that are widely used by border security officers and the armed forces for all electro optic and infrared systems.

#### Diffraction gratings

This is a crucial optical component for hyper-spectral cameras used in space applications, such as earth observation, among many others.

### Large size optics

These large mirrors are utilised in space telescopes with optics ranging in size from 0.5 to 1.2 metres in diameter and are employed for a variety of imaging tasks in earth observation satellites.

#### Optical domes

These are the optical components that missiles employ to effectively sight their targets.

#### Metal mirrors

These mirrors, that are made of aluminium or other comparable metals, have a very high surface reflectivity, making them ideal for large-scale, long-range imaging devices like telescopes.

### Gyroscope components

These are extremely precise parts found in gyroscopes that have a direct impact on the device's positional accuracy. As a result, the inertial navigation system, which is utilised in a variety of applications such as avionics and space travel, becomes more accurate.

#### Opto-mechanical assemblies

These are assemblies made up of precision optics and precision mechanics that are assembled to provide a variety of optical lenses for use in defence and space applications.





### Defence Electronics

We offer a wide range of high performance computing and electronic systems for defence applications. Our products in this segment would include

#### Rugged control system

These are ruggedized computing subsystems designed for automating mission-critical functions including target tracking, fire control, and command control. These systems are entirely unique creations that can withstand the most extreme climatic conditions and yet work dependably.

#### Mounted command and control systems

These are human-machine interface systems that command-and-control systems with multiple displays and high-end computing. They are utilised for applications including processing radar data and fire control.

### Rugged displays

These liquid crystal display (LCD) monitors provide great performance, including sun readability, and consume little power, even while operating in challenging environmental circumstances.

#### Rugged panel personal computers

These are high-end compact computers with in-built display meant for harsh environmental operating conditions.

#### Rugged communication systems

These are military-grade, high-performance, commercially off-the-shelf communication subsystems that have been ruggedized to function in challenging conditions.

### Rugged consoles and wired cabinets

These command-and-control systems have been specifically tailored to meet user needs.

#### Non-contact proximity sensor

Under challenging underwater conditions, such as high pressure and salinity, this non-contact electro-mechanical technology provides accurate proximity detection.





## PROVIDING VALUE THROUGH INNOVATION CONTD...

### Heavy Engineering for Defence

We manufacture high performance, precision mechanical systems for Defence Applications. Our products in this segment would include

#### Flow formed tubes

These are seamless metal tubes manufactured by the cold forming process which are the key mechanical parts of a rocket or missile.

#### Vacuum brazed cold plates

These cooling plates are used in an active array radar to dissipate heat from high-power electronics.

### Remotely controlled border defence system

This is front-line surveillance and land defence system that recognises threats and, in response to a commander's intervention, activates the weapon system to eliminate the threat.

### Titanium structures and assemblies

These mechanical assemblies are made of titanium metal and have a variety of uses, including transducer hardware for submarines and naval vessels.

### Large and heavy dynamic structures

These are robust test rigs used for a variety of tasks, including simulating underwater conditions and testing transducer performance.

### Indigenously designed flow-forming machines

These flow-forming machines were designed and manufactured indigenously, and are utilised to create motor tubes for usage in aerospace and defence application.

### Racks, cabinets and consoles

These are heavy-duty mechanical racks and cabinets that have been custom designed for military and rugged applications.



## EMP Protection Solutions

We provide turnkey protection against Electro-Magnetic Pulse, which is perceived to be the current and future threat. Our products in this segment would include

### Turnkey EMP shielding

Data centres, control rooms, and command centres are just a few of the key spaces and rooms we shield from electromagnetic pulses.

### EMP racks and cabinets

These are certified racks and cabinets with EMP protection and used for high end strategic applications.

### High performance EMP filters

These filters come in a wide variety and are used to protect data and power lines from interference or electro-magnetic pulses inside a rack, shelter, or room.

### Shielded doors

These doors, which are specially made to offer electromagnetic shielding between two isolated compartments, are typically installed on-board military ships or portable shelters.

### Entry point shielding components

These are shielded points-of-entries used for protection against electro-magnetic interferences.



## PROVIDING VALUE THROUGH INNOVATION CONTD...

### Niche Technologies

We are building niche technologies by in-house development, taking Transfer of Technology (ToT) from DRDO and collaborating with Foreign OEMs. Some of the niche technologies that we are working on are

#### Large Size Space Mirrors

Paras defence has exclusive capabilities to develop and manufacture large size mirrors for Space applications with ultra-high precision surface accuracy.

#### Avionic Suites

Paras defence has collaborated with its partner to offer fully certified Avionic suite for commercial aircrafts.

#### Red Dot Reflex Sights

Paras has successfully developed Red Dot Reflex Sight which is used for precision point-and-shoot applications.

### Border Surveillance System

Paras has been awarded the ToT for Border Surveillance System by DRDO. This system has immense business potential in India and abroad.

#### Submarine Periscope

Paras has been awarded the ToT for Submarine Periscope and have also been nominated as the production partner for the same. This will make Paras as the first private Indian company in the whole Asia-Pacific region to develop the Submarine Periscope.

#### Remotely Controlled Border Defence System

Paras has successfully developed Remotely Controlled Border Defence System in collaboration with the DRDO.

### Hyper-Spectral Imaging System

Paras has successfully developed Opto-Mechanical System for Hyper-Spectral Imaging Camera and now in the process of developing a complete Hyper Spectral Imaging Camera for Space and Ground Applications.

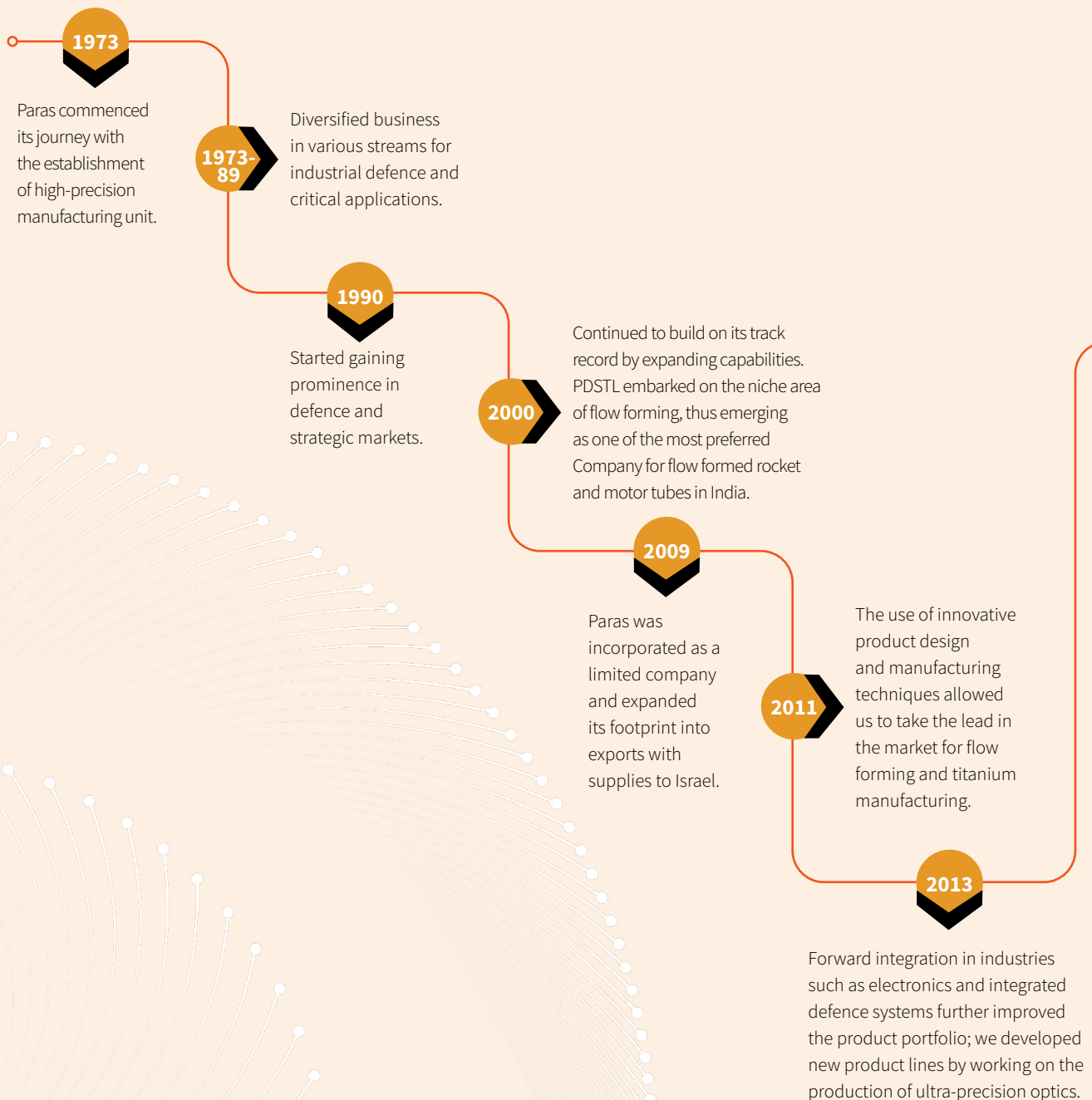


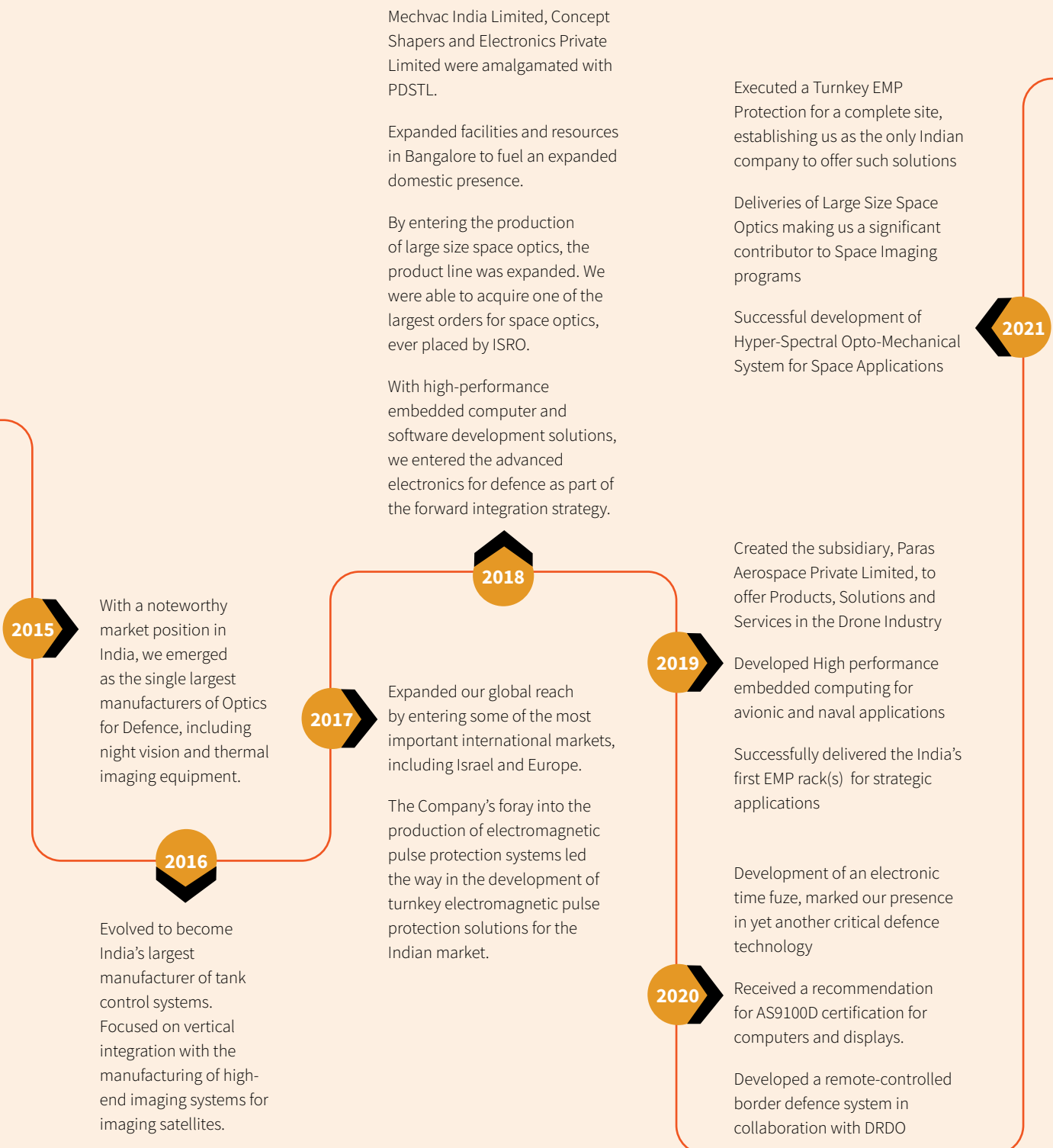




# HONOURED TO BE A PART OF INDIAN DEFENCE & SPACE INDUSTRY

We have evolved over the years to provide ground-breaking products and solutions that help bolster India's high-end space and defence capabilities. Our transformation and milestones across decades have been as below.





# DELIVERING VALUE THROUGH INNOVATION

## INPUTS



## SUSTAINING VALUE CREATION



### Industry expertise

We have been operating in India since 1973, with our strong manufacturing capabilities.



### Operational efficiency

Our businesses will continue to deliver quality services with a strong commitment to Innovation in Products and Processes



### Durable relationships

Paras 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.



### Strong governance

The Company maintains a high standard of corporate governance to ensure solid foundation for success, and at the same time safeguards the interest of all investors and other stakeholders.



### People strength

We believe that our People are our strength and are the reason behind our success.



### Develop a knowledge base for tomorrow

Our business model is robust and sustainable because our knowledge base is constantly refreshed, as we focus on concurrent engineering in line with emerging customer requirements and investing in future technologies.



### Build on our capabilities

To grow 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 capabilities and create new competencies to respond to customer requirements and stay ahead of the competition.



### Invest in our facilities

Enhanced and modernised 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 levels of Quality

We are investing in our facilities to remain ahead of the curve in a fast-changing industry and support our customers to fulfil their current and future requirements, ensuring the longevity and sustainability of our business model.



### Developing industry-leading products

By investing in and developing cutting-edge technologies we have been successful in delivering path-breaking products to our customers. We would continue to invest in futuristic technologies and stay ahead of our competition.



### Invest in our people

Our people act as key catalysts to turn our strategies into viable business outcomes. We periodically invest in our people to support their career development, well-being and engagement and would continue to do so in future.



**STRATEGIES DEPLOYED** →



**Diversifying our offerings**

In order to improve the commercial potential of our company, we intend to forward integrate into the aerospace sector by developing and partnering with OEMs in the Drone Technology domain.



**Expanding our production capacity**

We are currently planning to upgrade our manufacturing facilities in Nerul, Navi Mumbai, and Ambarnath, Thane, by increasing their capacity for production and adding new machinery using Net Proceeds from the IPO and internal accruals.



**Continued focus on R&D**

We are always investing in new technology, tools, and also upskilling our teams to enhance the experience of value to our consumers/customers. We believe that our focus on innovation and development is the key to sustaining our success and competitiveness. will require us to maintain our focus on innovation and development.



**Expanding international presence**

We are well positioned to offer products and solutions to customers worldwide owing to our vast experience of delivering world-class quality products with successful track record.



**Maintaining a safe workplace**

We have developed and implemented a health and safety policy, organised initiatives to ensure the health and safety of our team, monitored and reviewed performance, and conducted internal and external safety audits in order to maintain a safe work environment for our team members.

**OUTPUT/OUTCOMES**

**40+**  
Years of experience

**336.70 crores**  
Net worth

**2**  
Manufacturing facility

**2**  
R&D facility

**140+**  
Engineers

Various R&D partners

**1**  
Associate/Joint ventures

**4**  
Subsidiaries

**4**  
Independent directors

**92%+**  
Attendance at the board meeting

**380+**  
Team Members

## CHAIRMAN'S MESSAGE



**The secret to our success lies in the unwavering effort and commitment of our Team Members.**

We, therefore, continue to ensure their well-being and undertake steps to foster their professional growth. The health and safety of our people remains our first priority and we are relentlessly trying to strengthen the overall safety protocol.



**Dear Shareholders,**

Our performance in FY22 is a strong testimony of our endearing values and our consistent ability to keep Innovation at the core of our business. Since our inception, we have focused on Technology Development in Defence & Space Sector, which has empowered us to widen our product portfolio and strengthen the foundations of indigenous defence manufacturing in India.

In the last five years, India's defence imports have been considerably diversified, eliminating dependence on a single country. The government's goal to create a \$25 billion domestic defence industry in the near mid-term is anticipated to provide a significant push to the domestic defence space, particularly for private players.

Such favourable factors are expected to enhance opportunity spectrum for our business segments. Our Company will continue to improve its operational efficiencies across manufacturing and supply chain to improve the margins and profitability levels. I am confident that our robust product mix will allow us to accelerate growth and create sustainable value for all our stakeholders.

The secret to our success lies in the unwavering effort and commitment of our employees.

We, therefore, continue to ensure their well-being and undertake steps to foster their professional growth. The health and safety of our people remains our first priority and we are relentlessly trying to strengthen the overall safety protocol. Apart from standard operating mandates, we also arranged Covid-19 vaccination drives for employees as well as their families.

Today, we stand at an opportune moment in the history of the defence industry and as the push for indigenisation gathers strength, we look forward to capitalise on emerging opportunities. I am also confident about responding to the demands of a fast-evolving industry and be future-ready. We believe, going forward, our investments in defence, space and upcoming sectors like Drones and Anti-Drone Technologies, will enable us to serve our existing customers with more value and attract customers from other sectors. Regards,

**Sharad Shah**  
Chairman

Paras Defence &  
Space Technologies Limited



**I am also confident about responding to the demands of a fast-evolving industry and be future-ready.**

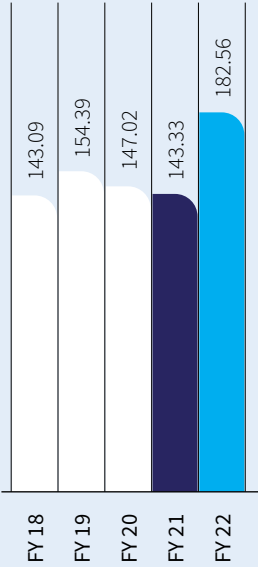
We believe, going forward, our investments in defence, space and upcoming sectors like Drones and Anti-Drone Technologies



# FINANCIAL HIGHLIGHTS

## Revenue

(₹ Crore)

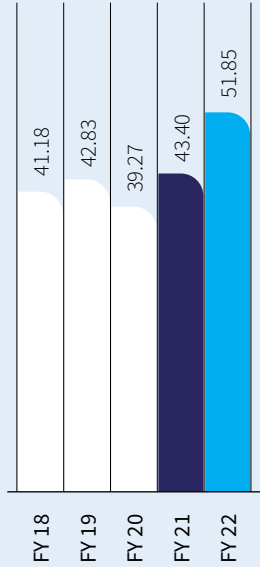


Y-o-Y Growth

**27.37%**

## EBIDTA

(₹ Crore)

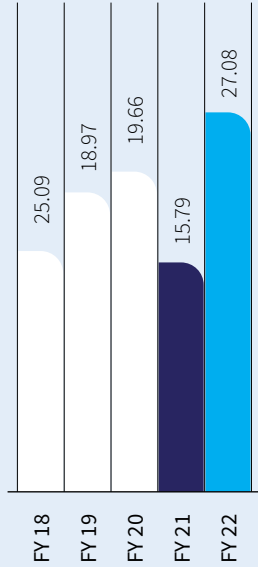


Y-o-Y Growth

**19.48%**

## PAT

(₹ Crore)

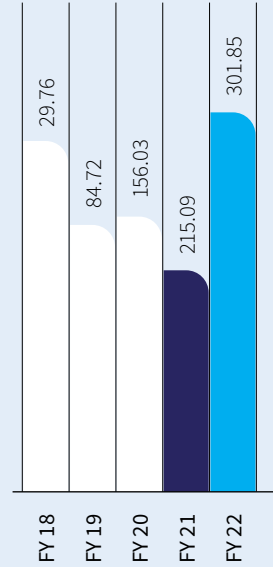


Y-o-Y Growth

**71.54%**

## Order book

(₹ Crore)

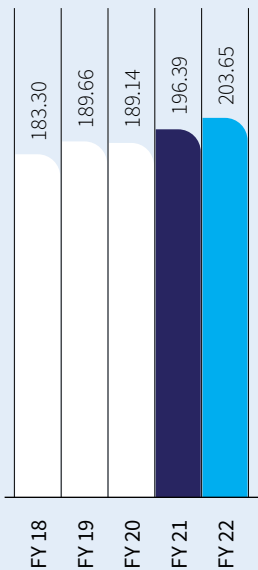


Y-o-Y Growth

**40.34%**

## Gross asset

(₹ Crore)

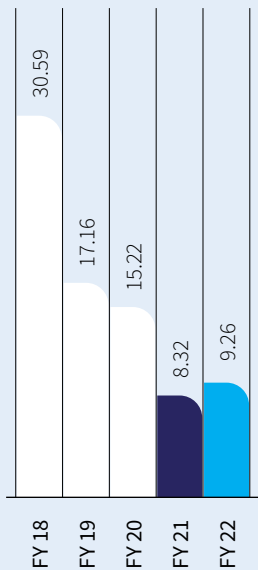


Y-o-Y Growth

**3.70%**

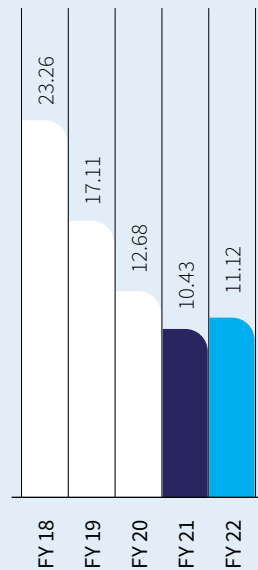
## ROE

(in %)



## ROCE

(in %)





## MANAGING DIRECTOR'S MESSAGE



**We strive to innovate and develop cutting edge technologies, that will help us stay ahead of the curve.**

Our continual focus on R&D will ensure that we keep delivering added value to our customers and grow business with sustained profitability.



## Dear Shareholders,

As I look back on the momentous year, I see us becoming one of the most trusted companies in defence and space sector. Through sheer innovation and performance, we have delivered some of the most valuable projects while creating value to all our stakeholders.

We are the sole supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India. For defence and space applications including thermal imaging and space imaging systems, we produce high-precision optics. We are the only Indian company with design capabilities for space optics and opto-mechanical components. We are fulfilling the requirements of the nation's armed forces and have been chosen by the Defence Research Development Organization (DRDO) as one of the companies to deliver border surveillance system technology.

It's a proud moment for our Company to have been nominated as the production agency for the optronic submarine periscope and receive the Transfer of Technology (ToT) (as developed by IRDE, Defence Research and Development Organisation (DRDO)) for the same from the hands of Honourable Raksha Mantri Shri. Rajnath Singh. We have recently introduced the PARAS.AI (artificial intelligence) drone information technology solution, which would enable the data processing objectives of the powerline, solar, wind, mining, and pipeline inspection operations.

Our diversified portfolio and state-of-the-art infrastructure empowered us to deliver sustainable performance amidst volatile macroeconomic conditions. Our revenues for the year stood at Rs. 180 crore, compared to Rs. 132.80 crore in the previous year. While the PBT stood at Rs. 36.39 crore for the year, against Rs. 21.86 crore in the last fiscal, our Profit after tax improved to Rs. 26.91 crore against Rs. 15.08 crore in FY21. Although our EBITDA margins were impacted during the year due to rising inputs costs, it remained buoyant at 29% - comparatively better than the industry average. We continue to focus on cost-reduction to initiate operational synergies and enhance efficiency. We feel that we are among the very few companies in the industry to maintain a strong balance sheet, with 'zero' long-term debt-equity ratio.

**We strive to innovate and develop cutting edge technologies, that will help us stay ahead of the curve. Our continual focus on R&D will ensure that we keep delivering added value to our customers and grow business with sustained profitability. We are very confident that our subsidiaries will deliver exponential growth and add newer dimensions to our business.**

Regards,

**Munjal Shah**  
Managing Director

Paras Defence &  
Space Technologies Limited



**We are the only Indian company with design capabilities for space optics and opto-mechanical components.**

We are fulfilling the requirements of the nation's armed forces and have been chosen by the Defence Research Development Organization (DRDO) as one of the companies to deliver border surveillance system technology.



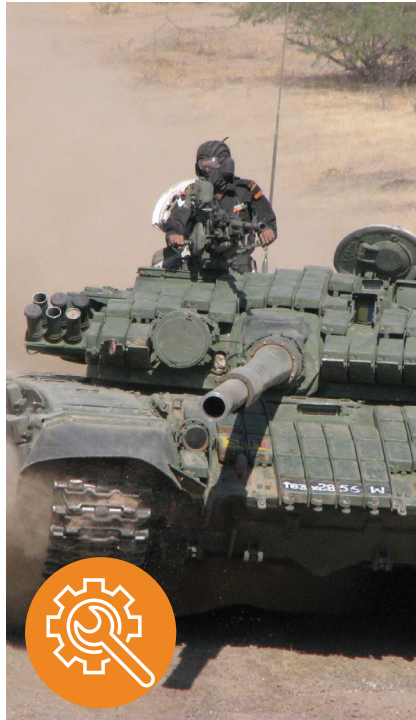
# OUR CORE STRENGTHS THAT HELP DELIVER VALUE



## Diverse products and solutions

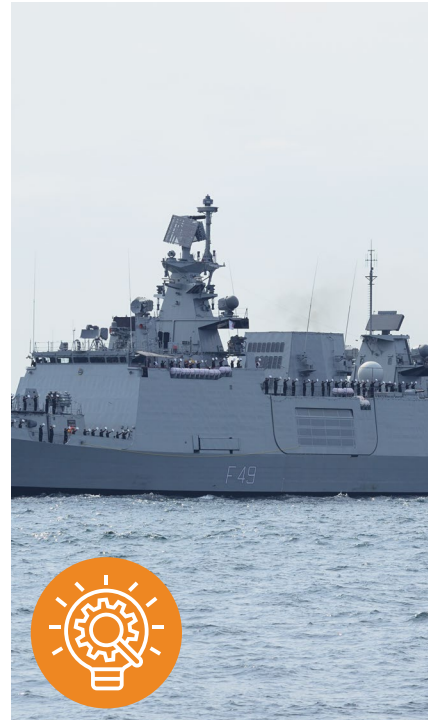
We can effectively service key strategic industries, such as defence and space, due to our broad range of products and solutions. This enables us to grow our business, while allowing our customers to source the majority of their requirements from a single vendor. Our capacity to deliver complete solutions to our clients, including planning, developing, manufacturing, and testing, helps in satisfying their unique and specialised needs.

Due to our horizontal integration, we are able to service the Tier 1 Indian defence suppliers, while also being well-positioned to take on turnkey projects in the defence sector which does not have business conflict with our existing customers. Our capabilities make us one of the most preferred partners for foreign original equipment manufacturers, which are looking for collaboration in India.



## Precision optics manufacturing

We are India's No. 1 manufacturers of Optics and Opto-mechanical Systems for Defence & Space Applications. With one of its kind ultra-high precision manufacturing setup, Paras is well positioned to cater to the growing domestic market for EO/IR Systems, Space Imaging Systems, Night Vision Devices etc. Paras has comprehensive capabilities from Design, Development, Manufacturing and Testing of Ultra-high precision Optical components and assemblies, which distinguishes itself as the market leader in this segment.



## Strong R&D capabilities

We put a lot of emphasis on research and development, which has enabled us to create a wide range of products and solutions in the space and defence industries. In our dedicated R&D centres in Navi Mumbai and Bengaluru, we invest in both, the facilities and human resources in order to develop futuristic technologies. Since the majority of our products and components are designed, developed and manufactured by us in India, we believe that our emphasis on R&D sets us apart as a leading IDDM company in the Indian defence industry. R&D and Technology Development, in our opinion, will be the key in maintaining competitiveness in the continuously emerging market.





**Indigenous production**

A majority of our goods and components are designed, developed and produced by us in India. Our R&D Centre at Nerul is acknowledged by and registered with DSIR as a R&D House and we come under the category of IDDM, the highest category in the priority of categorisation under Defence Acquisition Procedure. We are a significant contributor towards domestic manufacturing for Defence, in line with Atmanirbhar Bharat and Make in India initiatives of the government. Our expanded capacities and expertise have allowed us to create a range of products for our customers, including command-and- control systems, IR optics, EMP racks, diffractive gratings and diffractive gratings.



**Strong customer base**

We have a wide spectrum of customer, including public and private enterprises engaged in the defence and space industries as well as government arms and research organisations. We are able to serve as a manufacturing partner for international customers due to our collaboration with overseas technology companies. By continuously enhancing the effectiveness of our quality management system and managing our clients’ after-sales support needs, we are dedicated to increasing customer experience. To better serve our customers throughout the project life cycle, including after-sale services, we have also grown our presence across several locations in Singapore and India.



**Experienced management team**

Our performance can be largely attributed to our seasoned management team. The members of our management team have either been with our company for a long time or are seasoned business veterans who bring a deep understanding of their respective fields and strong intra-industry connections. Our senior management personnel have considerable managerial skills, operational experience and industry knowledge, which they can use to develop business strategies, seize market opportunities and execute those strategies successfully. Our activities have expanded and internal procedures and competences have been developed as a result of the technical expertise of our management team and personnel.

# CONSTANT INNOVATION HELPS US STAY AHEAD

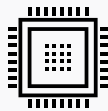
Our R&D efforts are focused on developing new products and solutions as well as refining our processes and the quality of our products. Since the majority of our products are designed, developed and manufactured in India, our emphasis on technology development and R&D sets us apart as a distinguished IDDM company.

## Our R&D capability



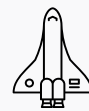
**OPTICS**

We are the only Indian company with design capabilities for space-optics and opto-mechanical components, and we specialise in large-sized optical mirrors



**ELECTRONICS**

We are engaged in extensive research into defence electronics, with current projects focusing on Arinc-818-based avionic displays, electronics time fuzes, and remotely controlled weapon stations.



**HEAVY ENGINEERING**

We are pursuing in-depth research on flowform shells for periscopes for ships, cold plates, and space rockets, among other things.

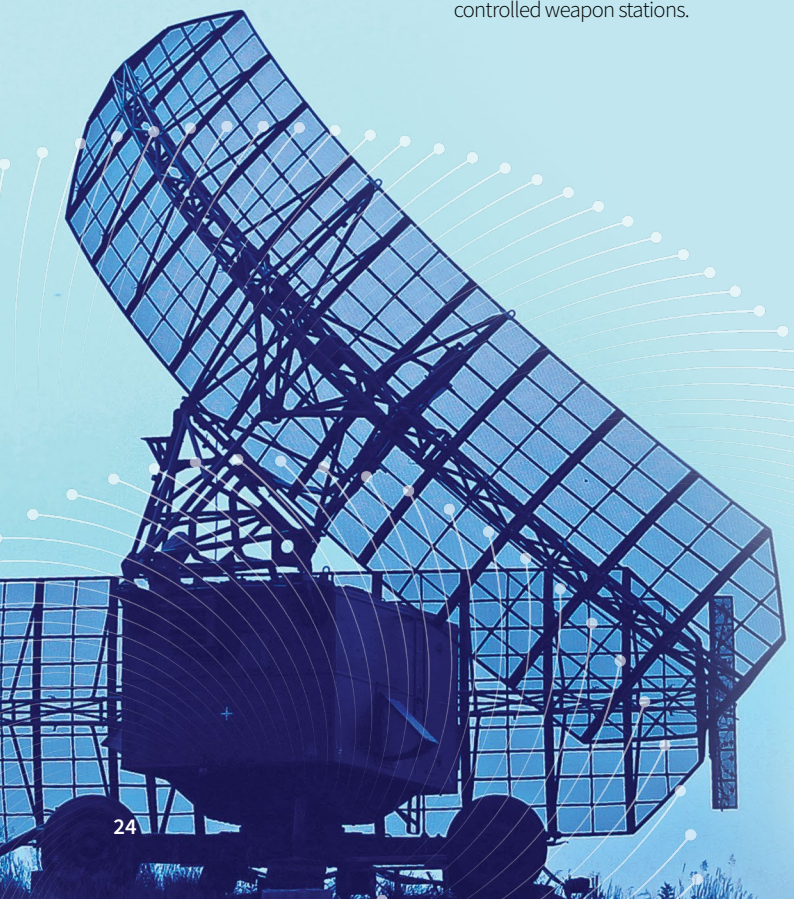


**EMP**

We are engaged in research and development to create EMP filters for diverse signals. We are now working on research for vehicles and DG sets shielding.

**45+**

R&D Team Members



### Foraying into the drone industry

Our subsidiary, Paras Aerospace, is working extensively in the Drone Sector, where the team is developing indigenous drones, partnering with world leading drone technology companies, offering drones services and drone management solutions. With strong domain expertise and complete in-house development capabilities including drone payloads such as cameras, Radars, Lidars etc. Paras Aerospace aims to become India's leading company offering Drone Solutions at the most cost-effective manner. Paras Aerospace caters to wide variety of applications such as Defence, Security, Agriculture, Food Safety, Mining, Oil & Gas, Power, Industrial, Construction and many more.

### R&D partnerships

Along with developing exceptional technologies for Defence & Space, Paras has been chosen as a ToT (Transfer of Technology) Partner by some of its customers, where Paras has been the recipient of high-end technology as developed by DRDO and is also nominated to be one of the production partners for these technologies. Paras has a few collaboration with global OEMs of very niche technologies, where Paras will be the gateway for the foreign OEM into the growing Indian Market, in turn making Paras as a manufacturing partner for their products. These business strategies help Paras emerge as a leading technology development company in the Indian Defence and Space Sector.

### Optronic Submarine Periscope Technology

We have received the Optronic Submarine Periscope Technology (developed by IRDE, DRDO), which serves as the submarine's eye and is used for surveillance applications. This knowledge transfer for submarine periscopes, which is one of the most important naval technologies, could be a significant step toward Atmanirbhar Bharat for Defence Technologies. Such instances and the transfer of technologies further demonstrate DRDO's steadfast commitment to collaborating with us as their Development and Production Partners.

The DRDO Laboratory has also nominated us as the Production Agency for the Optronic Submarine Periscope, and the IRDE, DRDO has licenced this technology to us through a Licensing Agreement for Transfer of Technology of Optronic Submarine Periscope. We will be the first Indian company to produce the Optronic Submarine Periscope turnkey, which offers promising domestic and international business opportunities.



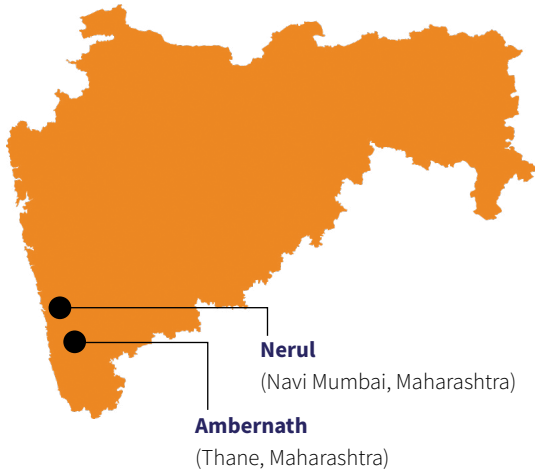
# ENHANCING OUR MANUFACTURING EFFICIENCY

Our state-of-the-art manufacturing facilities have the ability to manufacture a wide range of products, which provides us the flexibility to cater to dynamic market demands and avoid dependence on any single product category. We are involved in designing, developing, producing, and testing a variety of products and solutions for the defence and space applications that are tailored to the needs of the customer.

**₹ 7.55 Cr**

Capex





| Locations                        | Operations  | Year of commissioning |
|----------------------------------|---|-----------------------|
| Ambernath (Thane, Maharashtra)   | All mechanical activities in the Company  | 2009                  |
| Nerul (Navi Mumbai, Maharashtra) | All optics activities in the Company and Defence electronics and EMP Solutions activities including all integration activities. | 2005                  |

**Manufacturing technologies**



**Shortlisted for PLI scheme**

Our subsidiary company, Paras Aerospace, was among those chosen for the Ministry of Civil Aviation’s (MoCA) short list of drone component makers as well as the most progressive company in the Indian Drone Industry. The MoCA chose us based on the minimum value addition criterion of more than 40% after reviewing the application in its preliminary stage. According to the guidelines established under the PLI plan for drones, we will get incentives from the MoCA.

**Quality assurance**

In our production processes, we place a strong emphasis on product quality as we believe that quality will help our business expand sustainably and profitably while also satisfying the needs of our customers.

Our quality management system has been certified to ISO 9001:2015, and the Nerul facility has earned AS9100D accreditation. Additionally, DSIR has recognised and registered our R&D centre in Nerul. We make

an effort to continuously improve our systems such that we can stay updated with emerging technology as well as changes in national and international standards.

# BOARD OF DIRECTORS



**Sharad Shah**  
Chairman



**Munjal Shah**  
Managing Director



**Shilpa Mahajan**  
Whole-Time Director

## Directors & KMPs



**S. K. Sharma**  
Independent Director  
Ex-CMD of BEL



**M.M. Handa**  
Independent Director  
Ex-Director of BEL



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



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



**Anish Mehta**  
Director Bus. Dev.



**Harsh Bhansali**  
CFO



**Amit Mahajan**  
Director: Tech, & R&D



**Ami Shah**  
V.P.: HR

## Top Management



**R. Rajagopal**  
Sr. Vice President  
Industry Expert



**N. Saravanan**  
Sr. Vice President  
Industry Expert



**K. Natarajan**  
Sr. Vice President  
Industry Expert



**Dr. Padmanabham**  
Sr. Vice President  
Industry Expert



**G.S. Ravichandar**  
Sr. Vice President  
Ex-Sr. DGM of BEL



**D. Ramakantha**  
General Manager  
Ex-Sr. DGM of BEL



**A.R. Bodhe**  
Industry Expert

## Indias's best optics team



**Krishna Murthy**  
Ex-ISRO



**C.P. Dewan**  
Ex-ISRO



**K.R. Murali**  
Ex-ISRO



**R.S. Bisht**  
Ex-ISRO



**Bharat Yelkur**  
Sr. Vice President  
Industry Expert



**S. Somashaker**  
Ex-ISRO



# 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

### 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](mailto:business@parasdefence.com)

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

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited

C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West,  
Mumbai – 400 083

Tel. No. 022-4918 6000

Fax No.+91 022- 49186060

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

## COMMITTEES OF BOARD

### Corporate Social Responsibility Committee

Munjal Sharad Shah Chairman

Shilpa Mahajan Member

Manmohan Handa Member

### Audit Committee

Manmohan Handa Chairman

Sunil Kumar Sharma Member

Munjal Sharad Shah Member

### Nomination and Remuneration Committee

Manmohan Handa Chairman

Sunil Kumar Sharma Member

Sharad Virji Shah Member

### Stakeholder Relationship Committee

Sharad Virji Shah Chairman

Munjal Sharad 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

No. 1, 9<sup>th</sup> Cross, 9<sup>th</sup> Main, Malleshwaram, Bengaluru-560003



# NOTICE OF 13<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE 13<sup>TH</sup> ANNUAL GENERAL MEETING OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED WILL BE HELD ON TUESDAY, 27<sup>TH</sup> DAY OF SEPTEMBER, 2022 AT 12:00 NOON THROUGH VIDEO CONFERENCING (“VC”) OR OTHER AUDIO VISUAL MEANS (“OAVM”), TO TRANSACT THE FOLLOWING BUSINESSES:**

## ORDINARY BUSINESS

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

To consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the Financial Year ended March 31, 2022, including the Balance Sheet as at March 31, 2022, the statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and Auditors thereon; and

### 2. TO CONSIDER THE RE-APPOINTMENT OF MR. SHARAD VIRJI SHAH (DIN: 00622001), WHO RETIRES BY ROTATION

To re-appoint Mr. Sharad Virji Shah (DIN: 00622001), who retires by rotation, and being eligible, has offered himself for reappointment.

## 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 May 20, 2022 as Cost Auditors of the Company to conduct the cost audit for the Financial Year 2022-23, amounting to Rs. 1,00,000 (Rupees One Lakh Only) per annum plus applicable Goods and Service Tax and out of pocket expenses that may be incurred, be and is hereby ratified.

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / 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. RECLASSIFICATION OF THE AUTHORIZED SHARE CAPITAL AND SUBSEQUENT ALTERATION OF MEMORANDUM OF ASSOCIATION (MOA) OF 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 Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Rule 15 of Companies (Share Capital and Debentures) Rules, 2014 and other relevant rules made thereunder (including any modifications, amendments or re-enactments thereto for the time being in force) and subject to the Articles of Association of the Company, the consent of the members be and is hereby accorded to reclassify the Authorized Share Capital of the Company from Rs. 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs only) divided into 5,09,20,000 (Five Crore Nine Lakh and Twenty Thousand) equity shares of Rs. 10/- (Rupees Ten only) each and 9,58,000 (Nine Lakhs and Fifty – Eight Thousand) Preference Shares of Rs. 100/- each to Rs. 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs Only) classified into Rs. 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs only) divided into 6,05,00,000 (Six Crores and Five Lakhs) Equity Shares of Rs. 10/- each.

**RESOLVED FURTHER THAT** the existing Clause V of the Memorandum of Association of the Company with regard to authorized share capital be and is hereby deleted and, in its place, the new clause V be substituted:

#### New Clause:

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

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / severally authorized to file necessary e-forms and all other necessary information with Registrar of Companies, along with filing of other necessary documents with various other regulatory authorities, as may be required, and issue certified true copies and to do all acts, deeds and things as may be required to give effect to the above resolution.”

### 5. TO CONSIDER AND APPROVE THE ALTERATION OF ARTICLE OF ASSOCIATION OF 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 Section 5 and Section 14 of the Companies Act, 2013 and other applicable provisions, if any, including any statutory modification(s) or re-enactment(s) thereof and the rules and regulations made thereunder, and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company, consent of members of the Company be and is hereby accorded for deleting the existing Part II of the Articles of Association of

the Company, as placed before the members, and the same be adopted as a new set of Articles of Association in place of existing Articles of Association.

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / severally authorized on behalf of the Company to execute all such documents and writings, as it may in its absolute discretion deem necessary or incidental thereto including paying such fees and incurring such expenses in relation thereto as it may deem appropriate and to file such documents, forms, etc., as required with the Registrar of Companies, Mumbai or any other regulatory/statutory authorities and do all such acts, deeds and things as may be deemed fit to give effect to aforesaid 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, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 September 02, 2022 and as approved by the Board of Directors in their meeting held on September 02, 2022, approval of the members of the Company be and is hereby accorded to increase the limits of salary payable to 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. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

**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 and / or the company secretary be and are hereby jointly / severally 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.”

#### 7. REVISION IN SALARY PAYABLE TO MR. AMIT MAHAJAN, 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, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 September 02, 2022 and as approved by the Board of Directors in their meeting held on September 02, 2022, approval of the members of the Company be and is hereby accorded to increase the limits of salary payable to Mr. Amit Mahajan, Director – Technical and R&D, (Relative of Mrs. Shilpa Mahajan, Whole-Time Director of the Company) holding place of profit in the Company in the pay scale of Rs. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

**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. Amit Mahajan holding office or place of profit, within the maximum limit approved by the shareholders.

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / severally 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.”

#### 8. REVISION IN REMUNERATION PAYABLE TO MR. HARSH BHANSALI, CHIEF FINANCIAL OFFICER OF 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 203 and Section 197 read with schedule V of the Companies Act, 2013 (“the Act”) read with relevant Rules made thereunder, 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 in their meeting held on September 02, 2022 and as approved by the Board of Directors in their meeting held on September

02, 2022, approval of the members of the Company be and is hereby accorded to increase the limits of remuneration payable to Mr. Harsh Bhansali, Chief Financial Officer of the Company in the pay scale of Rs. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

**RESOLVED FURTHER THAT** the Nomination & Remuneration Committee/Board of Directors has the liberty to alter and vary such remuneration or other terms of appointment in accordance with the provisions of the Companies Act, 2013.

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / severally 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.”

**9. REVISION IN SALARY PAYABLE TO MRS. KAAJAL BHANSALI, 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, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 September 02, 2022 and as approved by the Board of Directors in their meeting held on September 02, 2022, approval of the members of the Company be and is hereby accorded to increase the limits of salary payable to Mrs. Kaajal Bhansali (Relative of Mr. Sharad Virji Shah, Chairman & Non-Executive Director and Mr. Munjal Sharad Shah, Managing Director of the Company) holding place of profit in the Company in the pay scale of Rs. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

**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 Mrs. Kaajal Bhansali holding office or place of profit, within the maximum limit approved by the shareholders.

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / severally 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.”

**10. APPROVAL FOR CONTINUATION OF DIRECTORSHIP OF MR. SHARAD VIRJI SHAH (DIN: 00622001), CHAIRMAN AND NON-EXECUTIVE DIRECTOR OF THE COMPANY AFTER ATTAINING THE AGE OF 75 YEARS**

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 Regulation 17(1)A of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015, pursuant to the memorandum and articles of association of the Company and other applicable provisions of the Companies Act, 2013, if any, read with relevant rules made therein under, the consent of members of the Company be and is hereby accorded for allowing Mr. Sharad Virji Shah (DIN:00622001), Chairman and Non- Executive Director of the Company, who shall attain the age of 75 years on December 18, 2022, to continue and to hold his office of Chairman and Non-Executive Director of the Company, even after attaining the age of 75 years.

**RESOLVED FURTHER THAT** any of the directors of the Company and / or the company secretary be and are hereby jointly / severally authorized to file necessary e-forms and all other necessary information with Registrar of Companies, along with filing of other necessary documents with various other regulatory authorities, as may be required, and issue certified true copies and to do all acts, deeds and things as may be required to give effect to the above resolution.”

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

Date: September 02, 2022

Place: Navi Mumbai

**Ajit K. Sharma**

Company Secretary & Compliance Officer



## NOTES:

- a. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 02/2021 dated January 13, 2021 and Circular No.02/2022 dated May 5, 2022 (collectively referred as 'MCA Circulars') and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/ 2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by Securities and Exchange Board of India (SEBI) (collectively referred as 'SEBI Circulars'). MCA circulars and SEBI circulars (collectively referred as 'Circulars') allowed the companies to hold AGM through VC/OAVM, without the physical presence of members at the venue. In compliance with the Circulars, the AGM of the Company will be held through VC/OAVM without the physical presence of the shareholders at a common venue.
- b. Since this AGM is being held pursuant to the Circulars through VC / OAVM, accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
- c. Participation of Members through VC / OAVM shall be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
- d. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 and as per the Listing Regulations, concerning resolutions vide item No. 3 to 10 in the Notice of this 13<sup>th</sup> Annual General Meeting is annexed hereto and forms integral part of this Notice.
- e. The information required to be provided as per section 102 of the Companies Act, 2013, Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished in the explanatory statement which is annexed hereto.
- f. Statement giving details of the Directors seeking re-appointment is also annexed with this Notice pursuant to the requirement of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and Secretarial Standard on General Meeting ("SS-2").
- g. All the relevant documents referred to in this AGM Notice and Explanatory Statement etc., Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other documents shall be available electronically for inspection by the members at the AGM. Members seeking to inspect such documents can send an e-mail to [ir@parasdefence.com](mailto:ir@parasdefence.com) from their registered e-mail address.
- h. The register of members and transfer books of the Company will remain closed from Wednesday, September 21, 2022 to Tuesday, September 27, 2022 both days inclusive, for the purpose of determining the members for the purpose of e-voting.
- i. Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company's Registrar and Share Transfer Agent/Depositories. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website [www.parasdefence.com](http://www.parasdefence.com), websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL <https://www.evoting.nsdl.com>.  
  
In case any member is desirous of obtaining physical copy of the Annual Report for the financial year 2021-2022 and Notice of the AGM of the Company, he/she may send a request to the Company by writing at [ir@parasdefence.com](mailto:ir@parasdefence.com) mentioning their DP ID and Client ID/Folio No.
- j. Institutional / Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization along with a ID proof of the representative, authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to [psprachis@gmail.com](mailto:psprachis@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- k. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- l. Members holding shares of the Company as on Tuesday, September 20, 2022, shall be entitled to vote at the Annual General Meeting of the Company. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
- m. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at e-mail address: [ir@parasdefence.com](mailto:ir@parasdefence.com) at least seven days prior to the date of Annual General Meeting. The same shall be replied suitably by the Company.
- n. The Company has appointed Ms. Prachi Prakash Sawant (Membership No. ACS 41210, C.P. No. 16317), of M/s. Sawant & Associates, Company Secretaries, as the Scrutinizer to scrutinize remote e-voting or e-voting at the AGM in a fair and transparent manner.
- o. Scrutinizer's report and declaration of results
  - i. The Scrutinizer shall, after the conclusion of e-voting at the AGM, first count the votes cast vide e-voting at the AGM and thereafter shall, unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company. She shall be submitting

- a Consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 48 (forty-eight) hours of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- ii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www. parasdefence.com](http://www.parasdefence.com) and on the website of NSDL i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.
- p. Instructions for members for attending the AGM through VC / OAVM are as under:
- i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has availed services of National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.
- ii. Members may note that the VC/OAVM facility, allows participation of atleast 1,000 Members on a first-come-first-served basis and the said facility shall open 30 minutes before the time scheduled for the AGM. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- iii. Members will be able to attend the AGM through VC/ OAVM at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the link available against the EVEN (121913) for Company's AGM. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice.
- iv. The remote e-voting period commences on Saturday, September 24, 2022 at 9:00 a.m. (IST) and ends on Monday, September 26, 2022 at 5:00 p.m. (IST). During this period members of the Company, holding shares as on the cut-off date of Tuesday, September 20, 2022, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- v. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

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

The remote e-voting period begins on Saturday, September 24, 2022 at 9:00 A.M. (IST) and ends on Monday, September 26, 2022 at 5:00 P.M. (IST) The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, September 20, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 20, 2022.

#### **How do I vote electronically using NSDL e-Voting system?**





The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

#### **Step 1: Access to NSDL e-Voting system**

##### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

| Type of shareholders   | Login Method   |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL                                     | <ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;"> <div data-bbox="459 1048 632 1093">  <b>App Store</b> </div> <div data-bbox="673 1048 868 1093">  <b>Google Play</b> </div> </div> <div style="display: flex; justify-content: center; gap: 40px; margin-top: 10px;"> <div data-bbox="497 1111 625 1238">  </div> <div data-bbox="711 1111 839 1238">  </div> </div> |
| Individual Shareholders holding securities in demat mode with CDSL                                     | <ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>  |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>  |

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type   | Helpdesk details  |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30              |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43 |

## B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

### How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the company<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

- Password details for shareholders other than Individual shareholders are given below:

  - If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - How to retrieve your ‘initial password’?
    - If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your ‘User ID’ and your ‘initial password’.
    - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
- If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to psprachis@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such

an event, you will need to go through the “Forgot User Details/ Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [ir@parasdefence.com](mailto:ir@parasdefence.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to (Company email id). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.



### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at ir@parasdefence.com before Wednesday, September 21, 2022. Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

### **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 at its Meeting held on May 20, 2022, upon recommendation of the Audit Committee has approved the appointment of M/s. Dinesh Jain & Co., Cost Accountants (FRN: 100583) as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for the Financial Year 2022-2023, at a remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) plus applicable taxes thereon and reimbursement of actual out of pocket expenses as approved by the Board based on the recommendation of the Audit Committee in terms of Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014.

However, in terms of provision of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the

aforesaid remuneration payable to the Cost Auditors is subject to ratification by the Members of the Company.

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

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**

#### **RECLASSIFICATION OF THE AUTHORIZED SHARE CAPITAL AND SUBSEQUENT ALTERATION OF MEMORANDUM OF ASSOCIATION (MOA) OF THE COMPANY**

The present Authorized Share Capital of the Company is Rs. 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs only) divided into 5,09,20,000 (Five Crore Nine Lakh and Twenty Thousand) equity shares of Rs. 10/- (Rupees Ten only) each and 9,58,000 (Nine Lakhs and Fifty - Eight Thousand) Preference Shares of Rs. 100/- each.

The Board of Directors in their meeting held on August 12, 2021 have recommended to reclassify the existing authorized Share Capital of the Company of Rs. 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs Only) into: "Rs. 60,50,00,000/- (Rupees Sixty Crores and Fifty Lakhs only) divided into 6,05,00,000 (Six Crores and Five Lakh) Equity Shares of Rs. 10/- each"

The aforesaid alteration requires subsequent alteration in the Memorandum of Association (MOA) of the Company. The altered (MOA) is placed before the Members of the Company for their approval.

Pursuant to the provisions of Section 13 of the Companies Act, 2013, such amendment of Memorandum of Association for re-classification of Authorised Share Capital of the Company requires approval of members by way of a special resolution.

Accordingly, consent of the Members is sought for passing an Special Resolution as set out at Item No. 4 of the Notice for reclassification of the authorized share capital and subsequent alteration of memorandum of association (MOA) of the company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

#### **ITEM NO. 5**

#### **TO CONSIDER AND APPROVE THE ALTERATION OF ARTICLE OF ASSOCIATION OF THE COMPANY**

The members are hereby informed that the vide special resolution passed in the extra ordinary general meeting held on August 5, 2020 and January 5, 2021, the members have approved alteration of the Articles of Association for giving effect to the Subscription cum Shareholders Agreement and Amendment and conditional Termination Agreement in the respective meetings. However, as per Article no. 2, the AOA of the Company shall comprise of two parts, Part I and Part II, which shall co-exist with each other until the investor exit date and the provision



of Part II shall automatically terminate and cease to have any force and effect from the investor exit date. Further as per the Amendment and conditional Termination Agreement dated January 28, 2021, the investor exit date shall mean the date on which all the Preference and Equity Shares issued to the investor have been redeemed or transferred by the Company and the corresponding payment has been made to the investor. Accordingly, it is informed that the Company has undertaken Pre-IPO placement of securities by way of private issue of 25,52,598 equity shares aggregating to Rs. 34.40 crores and as agreed in the DRHP this amount was utilized for redemption of Optionally Convertible Preference Shares of the Company issued to the investor and the equity shares issued to the investor were acquired by the Promoter (Mr. Munjal Sharad Shah) of the Company and necessary payment for transfer of shares were made, thus resulting in exit of the investor from the Company.

Now, pursuant to the exit of the investor and to remove the ambiguity in applicability of the AOA, it is proposed to delete the Part II in entirety from the AOA of the Company and the Articles of the Company shall consist of only Part I.

The members of the Company are hereby informed that the Company is required to alter its Articles of Association due to deletion of Part II as agreed in the Agreement. Accordingly, it is proposed to alter the existing set of articles of association and delete Part II in entirety.

Pursuant to the provisions of Sections 14 of the Companies Act, 2013 read with the applicable rules, any amendment of Articles of Association of the Company requires approval of Shareholders by the way of Special Resolution to alter the Article of Association. Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 5 of the Notice.

The Board therefore places the resolution for consideration of the Members and recommends it to be passed as Special 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. 5 of the Notice.

#### **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 and the audit committee of the Board of Directors of the Company at their meeting held on September 02, 2022 has recommended to revise his salary which was approved by the Board of Directors in their meeting held on the September 02, 2022. 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. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc.

as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the appointment of a related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding to Rs. 2,50,000 requires approval of shareholders by way of passing an Special resolution.

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. 6 of the Notice.

#### **ITEM NO. 7**

##### **REVISION IN SALARY PAYABLE TO MR. AMIT MAHAJAN, DIRECTOR'S RELATIVE HOLDING PLACE OF PROFIT IN THE COMPANY**

Considering the performance of Mr. Amit Mahajan, the Director – Business Development of the Company over the last financial year, the Nomination and Remuneration Committee and the audit committee of the Board of Directors of the Company at their meeting held on September 02, 2022 has recommended to revise his salary which was approved by the Board of Directors in their meeting held on September 02, 2022. It was further decided to increase the salary of Mr. Amit Mahajan (Relative of Mrs. Shilpa Mahajan, Whole-Time Director of the Company) holding place of profit in the Company in the pay scale of Rs. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the appointment of a related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding to Rs. 2,50,000 requires approval of shareholders by way of passing an Special resolution.

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

Except for Mr. Amit Mahajan – himself and Mrs. Shilpa Mahajan being the relative and Whole-Time 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. 7 of the Notice.

**ITEM NO. 8****REVISION IN REMUNERATION PAYABLE TO MR. HARSH BHANSALI, CHIEF FINANCIAL OFFICER OF THE COMPANY**

Considering the performance of Mr. Harsh Bhansali, Chief Financial Officer of the Company over the last financial year, the Nomination and Remuneration Committee at their meeting held on September 02, 2022 has recommended to revise his remuneration which was approved by the Board of Directors in their meeting held on the September 02, 2022. It was further decided to increase the limits of salary payable to Mr. Harsh Bhansali in the pay scale of Rs. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, allowances, benefits, perquisites, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the Company and the relative and as recommended by the Board or any of its committee thereof.

Further to inform that Mr. Harsh Bhansali is defined as relative in accordance with section 2(41) of the Income Tax Act, 1961 and accordingly salary paid or payable to him has been considered as related party transaction and accordingly shareholders approval in accordance with the provision of section 188 and other applicable rules made therein under is been sought.

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

Except, Mr. Harsh Bhansali including his immediate relatives only to the extent of their shareholding, none of the other 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. 8 of the Notice.

**ITEM NO. 9****REVISION IN SALARY PAYABLE TO MRS. KAAJAL BHANSALI, DIRECTOR'S RELATIVE HOLDING PLACE OF PROFIT IN THE COMPANY**

Considering the performance of Mrs. Kaajal Bhansali, General Manager - Marketing of the Company over the last financial year, the Nomination and Remuneration Committee and the audit committee of the Board of Directors of the Company at their meeting held on September 02, 2022 has recommended to revise his salary which was approved by the Board of Directors in their meeting held on September 02, 2022. It was further decided to increase the salary of Mrs. Kaajal Bhansali (Relative of Mr. Sharad Virji Shah, Chairman & Non-Executive Director and Mr. Munjal Sharad Shah, Managing Director of the Company) holding place of profit in the Company in the pay scale of Rs. 2,00,000/- (Rupees Two Lakhs) to Rs. 4,00,000/- (Rupees Four Lakhs) per month including, but not limited to all basic, additional, fixed and variable remunerations, bonus, commission, incentives, benefits, perquisites, allowances, amenities and conveniences etc. as per the policy of the Company and as may be agreed between the

Company and the relative and as recommended by the Board or any of its committee thereof.

Pursuant to the provisions of Section 188(1)(f) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the appointment of a related party to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding to Rs. 2,50,000 requires approval of shareholders by way of passing a Special resolution.

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

Except for Mrs. kaajal Bhansali – herself, Mr. Sharad Virji Shah and Mr. Munjal Sharad Shah being the relative and Directors 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. 9 of the Notice.

**ITEM NO. 10****APPROVAL FOR CONTINUATION OF DIRECTORSHIP OF MR. SHARAD VIRJI SHAH (DIN: 00622001), CHAIRMAN AND NON-EXECUTIVE DIRECTOR OF THE COMPANY AFTER ATTAINING THE AGE OF 75 YEARS**

Mr. Sharad Virji Shah (DIN: 00622001), Chairman and Non-Executive Director of the Company, would be attaining the age of 75 years on December 18, 2022. In view of the provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements), 2015, for the continuation of Mr. Sharad Virji Shah (DIN: 00622001), Chairman and Non-Executive Director, consent of the Members is required by way of a Special Resolution.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 5 of the Notice for approval for continuation of directorship of Mr. Sharad Virji Shah (DIN: 00622001), Chairman and Non-Executive Director of the Company after attaining the age of 75 years.

Except Mr. Sharad Shah, including his relatives only to the extent of their shareholding, none of the other 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. 10 of the Notice.

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

Date: September 02, 2022  
Place: Navi Mumbai

**Ajit K. Sharma**  
Company Secretary & Compliance Officer

**ANNEXURE - A**

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

|   |   |
|---|---|
| <b>Name of Director</b>   | Mr. Sharad Virji Shah   |
| <b>DIN</b>  | 00622001  |
| <b>Date of birth</b>  | December 18, 1947   |
| <b>Age</b>  | 72 Years  |
| <b>Date of first appointment on the Board</b>                       | June 16, 2009   |
| <b>Qualifications</b>   | Higher Secondary Certificate  |
| <b>Experience</b>   | Mr. Sharad Virji Shah is Promoter Shareholder and Chairman of the Company. He started Paras Defence and Space Technologies Limited formerly known as Paras Engineering Co. in 1970's at a very young age. His passion for indigenization & creating import substitution encouraged him to start a company which would become a one stop solution for all Critical Components & Assemblies in India. Being a hand on Engineer and his passion for reading and constant craving for engineering excellence, he became Industry Expert in Precision Engineering and manufacturing. Discipline and Innovation has been the key Mantra for his successful path breaking journey. |
| <b>Terms and conditions of appointment</b>                          | No change   |
| <b>Details of remuneration last drawn</b>                           | Rs. 50,000/- per Board / Committee Meeting or as may be decided by the Board  |
| <b>Remuneration proposed to be paid</b>                             | No change   |
| <b>Shareholding in the Company as on date</b>                       | 72,74,840 (constituting 18.65% of the paid-up capital)  |
| <b>Relationship with other Directors / Key Managerial Personnel</b> | Mr. Sharad Virji Shah is father of Mr. Munjal Sharad Shah, Managing Director of the Company   |
| <b>Directorships in other companies</b>                             | Paras Green Optics Private Limited  |
| <b>Membership of Committees/ Chairmanship in other Companies</b>    | N.A.  |
| <b>Number of Board meetings attended during the year</b>            | 12  |

**Registered Office:**

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

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

**Ajit K. Sharma**

Company Secretary &amp; Compliance Officer

Date: September 02, 2022

# BOARD'S REPORT

Dear Members,

The Directors of your Company are pleased to present 13<sup>th</sup> Annual Report on the business and operations of the company along with the Audited Standalone and Consolidated Financial Statements for the financial year ended on March 31, 2022.

## 1. HIGHLIGHTS OF FINANCIAL RESULTS

(₹ in Lakhs)

| Particulars                             | Standalone                           |                                      | Consolidated                         |                                      |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
| Revenue from Operations                 | 18,000.01                            | 13,279.69                            | 18,256.24                            | 14,332.99                            |
| Other Income                            | 300.86                               | 132.87                               | 297.17                               | 127.55                               |
| <b>Total Income</b>                     | <b>18,300.87</b>                     | <b>13,412.56</b>                     | <b>18,553.41</b>                     | <b>14,460.54</b>                     |
| Less: Expenditure                       | 14,661.62                            | 11,226.94                            | 14,895.68                            | 12,199.53                            |
| <b>Profit Before Taxation</b>           | <b>3,639.25</b>                      | <b>2,185.62</b>                      | <b>3,657.73</b>                      | <b>2,261.01</b>                      |
| Income tax                              | 1,008.01                             | 723.65                               | 1,009.46                             | 728.57                               |
| Deferred Tax                            | (59.62)                              | (46.15)                              | (59.88)                              | (46.17)                              |
| <b>Net Profit after Tax</b>             | <b>2,690.86</b>                      | <b>1,508.12</b>                      | <b>2,707.73</b>                      | <b>1,578.61</b>                      |
| Other Comprehensive Income (Net of tax) | 0.79                                 | (31.33)                              | 0.33                                 | (30.94)                              |
| Total Comprehensive Income for the year | 2,690.07                             | 1,539.45                             | 2,708.06                             | 1,609.55                             |

## 2. UPDATE ON INITIAL PUBLIC OFFER

The shareholders of the Company are hereby informed during the year under review, the Company had filed its Draft Red Herring Prospectus (DRHP) with SEBI on March 8, 2021, and simultaneously filed In-Principal Approval application with the Stock Exchanges (i.e. BSE Limited [BSE] and National Stock Exchange of India Limited [NSE]) where the securities were proposed to be listed. Accordingly, the Company received In-principal approval from BSE and NSE on March 31, 2021, and May 11, 2021, respectively.

Further, as mentioned in the DRHP the Company completed the Pre-IPO placement by way of private issue of 2,552,598 equity shares aggregating to ₹ 3,440.16 Lakhs and as agreed this amount was utilized for redemption of Optionally Convertible Preference Shares of the Company. Pursuant to this issue of securities the size of the IPO had not been reduced. However, due to change in the capital structure and other financial chapters, post filing of DRHP, the Company filed an Updated DRHP with SEBI and subsequently filed the Red Herring Prospectus with ROC and SEBI on September 13, 2021. The offer was made of 9,758,776 equity shares for cash at price of ₹ 175 per equity share (including a premium of ₹ 165 per equity share) aggregating to ₹ 17,077.85 Lakhs comprising of a fresh issue of 8,034,286 equity shares aggregating to ₹ 14,060.00 Lakhs and offer for sale of 1,724,490 equity shares aggregating to ₹ 3,017.85 Lakhs by the selling shareholder.

The Anchor book of the issue was opened on September 20, 2021, and for general public it was opened from September 21, 2021, to September 23, 2021. The basis of allotment was finalized on September 29, 2021, and the Company received the listing and trading approval on September 30, 2021. The Company's Equity Shares got traded on BSE Limited and National Stock Exchange of India Limited w.e.f. October 1, 2021.

## 3. STATE OF COMPANIES AFFAIRS/FINANCIAL PERFORMANCE

The Company has earned revenue from operation of ₹ 18,000.01 Lakhs during the year ended on March 31, 2022 as against ₹ 13,279.69 Lakhs earned during the previous year ended on March 31, 2021. The Company has also earned other income of ₹ 300.86 Lakhs during the year under review as against ₹ 132.87 Lakhs earned during the previous year.

The outbreak of Corona Virus (COVID 19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial statements.

## 4. TRANSFER TO RESERVES

The Company has not transferred any amount out of the current year profits of the Company for the financial year 2021-22 to General Reserve Account.

## 5. DIVIDEND AND TRANSFER TO IEPF

The Board of Directors has not recommended any dividend on equity shares for the financial year 2021-22. The Company was not required to transfer any unpaid / unclaimed amount of dividend to IEPF during the financial year ended March 31, 2022.

The Company has in place a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the Company's website at <https://www.parasdefence.com/policies/>.

## 6. CHANGE IN THE NATURE OF BUSINESS

There are no changes in the nature of business during the Financial Year ended March 31, 2022.

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

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.

## 8. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not granted any loans and guarantee to any persons or body corporate. The details of investments made as covered under the provisions of Section 186 of the Companies Act, 2013 forms part of notes to the Standalone Financial Statements of the Company.

## 9. DEPOSITS

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

## 10. 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.

## 13. SHARE CAPITAL

### A. Authorized share capital

| Sr. No. | Date of Approval from Shareholders | Particulars                                       | Revised Authorized Share Capital  |   |
|---------|------------------------------------|---|---|---|
|         |                                    |   | From  | To  |
| 1.      | July 17, 2021                      | Re-classification of the authorized share capital | ₹ 6,05,000,000 divided into 30,510,000 Equity Shares of ₹ 10 each and 2,999,000 Preference Shares of ₹ 100 each | ₹ 6,05,000,000 divided into 50,920,000 Equity Shares of ₹ 10 each and 958,000 Preference Shares of ₹ 100 each |

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

### A. SUBSIDIARIES

As on March 31, 2022, 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 follows:

| Sr. No. | Name of the Company  | Date of Incorporation |
|---------|--|-----------------------|
| 1.      | Paras Green Optics Private Limited<br>(Indian Wholly Owned Subsidiary) | 29/10/2018            |
| 2.      | Paras Aerospace Private Limited<br>(Indian Subsidiary)                 | 13/02/2019            |
| 3.      | Paras Anti-Drone Technologies Private Limited (Indian Subsidiary)      | 25/02/2019            |
| 4.      | Opel Technologies PTE. Limited<br>(Foreign Wholly Owned Subsidiary)    | 02/01/2019            |

### B. ASSOCIATE COMPANIES

As on March 31, 2022, there is 1 (One) Associate company within the meaning of Section 2(6) of the Companies Act, 2013.

The details of the Associate Company are as follows:

| Sr. No. | Name of the Company                               | Date of Incorporation |
|---------|---|-----------------------|
| 1.      | Krasny Paras Defence Technologies Private Limited | 10/11/2021            |

### C. JOINT VENTURE

As on March 31, 2022, there are no Joint Ventures within the meaning of Section 2(6) of the Companies Act, 2013.

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

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

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

During the period under review, following allotment of securities have been made by the Company:

| Sr. No. | Particulars  | Date of Allotment | Type of Securities                             | No. of Securities | Face Value | Premium | Details   |
|---------|--|-------------------|--|-------------------|------------|---------|---|
| 1.      | Private Placement                                      | 26/04/2021        | Equity Shares                                  | 4,00,000          | 10         | 115     | Allotment of 4,00,000 to Mr. Mukul Agrawal, an Indian Individual Investor Equity Shares on private placement Basis  |
| 2.      | Redemption of Optionally Convertible Preference Shares | 26/04/2021        | 0.01% Optionally Convertible Preference Shares | 4,39,000          | 100        | 14.40   | Redemption of 4,39,000 Optionally Convertible Preference Shares out of the proceeds of the fresh issue and internal accruals.   |
| 3.      | Private Placement                                      | 29/07/2021        | Equity Shares                                  | 7,12,598          | 10         | 150     | Allotment of 7,12,598 Equity shares on private placement Basis  |
| 4.      | Redemption of Optionally Convertible Preference Shares | 29/07/2021        | 0.01% Optionally Convertible Preference Shares | 9,58,000          | 100        | 19.25   | Redemption of 9,58,000 Optionally Convertible Preference Shares out of the proceeds of the fresh issue and internal accruals.   |
| 5.      | Issuance of Equity shares in the IPO of the Company    | 29/09/2021        | Equity Shares                                  | 97,58,776         | 10         | 165     | comprising of a fresh issue of 8,034,286 Equity Shares aggregating to ₹ 1,406,000,050 and an offer for sale by some existing shareholders of 1,724,490 Equity Shares aggregating to ₹ 301,785,750 |

**14. BONUS SHARES/ EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS/ESOP/SWEAT EQUITY**

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

As on March 31, 2022, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

**15. ISSUE OF DEBENTURES, BONDS AND ANY OTHER NON-COVERTIBLE SECURITIES/WARRANTS**

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

**16. CREDIT RATING**

The details of credit rating obtained from ICRA during the financial year are as under:

| Sr. No. | Instrument Type     | Size of Issue (in ₹ Crore) | Rating / Outlook             | Rating Action |
|---------|---------------------|----------------------------|------------------------------|---------------|
| 1.      | Cash Credit         | 24.00                      | [ICRA]A- (Stable)            | Assigned      |
| 2.      | Cash Credit         | 25.00                      | [ICRA]A- (Stable)            | Assigned      |
| 3.      | Term Loan           | 7.52                       | [ICRA]A- (Stable)            | Assigned      |
| 4.      | Term Loan           | 8.00                       | [ICRA]A- (Stable)            | Assigned      |
| 5.      | Term Loan           | 6.48                       | [ICRA]A- (Stable)            | Assigned      |
| 6.      | Invoice Discounting | 5.00                       | [ICRA]A2+                    | Assigned      |
| 7.      | BG & LC             | 14.00                      | [ICRA]A- (Stable) /[ICRA]A2+ | Assigned      |
| 8.      | BG & LC             | 20.00                      | [ICRA]A- (Stable) /[ICRA]A2+ | Assigned      |
|         | <b>TOTAL</b>        | <b>110.00</b>              |                              |               |

## 17. INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

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

## 18. DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

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

The Board of the Company has taken the disclosures on record after verifying the due veracity of the same. In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfill the conditions of independence as specified in the Act and the SEBI Listing

Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

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

## 19. DETAILS OF KEY MANAGERIAL PERSONNEL AND DIRECTORS

### KEY MANAGERIAL PERSONNEL (KMP)

There were no 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 Sharad Shah | Managing Director                      |
| Mrs. Shilpa Mahajan    | Whole Time Director                    |
| Mr. Harsh Bhansali     | Chief Financial Officer                |
| Mr. Ajit Sharma        | Company Secretary & Compliance Officer |

### DIRECTORS

#### Re-appointment

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Sharad Virji Shah (Din: 00622001), Director, retires by rotation at the forthcoming Thirteenth Annual General Meeting and being eligible has offered himself for re-appointment.

## BOARD OF DIRECTORS AND ITS MEETINGS

### Composition of Board of Directors

There were no Changes in Key Managerial Personnel of the Company during the year. The composition of Board of Directors of the Company as on March 31, 2022 is as follows:

| Sr. No. | Name of Director         | DIN      | Category   | Period of Appointment   |
|---------|--------------------------|----------|--|---|
| 1.      | Mr. Sharad Virji Shah    | 00622001 | Promoter, Non-Executive Non-Independent Director | Five years commencing from September 28, 2018 to September 27, 2023 |
| 2.      | Mr. Munjal Sharad Shah   | 01080863 | Promoter, Managing Director                      | Five years commencing from March 15, 2019 to March 14, 2024         |
| 3.      | Mrs. Shilpa Amit Mahajan | 01087912 | Whole-Time Director                              | Five years commencing from September 28, 2018 to September 27, 2023 |
| 4.      | Mr. Sunil Kumar Sharma   | 03614952 | Non-Executive Independent Director               | Five years commencing from January 08, 2019 to January 07, 2024     |
| 5.      | Mr. Manmohan Handa       | 06942720 | Non-Executive Independent Director               | Five years commencing from January 8, 2019 to January 07, 2024      |
| 6.      | Dr. Hina Amol Gokhale    | 08712659 | Non-Executive Independent Director               | Five years commencing from April 01, 2020 to March 31, 2025         |
| 7.      | Mr. Suresh Katyal        | 08979402 | Non-Executive Independent Director               | Five years commencing from January 05, 2021 to January 04, 2026     |



## NUMER OF BOARD MEETING(S)

During the financial year 2021-22, the Board met 13 (Thirteen) times i.e. on:

| Sr. No. | Date of Board Meetings |
|---------|------------------------|
| 1       | April 23, 2021         |
| 2       | May 24, 2021           |
| 3       | July 06, 2021          |
| 4       | July 15, 2021          |
| 5       | August 12, 2021        |
| 6       | August 25, 2021        |
| 7       | September 13, 2021     |
| 8       | October 18, 2021       |
| 9       | November 12, 2021      |
| 10      | January 29, 2022       |
| 11      | February 09, 2022      |
| 12      | March 17, 2022         |
| 13      | March 31, 2022         |

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

Details of the meetings of the Board along with the attendance of the Directors therein have been disclosed as part of the Corporate Governance Report which is enclosed as Annexure - 2.

## 20. COMMITTEES OF THE BOARD

### I. AUDIT COMMITTEE

The details pertaining to the composition, terms of reference and other details of the Audit Committee of the Board of Directors of your Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance forming part of this Annual Report.

The recommendations of the Audit Committee in terms of its Charter were considered positively by the Board of Directors of your Company from time to time during the financial year.

### II. OTHER COMMITTEES

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

## 21. COMPLIANCE WITH SECRETARIAL STANDARD

During the period from April 01, 2021 to March 31, 2022, the Company complied with the Secretarial Standard - 1 and Secretarial Standard - 2, issued by the Institute of Company Secretaries of India.

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

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

The annual report on CSR including a brief outline of the CSR Policy and the activities undertaken during the year under review is enclosed as Annexure - 3 to this Report. The CSR policy is available at <https://www.parasdefence.com/Investors/Policies>.

## 23. 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 is enclosed as Annexure - 4 to this report.

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

## 24. PARTICULARS OF REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES AND DISCLOSURES IN BOARD'S REPORT

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

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

## 25. MANAGEMENT DISCUSSION AND ANALYSIS

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

## 26. 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.



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

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

## 28. AUDITORS

### I. 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 09<sup>th</sup> 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.

### II. Cost Auditor

M/s. Dinesh Jain & Company, Cost Accountant, Mumbai (Firm Reg. No: 100583) has been proposed to be re-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.

### III. Secretarial Auditors

M/s. Sawant & Associates, Practicing Company Secretary had been re-appointed as Secretarial Auditor of the Company for the Financial Year 2021-22. The secretarial audit report in form MR-3 as issued by them is enclosed as Annexure - 8 to this Report. The comments provided by them are self-explanatory and hence does not require comments from the Board.

### IV. Internal Auditor

M/s. Shaparia Mehta & Associates LLP, Independent Chartered Accountant Firm, has been re-appointed as its Internal Auditor for conducting the internal audit functions of the Company and submitted their report thereon for the financial year 2021-2022 to the Board and committee for its review.

## 29. STATUTORY AUDITORS' REPORT

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

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

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

## 31. ANNUAL RETURN

In compliance with Section 134(3) of the Act, the Annual Return of the Company, in the prescribed format, is available on the website of the Company at [www.parasdefence.com](http://www.parasdefence.com).

## 32. 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:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2022 and of the profit of the Company for that period;
- 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;
- they had prepared the annual accounts on a going concern basis;
- 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
- they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

Your Company provides regular training to employees to improve skills. Your company has put in place a performance appraisal system that covers all employees. Your Company had 182 permanent employees as on March 31, 2022 while the count was 179 as on March 31, 2021.

### 34. CORPORATE GOVERNANCE

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

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

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

### 36. 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.

### 37. 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.

### 38. WHISTLE BLOWER POLICY / VIGIL MECHANISM

Pursuant to Section 177(9) read with Regulation 22 of the SEBI Listing Regulations, your Company has duly established Whistle

Blower Policy /Vigil Mechanism Policy ("Policy") to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct. Functioning of the Policy is reviewed by the Audit Committee / Board on periodical basis. During the financial year ended March 31, 2022, the Company has not received any complaint under the Whistle Blower Policy of the Company.

### 39. CODE OF CONDUCT

The Board of Director has approved a Code of Conduct which is applicable to the members of the Board of Directors and Senior Management Personnel. It is confirmed that all Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2021-22.

### 40. POLICIES AND DISCLOSURE REQUIREMENTS

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

### 41. BUSINESS RESPONSIBLY REPORT

The Business Responsibility Report, as stipulated under Regulation 34(2) of SEBI (Listing Obligation And Disclosure Requirements) Regulations, 2015 is enclosed as Annexure - 9 to this report.

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

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

### 43. ACKNOWLEDGEMENTS

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



## ANNEXURE - A

Details of re-appointment of Mr. Sharad Virji Shah, Director liable to retire by rotation at the AGM pursuant to Secretarial Standards – 2 on General Meetings:

|   |   |
|---|---|
| <b>Name of Director</b>   | Mr. Sharad Virji Shah   |
| <b>DIN</b>  | 00622001  |
| <b>Date of birth</b>  | December 18, 1947   |
| <b>Age</b>  | 74 Years  |
| <b>Date of first appointment on the Board</b>                       | June 16, 2009   |
| <b>Qualifications</b>   | Higher Secondary Certificate  |
| <b>Experience</b>   | Mr. Sharad Virji Shah is Promoter Shareholder and Chairman of the Company. He started Paras Defence and Space Technologies Limited formerly known as Paras Engineering Co. in the 1970's at a very young age. His passion for Indigenization & creating import substitution encouraged him to start a company which would become a one stop solution for all Critical Components & Assemblies in India. Being a hand on experience in engineering products and his passion for reading and constant craving for engineering excellence, he became Industry Expert in Precision Engineering and manufacturing. Discipline and Innovation has been the key Mantra for his successful path breaking journey. |
| <b>Terms and conditions of appointment</b>                          | No change   |
| <b>Details of remuneration last drawn</b>                           | Apart of sitting fees for attending the meetings, nil amount is paid to the Director  |
| <b>Remuneration proposed to be paid</b>                             | Nil   |
| <b>Shareholding in the Company as on date</b>                       | 72,74,840 Equity Shares (constituting 18.65% of the Equity paid-up capital)   |
| <b>Relationship with other Directors / Key Managerial Personnel</b> | Father of Munjal Sharad Shah (Managing Director) of the Company<br>Father-in-Law of Ami Munjal Shah – KMP of the Company<br>Father-in-Law of Harsh Bhansali – KMP of the Company  |
| <b>Directorships in other companies</b>                             | Paras Green Optics Private Limited  |
| <b>Membership of Committees/ Chairmanship in other Companies</b>    | NIL   |
| <b>Number of Board meetings attended during the year</b>            | 12  |

# ANNEXURE - 1

## FORM AOC - 1

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

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

#### Part A - Subsidiaries

(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<br>Exchange Rate as on 31.03.2022:<br>1 USD = ₹75.8071 | NA                              | NA  |
| 4       | Share capital   | 1,00,000                           | 73   | 1,01,00,000                     | 1,00,000                                      |
| 5       | Reserves & surplus  | 87,923                             | 77,982   | (12,73,459)                     | 3,62,110                                      |
| 6       | Total assets  | 4,03,948                           | 500,039  | 2,90,86,311                     | 11,89,605                                     |
| 7       | Total Liabilities   | 2,16,025                           | 4,21,984   | 2,02,59,769                     | 7,27,495                                      |
| 8       | Investments   | NIL                                | NIL  | NIL                             | NIL   |
| 9       | Revenue from operations   | 2,79,000                           | 25,61,592  | 1,04,29,500                     | 10,00,000                                     |
| 10      | Profit before tax   | 11,964                             | 2,617  | 1,73,763                        | 7,06,164                                      |
| 11      | Provision for tax   | (3,162)                            | (239)  | (24,548)                        | (1,24,326)                                    |
| 12      | Profit after tax  | 8,802                              | 2,378  | 1,98,312                        | 5,81,838                                      |
| 13      | Proposed Dividend   | NIL                                | NIL  | NIL                             | NIL   |
| 14      | % of shareholding   | 100%                               | 100%   | 60%                             | 55%   |

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

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

**Part B - Associate and Joint Ventures**

(Amount in Rs.)

| Sr. No. | Particulars   | Details   |
|---------|---|---|
| 1       | Name of the Associate   | Krasny Paras Defence Technologies Private Limited |
| 2       | Latest audited Balance Sheet Date   | 31.03.2022  |
| 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   | 10,00,000   |
| 6       | Reserves & surplus  | (87,876)  |
| 7       | Total assets  | 9,53,624  |
| 8       | Total Liabilities   | 41,500  |
| 9       | Investments   | NIL   |
| 10      | Revenue from operations   | NIL   |
| 11      | Loss before tax   | (87,876)  |
| 12      | Provision for tax   | NIL   |
| 13      | Loss after tax  | (87,876)  |
| 14      | Proposed Dividend   | Nil   |
| 15      | % of shareholding   | 47.50%  |

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

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

**For and on behalf of the Board of Directors**  
**Paras Defence and Space Technologies Limited**

**Sharad V. Shah**

Chairman & Non-Executive Director  
DIN: 00622001

**Munjal S. Shah**

Managing Director  
DIN: 01080863

**Harsh D. Bhansali**

Chief Financial Officer

**Ajit K. Sharma**

Company Secretary  
FCS: 10165

Date: September 02, 2022

Place: Navi Mumbai

# ANNEXURE - 2

## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2021-22

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

Pursuant to Regulation 15 of (Listing Obligations and Disclosures Requirements), 2015, the company hereby discloses the compliances to the best extent possible in this Corporate Governance report, which shall be forming part of Annual report for the Financial year 2021 - 2022. In accordance with the provisions of the SEBI (Listing Obligations and Disclosures Requirements), 2015 ("Listing Regulations") the report containing the details of Corporate Governance systems and processes of the Company is as follows together with Auditor's Certificate annexed to this Report, on compliance with the conditions of Corporate governance laid down are presented in the report on Corporate governance for the year ended March 31, 2022. Corporate governance provides that a Company is directed in such a way that it performs efficiently and effectively, keeping in view the long-term interest of the shareholders, while respecting Laws and regulations of land and contributing, as responsible corporate citizens to the nationals exchequers.

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

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

### 2. BOARD OF DIRECTORS:

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

#### (a) Composition of the Board:

The Board comprises of 7 Directors which includes a Chairman & Non-Executive Director, a Managing Director, 1 Whole-time Director, 4 Non-Executive Independent Directors. None of the Directors on the Board is a member of more than 10 committees or acts as Chairman of more than 5 committees across all listed Companies and unlisted public limited Companies in which he/ she is a Director.

#### (b) Attendance of Directors at Board Meetings during the financial year ended 31.03.2022 and at the last Annual General Meeting, outside directorships and board committee memberships and number of shares held as on 31.03.2022:

| (Amount in ₹)                              |                                      |   |   |  |  |                                      |                    |
|--|--------------------------------------|---|---|--|--|--------------------------------------|--------------------|
| Name                                       | Composition and Category             | No. of Directorships in other Public Ltd. Companies | No. of Board Meetings attended during the financial year ended 31.03.2022 | Names of the other listed entities where the person is a director and the category of directorship | No. of Committee Memberships in other Public Limited Companies | Attended last AGM held on 18.09.2021 | No. of shares held |
| Mr. Sharad Virji Shah (Chairman)           | Promoter<br>Non - Executive Director | 0   | 12  | 0  | 0  | Yes                                  | 72,74,840          |
| Mr. Munjal Sharad Shah (Managing Director) | Promoter<br>Executive Director       | 0   | 13  | 0  | 0  | Yes                                  | 98,58,137          |
| Mrs. Shilpa Mahajan (Whole-time Director)  | Executive Director                   | 0   | 12  | 0  | 0  | Yes                                  | 7,00,000           |
| Mr. Sunil Kumar Sharma                     | Non - Executive Independent Director | 2   | 12  | Astra Micro Wave Products Limited  | 2  | Yes                                  | 0                  |
| Mr. Manmohan Handa                         | Non - Executive Independent Director | 0   | 12  | 0  | 1  | Yes                                  | 0                  |
| Dr. Hina Amol Gokhale                      | Non - Executive Independent Director | 0   | 12  | 0  | 0  | Yes                                  | 0                  |
| Mr. Suresh Katyal                          | Non - Executive Independent Director | 0   | 13  | 0  | 0  | Yes                                  | 0                  |

### 3. WEBLINK OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS

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

<https://www.parasdefence.com/Investors/Policies/12.%20Paras%20Defence%20%20Familiarization%20Program%20for%20Independent%20Directors.pdf>

#### CORE COMPETENCIES OF DIRECTORS

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

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

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

| Name of the Director     | General Business / Industry awareness | Functional knowledge / General Management / Administration | Communication and Collaborative approach |
|--------------------------|---------------------------------------|--|--|
| Mr. Sharad Virji Shah    | ✓                                     | ✓  | ✓  |
| Mr. Munjal Sharad Shah   | ✓                                     | ✓  | ✓  |
| Mrs. Shilpa Amit Mahajan | ✓                                     | ✓  | ✓  |
| Mr. Sunil Kumar Sharma   | ✓                                     | ✓  | ✓  |
| Mr. Manmohan Handa       | ✓                                     | ✓  | ✓  |
| Dr. Hina Amol Gokhale    | ✓                                     | ✓  | ✓  |
| Mr. Suresh Katyal        | ✓                                     | ✓  | ✓  |

#### AUDIT COMMITTEE

The powers, role and terms of reference of the Audit Committee covers the areas as mentioned under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors. These, inter alia, include oversight of Company's financial reporting process, internal financial controls, reviewing the adequacy of the internal audit function, reviewing with management the quarterly/annual financial statements before submission to the Board, recommending the appointment of statutory auditors and fixation of their remuneration, approval of related party transactions, evaluation of risk management systems etc.

#### COMPOSITION

As on March 31, 2022 the Audit committee comprised the following members-

| Sl. No. | Name of Members        | Category                           | Designation |
|---------|------------------------|------------------------------------|-------------|
| 1       | Mr. Manmohan Handa     | Non-Executive Independent Director | Chairman    |
| 2       | Mr. Sunil Kumar Sharma | Non-Executive Independent Director | Member      |
| 3       | Mr. Munjal Sharad Shah | Managing Director                  | Member      |

#### MEETINGS AND ATTENDANCE

During the financial year 2021-22 six meetings of the Audit Committee were held and details including attendance of members of the Committee are as follows:

| Name of the members    | Meeting Date |            |            |            |            |            | Total Meetings held during the tenure | No. of Meetings Attended | % of Attendance |
|------------------------|--------------|------------|------------|------------|------------|------------|---------------------------------------|--------------------------|-----------------|
|                        | 06.07.2021   | 25.08.2021 | 12.11.2021 | 29.01.2021 | 09.02.2022 | 31.03.2022 |                                       |                          |                 |
| Mr. Manmohan Handa     | Yes          | Yes        | Yes        | Yes        | Yes        | Yes        | 6                                     | 6                        | 100             |
| Mr. Sunil Kumar Sharma | Yes          | Yes        | Yes        | Yes        | Yes        | Yes        | 6                                     | 5                        | 83.33           |
| Mr. Sharad Virji Shah  | Yes          | Yes        | Yes        | Yes        | Yes        | Yes        | 6                                     | 6                        | 100             |



**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE COMPOSITION**

As on March 31, 2022 the Corporate Social Responsibility Committee comprised the following members:

| Sl. No. | Name of Members        | Category                           | Designation |
|---------|------------------------|------------------------------------|-------------|
| 1       | Mr. Munjal Sharad Shah | Managing Director                  | Chairman    |
| 2       | Mrs. Shilpa Mahajan    | Whole Time Director                | Member      |
| 3       | Mr. Manmohan Handa     | Non-Executive Independent Director | Member      |

**MEETINGS AND ATTENDANCE**

During the financial year 2021-22 two meetings of the Corporate Social Committee were held and details including attendance of members of the Committee are as follows:

| Name of the members    | Meeting Date |            | Total Meetings held during the tenure | No. of Meetings Attended | % of Attendance |
|------------------------|--------------|------------|---------------------------------------|--------------------------|-----------------|
|                        | 12.11.2021   | 09.02.2022 |                                       |                          |                 |
| Mr. Munjal Sharad Shah | Yes          | Yes        | 2                                     | 2                        | 100             |
| Mrs. Shilpa Mahajan    | Yes          | Yes        | 2                                     | 2                        | 100             |
| Mr. Manmohan Handa     | Yes          | Yes        | 2                                     | 2                        | 100             |

**NOMINATION AND REMUNERATION COMMITTEE**

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

**COMPOSITION**

As on March 31, 2022 the Nomination and Remuneration Committee comprised the following members:

| Sl. No. | Name of Members        | Category                                 | Designation |
|---------|------------------------|--|-------------|
| 1       | Mr. Manmohan Handa     | Non-Executive Independent Director       | Chairman    |
| 2       | Mr. Sunil Kumar Sharma | Non-Executive Independent Director       | Member      |
| 3       | Mr. Sharad Virji Shah  | Non-Executive - Non Independent Director | Member      |

**MEETINGS AND ATTENDANCE**

During the financial year 2021-22 one meeting of the Nomination and Remuneration Committee was held and details including attendance of members of the Committee are as follows:

| Name of the members    | Meeting Date | Total Meetings held during the tenure | No. of Meetings Attended | % of Attendance |
|------------------------|--------------|---------------------------------------|--------------------------|-----------------|
|                        | 06.07.2021   |                                       |                          |                 |
| Mr. Manmohan Handa     | Yes          | 1                                     | 1                        | 100             |
| Mr. Sunil Kumar Sharma | Yes          | 1                                     | 1                        | 100             |
| Mr. Sharad Virji Shah  | Yes          | 1                                     | 1                        | 100             |

### PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

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

### STAKEHOLDER RELATIONSHIP COMMITTEE

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

### COMPOSITION

As on March 31, 2022 the Stakeholder Relationship Committee comprised the following members-

| Sl. No. | Name of Members        | Category                                 | Designation |
|---------|------------------------|--|-------------|
| 1       | Mr. Sharad Virji Shah  | Non-Executive - Non Independent Director | Chairman    |
| 2       | Mr. Munjal Sharad Shah | Executive Director                       | Member      |
| 3       | Mr. Manmohan Handa     | Non-Executive - Independent Director     | Member      |

### MEETINGS AND ATTENDANCE-

During the financial year 2021-22 two meetings of the Stakeholder and Relationship Committee were held and details including attendance of members of the Committee are as follows:

| Name of the members    | Meeting Date |            | Total Meetings held during the tenure | No. of Meetings Attended | % of Attendance |
|------------------------|--------------|------------|---------------------------------------|--------------------------|-----------------|
|                        | 06.07.2021   | 12.11.2021 |                                       |                          |                 |
| Mr. Sharad Virji Shah  | Yes          | Yes        | 2                                     | 2                        | 100             |
| Mr. Munjal Sharad Shah | Yes          | Yes        | 2                                     | 2                        | 100             |
| Mr. Manmohan Handa     | Yes          | Yes        | 2                                     | 2                        | 100             |

### NAME AND DESIGNATION OF COMPLIANCE OFFICER

The Board of Directors has appointed Mr. Ajit K. Sharma - Company Secretary as Compliance officer in terms of Regulation 6 of SEBI (LODR) Regulations 2015.

### SHAREHOLDER GRIEVANCES

| Complaints received during the year | No. of complaint disposed of during the year | Complaints pending for resolution |
|-------------------------------------|--|-----------------------------------|
| 3809                                | 3809   | 0                                 |

### RISK MANAGEMENT COMMITTEE

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

**COMPOSITION-**

As on March 31, 2022 the Risk Management Committee comprised the following members-

| Sl. No. | Name of Members        | Category                                 | Designation |
|---------|------------------------|--|-------------|
| 1.      | Mr. Sharad Virji Shah  | Non-Executive - Non Independent Director | Chairman    |
| 2.      | Mr. Munjal Sharad Shah | Executive Director                       | Member      |
| 3.      | Mrs. Shilpa Mahajan    | Executive Director                       | Member      |
| 4.      | Mr. Manmohan Handa     | Non-Executive - Independent Director     | Member      |

**MEETINGS AND ATTENDANCE-**

During the financial year 2021-22 two meeting of the Risk Management Committee was held and details including attendance of members of the Committee are as follows:

| Name of the members    | Meeting Date |            | Total Meetings held during the tenure | No. of Meetings Attended | % of Attendance |
|------------------------|--------------|------------|---------------------------------------|--------------------------|-----------------|
|                        | 12.11.2021   | 09.02.2022 |                                       |                          |                 |
| Mr. Sharad Virji Shah  | Yes          | Yes        | 1                                     | 1                        | 100             |
| Mr. Munjal Sharad Shah | Yes          | Yes        | 1                                     | 1                        | 100             |
| Mrs. Shilpa Mahajan    | Yes          | Yes        | 1                                     | 1                        | 100             |
| Mr. Manmohan Handa     | Yes          | Yes        | 1                                     | 1                        | 100             |

**REMUNERATION OF DIRECTORS****Pecuniary Relationship with Non-Executive Directors**

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

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

The Non-Executive Independent Directors are entitled to receive sitting fees for attending the Meetings of the Board and various Committees of the Board of which they are members as well as commission on net profits of the Company, as approved by the Members. As on March 31, 2022, your Company was making the payment of Sitting Fees as under:

| Meetings                            | Sitting Fees |
|-------------------------------------|--------------|
| Meeting of the Board and Committees | 50,000       |

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

**Remuneration Paid to Directors**

Remuneration as per Terms of Service paid to Managing Directors and Whole Time Directors during the year 2021-2022:

| Sl. No. | Name of Members    | Category  | Designation |
|---------|--------------------|-----------|-------------|
| 1.      | Munjal Sharad Shah | 60,00,000 | 60,00,000   |
| 2.      | Shilpa Mahajan     | 16,04,254 | 16,04,254   |

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

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

Notice Period: NA

Severance fees: Not Applicable

**2. Shilpa Mahajan (DIN: 01087912)**

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

Notice Period: NA

Severance fees: Not Applicable

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

The sitting fees, commissions paid/payable to Non-Executive Directors during the financial year 2021-2022 and their shareholding in the Company as on March 31, 2022 as under:

| Non-Executive Directors | Board Fees & Committee Fees | Total    | No. of shares held |
|-------------------------|-----------------------------|----------|--------------------|
| Sharad Virji Shah       | 6,50,000                    | 6,50,000 | 72,74,840          |
| Sunil Kumar Sharma      | 6,00,000                    | 6,00,000 | 0                  |
| Manmohan Handa          | 6,00,000                    | 6,00,000 | 0                  |
| Hina Amol Gokhale       | 6,00,000                    | 6,00,000 | 0                  |
| Suresh katyal           | 6,00,000                    | 6,00,000 | 0                  |

**GENERAL BODY MEETINGS**

Location and time where last three Annual General Meetings were held

| Date               | Location   | Time       |
|--------------------|--|------------|
| September 30, 2019 | D-112, TTC Industrial Area, MIDC, Nerul, Navi, Mumbai, Mumbai City- 400706 | 3:00 P.M.  |
| November 17, 2020  | D-112, TTC Industrial Area, MIDC, Nerul, Navi, Mumbai, Mumbai City- 400706 | 11:30 A.M. |
| September 18, 2021 | D-112, TTC Industrial Area, MIDC, Nerul, Navi, Mumbai, Mumbai City- 400706 | 1:00 P.M.  |

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

| Date                      | September 30, 2019  | November 17, 2020                       | September 18, 2021  |
|---------------------------|---|---|---|
| Meeting No.               | 10 <sup>th</sup> Annual General Meeting   | 11 <sup>th</sup> Annual General Meeting | 12 <sup>th</sup> Annual General Meeting   |
| <b>Special Resolution</b> | <ol style="list-style-type: none"> <li>Adoption of new set of Articles of Association as per Companies Act, 2013</li> <li>Investments, Loans, Guarantees and Security in excess of limits specified under section 186 of Companies Act, 2013</li> <li>Increasing the borrowing limits under section 180(1)(c) of Companies Act, 2013</li> <li>Revision in terms of Appointment of Mr. Munjal Sharad Shah, Managing Director</li> <li>Revision in terms of Appointment of Mrs. Shilpa Amit Mahajan, Whole Time Director</li> <li>Revision in salary payable to Mrs. Ami Munjal Shah, Directors relative holding place of profit</li> <li>Revision in salary payable to Mr. Harsh Bhansali, Director's relative holding place of profit in the Company</li> <li>Revision in salary payable to Mrs. Kaajal Bhansali, Director's relative holding place of profit in the company</li> <li>Revision in salary payable to Mr. Amit Mahajan, Director's relative holding place of profit in the company</li> </ol> | No special resolution has been passed.  | <ol style="list-style-type: none"> <li>Revision in terms of appointment of Mr. Munjal Sharad Shah, Managing Director</li> <li>Ratification of remuneration payable to Mrs. Shilpa Amit Mahajan, (DIN: 01087912) Whole time director</li> <li>Revision in salary to Mr. Anish Mehta, Director's relative holding place of profit in the Company</li> </ol> |

**MEANS OF COMMUNICATION**

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

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

2. All material events/information relating to the Company that could influence the market price of its securities or investment decisions are timely disclosed to the Stock Exchanges as per the Company's 'Policy for Determination of Materiality of Events or Information for Disclosure to the Stock Exchanges', framed in terms of Regulation 30(4)(ii) of the SEBI Listing Regulations. All disclosures under this Policy are also displayed on the Company's website <https://www.parasdefence.com/>
3. No presentation was made to any Institutional Investor or Analyst during the year.
4. Company's E-mail address: [business@parasdefence.com](mailto:business@parasdefence.com)

**GENERAL SHAREHOLDER INFORMATION****Annual General Meeting**

**Date:** September 27, 2022

**Time:** 12:00 noon

**Venue:** D-112, TTC Industrial Area, MIDC, Nerul, Navi, Mumbai, Mumbai City- 400706

**Listing on Stock Exchanges-**

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

National Stock Exchange of India Limited (NSE), Exchange Plaza, Plot No. C/1, G Block, Bandra (E), Mumbai – 400051.

**SYMBOL: PARAS**

BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001

**Scrip Code- 543367**

**ISIN-** INE045601015

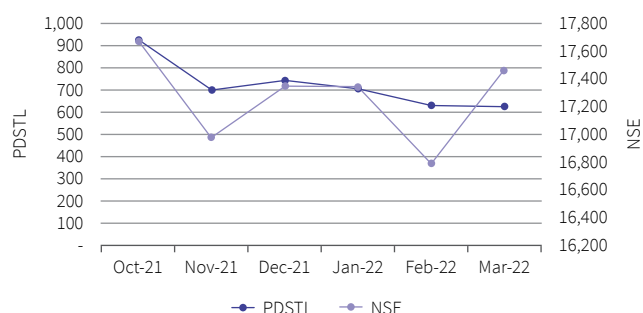
The Annual Listing Fee for the financial year 2021-22 have been paid to both the above-mentioned Stock Exchanges.

**Market Price Data:**

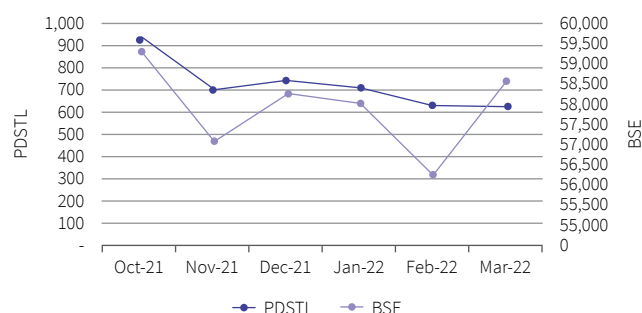
| Month     | NSE               |                  |                    |                            | BSE               |                  |                    |                 |
|-----------|-------------------|------------------|--------------------|----------------------------|-------------------|------------------|--------------------|-----------------|
|           | High Price<br>(₹) | Low Price<br>(₹) | Close Price<br>(₹) | Volume (No.)<br>(in lakhs) | High Price<br>(₹) | Low Price<br>(₹) | Close Price<br>(₹) | Volume<br>(No.) |
| Oct, 2021 | 1258.20           | 460.00           | 927.30             | 228.08                     | 1,272.05          | 456.00           | 937.60             | 80,85,481       |
| Nov, 2021 | 880.95            | 651.05           | 705.25             | 192.96                     | 890.75            | 651.25           | 705.25             | 34,17,288       |
| Dec, 2021 | 789.90            | 650.15           | 743.00             | 74.51                      | 789.00            | 639.00           | 742.55             | 10,34,031       |
| Jan, 2022 | 756.00            | 640.00           | 711.95             | 44.92                      | 755.25            | 640.30           | 712.40             | 5,93,000        |
| Feb, 2022 | 735.00            | 560.70           | 632.40             | 30.56                      | 735.00            | 562.05           | 632.30             | 5,80,649        |
| Mar, 2022 | 709.00            | 606.65           | 625.70             | 41.39                      | 709.30            | 603.10           | 625.60             | 8,61,111        |

**Company's share price vis-à-vis NSE: (October 2021 to March 2022)**

Performance in comparison to NSE

**Company's share price vis-à-vis BSE Sensex: (October 2021 to March 2022)**

Performance in comparison to BSE Sensex

**REGISTRAR & TRANSFER AGENTS DETAILS-**

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

**DISTRIBUTION OF SHAREHOLDING**

| Sl. No.        | Shareholding of Shares | Number of Shareholders | % of Total Shareholders | Shares          | % of Total Share Capital |
|----------------|------------------------|------------------------|-------------------------|-----------------|--------------------------|
| 1              | 1 to 500               | 246753                 | 99.4587                 | 7225254         | 18.5263                  |
| 2              | 501 to 1000            | 851                    | 0.343                   | 640172          | 1.6415                   |
| 3              | 1001 to 2000           | 258                    | 0.104                   | 387877          | 0.9946                   |
| 4              | 2001 to 3000           | 86                     | 0.0347                  | 217083          | 0.5566                   |
| 5              | 3001 to 4000           | 34                     | 0.0137                  | 121108          | 0.3105                   |
| 6              | 4001 to 5000           | 17                     | 0.0069                  | 79066           | 0.2027                   |
| 7              | 5001 to 10000          | 43                     | 0.0173                  | 295077          | 0.7566                   |
| 8              | 10001 to 9999999       | 54                     | 0.0218                  | 30034424        | 77.0112                  |
| <b>TOTAL :</b> |                        | <b>248096</b>          | <b>100</b>              | <b>39000061</b> | <b>100</b>               |

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

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

| Holding Type    | No. of Shares   | Share%      |
|-----------------|-----------------|-------------|
| <b>Demat</b>    |                 |             |
| CDSL            | 21041044        | 53.95%      |
| NSDL            | 17959017        | 46.05%      |
| <b>Physical</b> | 0               | 0           |
| <b>Total</b>    | <b>39000061</b> | <b>100%</b> |

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

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

**LOCATIONS OF PLANTS**

- (i) The registered & Corporate office of the Company is located at Nerul Navi Mumbai, Maharashtra,
- (ii) The Defence and Space Optics and Defence Electronics divisions are operated from Nerul.

(iii) The factory premise for Heavy Engineering Division is operated from Ambarnath, Maharashtra.

(iv) Advance Electronics Business Unit is operated from Malleshwaram, Bangalore

(v) Centre of Excellence for Defence and Space Optics is operated from Yelahanka, Bangalore

**LIST OF CREDIT RATINGS**

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

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

There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY 2021-22 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee.

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

**Details of Non-Compliance**

No penalties / strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority for non-

compliance of any laws on any matter related to capital markets, during the last three years.

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

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

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

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

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

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

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

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

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

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

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

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

**DISCLOSURES OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2)**

Your Company has complied with all the mandatory requirements of the SEBI Listing Regulations including Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations and para (2) to (10) mentioned in part 'C' of Schedule V of the SEBI Listing Regulations during the year under review. Compliance certificate from M/s. Sawant & Associates, Practising Company Secretary confirming compliance with the conditions of Corporate Governance for the year ended March 31, 2022 in terms of Schedule V (E) of the SEBI Listing Regulations is enclosed to this report as Annexure - 2D.

**For and on behalf of the Board of Directors**  
**Paras Defence and Space Technologies Limited**

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

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

Date: September 02, 2022  
Place: Navi Mumbai



# ANNEXURE - 2A

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,  
The Members of  
**Paras Defence and Space Technologies Limited**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Paras Defence and Space Technologies Limited** having CIN U29253MH2009PLC193352 and having registered office at D-112, TTC Industrial Area, Nerul, Navi Mumbai – 400706 Maharashtra, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sl. No. | Name of Directors   | DIN      | Date of appointment in Company |
|---------|---------------------|----------|--------------------------------|
| 1.      | Sharad Virji Shah   | 00622001 | 16/06/2009                     |
| 2.      | Munjali Sharad Shah | 01080863 | 15/03/2019                     |
| 3.      | Shilpa Mahajan      | 01087912 | 25/06/2018                     |
| 4.      | Sunil Kumar Sharma  | 03614952 | 08/01/2019                     |
| 5.      | Manmohan Handa      | 06942720 | 08/01/2019                     |
| 6.      | Hina Amol Gokhale   | 08712659 | 01/04/2020                     |
| 7.      | Suresh Katyal       | 08979402 | 05/01/2021                     |

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

**For Sawant & Associates**

**Prachi Prakash Sawant**

Practising Company Secretary

ACS: A41210 / CP 16317

PRN: 2615/2022

UDIN: A041210D000829041

Date: August 22, 2022

Place: Kalyan



# ANNEXURE - 2B

## DECLARATION

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

To  
The Members  
Paras Defence and Space Technologies Limited

I, Munjal Sharad Shah, Managing Director of Paras Defence and Space Technologies Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2022.

Sd/-  
**Munjal Sharad Shah**

Date: September 02, 2022  
Place: Navi Mumbai

Managing Director  
DIN: 01080863



## ANNEXURE - 2C

### CERTIFICATION BY MANAGING DIRECTOR/ CHIEF FINANCIAL OFFICER

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

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

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

Date: September 02, 2022

Place: Navi Mumbai

**Munjal Sharad Shah**

Managing Director

DIN:01080863

**Harsh Bhansali**

Chief Financial Officer

# ANNEXURE - 2D

## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

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

To,  
The Members

**Paras Defence and Space Technologies Limited**

I have examined the compliance of the conditions of Corporate Governance by **Paras Defence and Space Technologies Limited** ("the Company") for the year ended on March 31, 2022, as stipulated under Regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022.

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

**For Sawant & Associates**

**Prachi Prakash Sawant**

Practising Company Secretary

ACS: A41210 / CP 16317

UDIN: A041210D000829063

PRN: 2615/2022

Date: August 22, 2022

Place: Kalyan

# ANNEXURE - 3

## ANNUAL REPORT ON CSR ACTIVITIES

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

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

The activities undertaken for the Financial Year 2021-22 are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Policy are available on [www.parasdefence.com](http://www.parasdefence.com)

### 2. Composition of CSR Committee:

| Sl. No. | Name of Director       | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|------------------------|--------------------------------------|--|--|
| 1.      | Mr. Munjal Sharad Shah | Chairman                             | 2  | 2  |
| 2.      | Mrs. Shilpa Mahajan    | Member                               | 2  | 2  |
| 3.      | Mr. Manmohan Handa     | Member                               | 2  | 2  |

Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company- <https://www.parasdefence.com/policies/>

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)- NA
4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|---------|----------------|--|---|
| 1       | 2021-2022      | NIL  | NIL   |

5. Average net profit of the company as per section 135(5) is ₹ 23,66,86,168/- (Rupees Twenty-Three Crores Sixty-Six Lakhs Eighty-Six Thousand One Hundred Sixty-Eight Only)
6. (a) Two percent of average net profit of the company as per section 135(5) is ₹ 47,33,723/- (Forty-Seven Lakhs Thirty-Three Thousand Seven Hundred Twenty-Three Only)
  - (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- NIL
  - (c) Amount required to be set off for the financial year, if any- NIL
  - (d) Total CSR obligation for the financial year (6a+6b+6c). ₹ 47,33,723/- (Forty-Seven Lakh Thirty-Three Thousand Seven Hundred Twenty-Three Only)
7. (a) **CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹)   |                  |   |        |                  |
|--|---|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |        |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 48,03,283  | NIL   | NIL              | NIL   | NIL    | -                |

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

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

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

| (1)<br>Sl. No. | (2)<br>Name of the Project | (3)<br>Item from the list of activities in schedule VII to the Act | (4)<br>Local area (Yes/No) | (5)<br>Location of the project |          | (6)<br>Amount spent for the project (in ₹) | (7)<br>Mode of implementation - Direct (Yes/No) | (8)<br>Mode of implementation - Through implementing agency |                         |
|----------------|----------------------------|--|----------------------------|--------------------------------|----------|--|---|---|-------------------------|
|                |                            |  |                            | State                          | District |  |   | Name  | CSR registration number |
| 1.             | Shri Maa Charitable Trust  | Environment Sustainability<br>Animal Welfare                       | No                         | Nara Gujarat                   |          | 46,76,000                                  | Yes   | -   | -                       |
| 2.             | Ramania Jain Mahajan       | Environment Sustainability<br>Animal Welfare                       | No                         | Mumbai, Maharashtra            |          | 1,27,283                                   | Yes   | -   | -                       |
| <b>Total</b>   |                            |  |                            |                                |          | <b>48,03,283</b>                           |   | -   | -                       |

- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: NA
- (f) Total amount spent for the Financial Year (7b+7c+7d+7e): ₹ 47,33,723/-
- (g) Excess amount for set off, if any: NIL

| Sl. No. | Particular  | Amount (in ₹) |
|---------|---|---------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | 47,33,723     |
| (ii)    | Total amount spent for the Financial Year   | 48,03,283     |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | 69,560        |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL           |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | 69,560        |

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

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any |               |                  | Amount remaining to be spent in succeeding financial years (in ₹) |
|---------|--------------------------|--|---|---|---------------|------------------|---|
|         |                          |  |   | Name of the Fund  | Amount (in ₹) | Date of transfer |   |
| 1.      | 2020-2021                |  |   | NIL   |               |                  |   |



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

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

NIL

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- No
10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

**For and on behalf of the Board of Directors**  
**Paras Defence and Space Technologies Limited**

Date: September 02, 2022  
Place: Navi Mumbai

**Munjal Sharad Shah**  
Chairman & Non-Executive Director  
DIN: 00622001

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

# ANNEXURE - 4

## 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

#### 1. Details of contracts or arrangements or transactions not at Arm's length basis

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

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

| (a) Name(s) of the related party and nature of relationship                                    | Sharad Virji Shah | Munjal Sharad Shah      | Shilpa Mahajan          | Ami Munjal Shah    | Kaajal Bhansali    | Amit Mahajan       | Anish Mehta        | Munjal Sharad Shah | Harsh Bhansali          | Paras Green Optics Private Limited | Paras Anti-Drone Technologies Private Limited | Paras Aerospace Private Limited | Opel Technologies Pte. Limited | DefSpace Technologies Private Limited | Krasny Paras Defence Technologies Private Limited | Rs. (In Lakhs) |
|--|-------------------|-------------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|------------------------------------|---|---------------------------------|--------------------------------|---------------------------------------|---|----------------|
| (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                          | Lease Rent                            | Equity Investment                                 |                |
| (c) Duration of the contracts / arrangements/ transactions                                     | One year          | Five years              | Five Years              | One Year           | One Year           | One Year           | One Year           | Eleven Months      | Remuneration            | Eleven Months                      | Eleven Months                                 | Eleven Months                   | -                              | Eleven Months                         | -   |                |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | 6.50              | 60.00                   | 16.04                   | 36.00              | 24.85              | 16.40              | 21.15              | 5.10               | 24.19                   | 1.20                               | 1.20  | 3.00                            | 1,773.24                       | 0.50                                  | 4.75  |                |
| (e) Date(s) of approval by the Board, if any   | 25.09.2018        | 07.9.2019               | 07.9.2019               | 07.9.2019          | 07.9.2019          | 07.9.2019          | 06.07.2021         | 29.01.2022         | 24.03.2020              | 25.08.2021                         | 02.03.2021                                    | 25.08.2021                      | 06.07.2021                     | 29.01.2022                            | 18.10.2021  |                |
| (f) Amount paid as advances, if any  | Nil               | Nil                     | Nil                     | Nil                | Nil                | Nil                | Nil                | Nil                | Nil                     | Nil                                | Nil   | Nil                             | Nil                            | Nil                                   | Nil   |                |

For and on behalf of the Board of Directors  
Paras Defence and Space Technologies Limited

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

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

Date: September 02, 2022  
Place: Navi Mumbai

# ANNEXURE - 5

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

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors, Chief Financial Officer and Company Secretary in the FY 2021-22:

| Name of Director(s) /KMP | Designation                                     | Remuneration of Director for financial year 2021-22 (₹/ Lakhs) | Ratio of Remuneration of each Director to the median remuneration of employees for financial year 2021-22 | % increase in remuneration |
|--------------------------|---|--|---|----------------------------|
| Munjal Sharad Shah       | Managing Director                               | 60,00,000  | 169.01  | 0%                         |
| Shilpa Mahajan           | Whole-Time Director                             | 16,04,254  | 45.19   | 16.89%                     |
| Harsh Bhansali           | Chief Financial Officer                         | 24,18,956  | 68.14   | 34.15%                     |
| R. Rajagopalan           | Sr. VP – Business Development                   | 51,60,000  | 145.35  | 7.50%                      |
| K. Natarajan             | Sr. VP – Software Development                   | 38,70,000  | 109.01  | 7.50%                      |
| N. Saravanan             | Sr. VP – System Integration                     | 38,70,000  | 109.01  | 7.50%                      |
| Bharat Yelkur            | VP – Marketing                                  | 21,30,000  | 60.00   | 18.33%                     |
| Ramakantha D             | General Manager – Business Development          | 10,20,000  | 28.73   | 13.33%                     |
| Ajit Sharma              | Company Secretary & Compliance Officer          | 13,50,000  | 38.03   | 25.00%                     |
| G. S. Ravichandar        | Senior- VP - Head of Naval business Development | 25,00,000  | 70.42   | 0.00%                      |
| K. Padmanabham           | Senior - VP - Electronics                       | 13,80,000  | 38.87   | 0.00%                      |
| Amit Mahajan             | Director - Technical and R&D                    | 16,39,535  | 46.18   | 5.10%                      |
| Ami Munjal Shah          | Senior VP - HR & Administrator                  | 36,00,000  | 101.41  | 3.31%                      |
| Anish Hemant Mehta       | Director - Business Development                 | 21,15,178  | 59.60   | 116.33%                    |

### Notes:

- To derive median, only employees on the payroll of the Company are taken into consideration.
- Mr. Sharad Virji Shah is Chairman and Not- Executive Director, is not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Committees. Hence ratio of their sitting fees to median remuneration of employee is not comparable. The details of sitting fees paid to the Mr. Sharad Virji Shah is provided in the Corporate Governance Report, which is annexed as Annexure - 2 to the Directors Report. The ratio of remuneration (sitting fees) of Mr. Sharad Virji Shah to median remuneration of employees is as follows: 18.31
- The Independent Directors of the Company viz. Mr. Manmohan Handa, Mr. Suresh Katyal, Mr. Sunil Kumar Sharma, and Dr. Hina Gokhale are not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Audit Committee. Hence ratio of their sitting fees to median remuneration of employee is not comparable. The ratio of remuneration (sitting fees) of Independent Directors to median remuneration of employees is as follows:  
  
Mr. Manmohan Handa 16.90, Mr. Suresh Katyal 16.90, Mr. Sunil Kumar Sharma 16.90, and Dr. Hina Gokhale 16.90
- There was no increase in remuneration of Independent Directors during the financial year, they are entitled for sitting fees in proportion to number of meeting(s) attended by them.



2. **The percentage increase in the median remuneration of employees in the financial year:** 14.52%
3. **The number of permanent employees on the rolls of Company:** 182
4. **Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:**

The average percentage increase made in the salaries of employees other than the managerial Personnel was 21.95%

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

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

**For and on behalf of the Board of Directors**  
**Paras Defence and Space Technologies Limited**

Date: September 02, 2022  
Place: Navi Mumbai

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

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

# ANNEXURE - 6

## MANAGEMENT DISCUSSION & ANALYSIS

### Global economy

The world economy witnessed a growth of 5.5% in 2021, the greatest since 1976, following a contraction of 3.4% in 2020. An increase in household spending and rising investments helped to improve sentiments and broadened the road to recovery. However, the impact of supply chain disruptions was felt across the world, particularly in Europe and the United States, and it contributed to economic slowdown in the second half of the year. Besides, the Russia-Ukraine war at the beginning of 2022 aggravated challenges in the supply chain and drove up commodity prices to a large extent.

#### Outlook

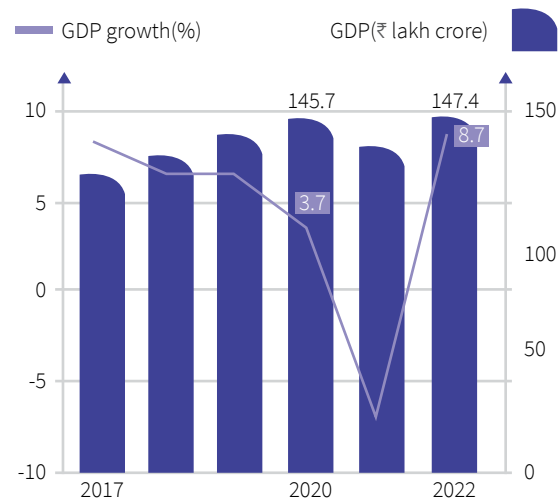
The Russia Ukraine war has magnified the slowdown in the global economy, which is entering what could become a protracted period of feeble growth and elevated inflation. The global GDP is predicted to grow at 3.1% in 2022 and 3% in 2023 as a result of exceptionally high commodity prices, prolonged monetary tightening and the forecast for increased financial instability, escalating supply constraints, deteriorating food supply, and growing geopolitical tensions.

### Indian economy

The fiscal 2021-22 started with the devastating second wave of the Covid-19 pandemic. However, despite its human toll, the economic impact was not as severe. Pre-emptive measures by the government infused a sense of stability to the economy and the implementation of favourable fiscal policies helped the economic recovery. The country, thereby, registered a GDP growth of 8.7% against a contraction of 7.1% in FY2020-21. While the economy rebounded gradually, headwinds such as global supply chain disruptions as well as inflationary pressures affected its growth trajectory. Towards the end of the fiscal year, the impact of the Russia-Ukraine war was also felt by the Indian economy.

#### Outlook

Despite a strong recovery in FY 2021-22, the conflict between Russia and Ukraine is continually pushing up commodity prices, slowing global growth to a large extent in the current fiscal. Major central banks are also mulling over the implementation of aggressive monetary policies to combat inflation, a development that could have a significant impact on global demand. China's strict Covid-19 policy is also straining the supply chain. High frequency indicators already point to some loss of momentum in economic recovery, that has been gaining traction from the second quarter of 2021-22, mostly on account of successful inoculation drives across the country (86.8% of the adult population is fully vaccinated and 3.5% people have received booster doses). The GDP as a result is expected to grow moderately by 7.2% in



Source: National Statistical Office

2022-23.

### Defence industry

#### Global defence industry

The Global defence industry has endured the challenges of the pandemic owing to strong order books. The size of the global defence industry was USD 452.69 billion in 2021 and the industry is expected to reach USD 604.82 billion in 2026, at a CAGR of 5.8%.<sup>1</sup> The industry is expected to witness robust growth owing to the continuous focus of nations on fortifying its defence mechanism. Recovering from the operational hurdles posed by the pandemic, the sector is expected to benefit from increased defence budgets. As geopolitical conflicts continue to affect numerous countries around the world, an urgent need to drive up military capabilities is noticed among major nations.

#### Indian defence industry

The defence sector is one of the primary pillars of the government's vision of 'Atmanirbhar Bharat'. Indian defence companies are expected to earn revenues of USD 25 billion by 2025, including USD 5 billion from export of aerospace and defence products and services.

#### Rise in defence exports

The Ministry of Defence has implemented a major reform for export promotion. Defence exports from India have expanded to more than 75 countries in the world. Due to the shifting geopolitical landscape, small nations are concerned about their safety and security and are

<sup>1</sup><https://www.thebusinessresearchcompany.com/report/defense-global-market-report>

considering India as a strategic partner for procuring affordable and high-quality defence equipment. The market for defence equipment is, therefore, anticipated to grow further. The government is also continually laying emphasis on the indigenisation of the defence sector through its SRIJAN portal, recently launched by the Ministry of Defence. As of March 2022, 19,509 defence items, that were earlier imported by India, are now being indigenously made in India and are available on the portal.<sup>2</sup>

#### Government initiatives:

Budget 2022-23 has prioritised the importance of R&D, indigenous design and manufacturing in the defence sector. Towards the beginning of 2022, the Indian Defence Ministry released a list of more than 200 defence products that will be indigenously produced within the country. Additionally, contracts worth Rs. 54,000 crore (USD 7.1 billion) have been signed for domestic procurement of defence goods.

#### Recent developments:

- The government has granted at least five projects under Make-I, during 2022-23, for enhancing industry backed R&D efforts.
- To boost defence exports, the government has been encouraging regular webinars with Friendly Foreign Countries (FFCs), with the active involvement of the Indian defence sector.
- The Indian government has also announced the Open General Export License (OGEL) for easing the licensing requirements and granting permission to the industry for export of specific items.
- The government has also established a new provision for re-exporting parts and components for undertaking rework or repairing of products within the warranty period.

## Space industry

### Global Space industry

The global space industry has demonstrated tremendous resilience even during the height of the Covid-19 pandemic. As per the Satellite Industry Association (SIA), the global space industry grew by 4% in 2021.<sup>3</sup> In terms of annual spending, as per a report from the Space Foundation, the industry grew at its fastest pace since 2014, to reach a record USD 469 billion in 2021.<sup>4</sup> Government spending also increased by 19% and added USD 107 billion to this space in 2021. Moreover, the US government and military spending amounted to USD 59.6 billion, a 12% share of global space spending. Moreover, the US government and military spending amounted to USD 59.6 billion, a 12% share of global space spending.

With the introduction of new technology and rapid innovation, the space industry is also witnessing a huge surge in private and public investment. It is likely to open up new dimensions in the areas of scientific exploration and discovery.

As per a report published by Citigroup analysts, the annual revenue of the global space industry is predicted to surpass USD 1 trillion by 2040.<sup>5</sup>

Its major source of revenue, especially from satellites, is predicted to be generated from the manufacturing and launch of satellites and other equipment used on the ground to successfully complete space missions. The development of new space applications is also expected to establish new revenue channels for this sector.

Private participation in this sector has also grown significantly over the years. Governments are now relying on private companies to shorten manufacturing times and produce cost-effective products. Further, factors like increased government funding for space programs, development of better infrastructure for space projects, growing demand for cargo spacecraft, rising number of satellite launches, and enthusiasm for deep space exploration projects are paving the way for continuous growth of this sector.

### Indian Space industry

Presently, India accounts for only about 2% of the space industry. However, India's share in the space sector is rapidly growing and budgetary allocation for the sector is also increasing with every passing year. In the current fiscal, the Department of Space has been allocated Rs 13,700 crores in the annual budget. As ISRO gears up for Gaganyaan — India's first human spaceflight mission, the space agency has been allocated Rs. 7,456.60 crores to cover their expenses. The Department of Space also plans to undertake significant technology transfer projects for fulfilling various social and commercial objectives, between 2022 and 2023.

Besides, India is strongly investing in several space missions including the Chandrayaan-3 programme, 'Shukrayaan' – the mission to Venus, expected to be launched in 2024. A twin aeronomy satellite mission to study the uppermost layer of the Earth's atmosphere, Mission Trishna (in collaboration with French Space Agency CNES) for accurate mapping of land surface temperature, is also in the pipeline.

### Recent policy announcements

- **Revising the Foreign Direct Investment (FDI) policy to open investment opportunities for foreign companies:**

The government is expected to announce a revised FDI policy for the Indian space sector to create huge investment opportunities for foreign companies. Moreover, with IN-SPACE, the government can establish a link between ISRO and private sector companies to utilise Indian space resources and increase space-based activities.

- **Establishment of the Indian Space Association (ISpA):**

In October 2021, the government launched the ISpA, an association that will help private players to carry out independent space activities and utilise services and technology developed by ISRO in the private sector. ISpA will support the government's vision of 'Atmanirbhar India' (self-reliant India) and 'Make in India' to make the country a market leader in this sector.

- **Technology transfer from ISRO:**

The Department of Space (DoS) and NewSpace India Limited (NSIL) signed a memorandum of understanding (MoU) in 2020

<sup>2</sup><https://www.ibef.org/download/success-story-defence-exports.pdf>

<sup>3</sup><https://www.satellitetoday.com/business/2022/07/01/sia-reports-the-global-space-industry-grew-4-in-2021/>

<sup>4</sup><https://www.forbes.com/sites/carlieporterfield/2022/07/27/space-industry-grew-to-record-469-billion-last-year-report-finds/?sh=5efa681817f1>

<sup>5</sup><https://www.republicworld.com/science/space/global-space-industry-revenue-could-cross-1-dollars-trillion-by-2040-says-citigroup-analysis-articleshow.html>

to assist NSIL in identifying those technologies developed by ISRO that have the potential for commercialisation and can be transferred to external entities in the public and private sectors. Under this agreement, as of October 2021, NSIL has transferred over 363 technologies for commercialisation.

## Company overview

The Company is engaged in designing, developing, manufacturing and testing of broad categories of defence and space engineering products and solutions. It is the sole Indian supplier of critical imaging components such as large size optics and diffractive gratings for space applications in India. The Company has strong research and development and technological capabilities that enables it to have a diversified product portfolio. The Company's R&D capabilities include product design, product engineering, product simulation, prototyping and testing. It derives most of its revenues from defence contracts from the government and associated entities such as defence public sector undertakings and government organisations involved in space research.

### Opportunities

- With the government's emphasis on Atmanirbhar Bharat, favourable reforms in the policy environment continue to create a conducive environment for the defence industry, thereby enabling the Company to capitalise on emerging opportunities.

- As technological interventions become a key pillar of success for the Indian Defence sector, demand for Defence Electronics, Defence Optics, EMP Protection and Heavy Engineering services are expected to rise. The Company's expertise in these fields promises its future as the government is continuously emphasising on the need to develop indigenous capabilities.
- India's proactive approach towards foreign trade and joint agreements with various countries will further boost opportunities for defence manufacturing in India.
- The launch of the Indian Space Association has enabled private companies to participate in space activities. It, therefore, allows the Company to actively increase its participation in future projects.

### Challenges

- The Company's business is largely dependant on contracts from Government of India (GoI) and associated entities including defence public sector undertakings and government organisations involved in space research. In the absence of government contracts, the Company's prospects may be challenged.
- In a rapidly evolving field, it is important to consistently upgrade the technical skills and expertise. Loss of sensitive data or inability to improve the Company's knowledge base may have a detrimental effect on the Company's operations and might even compromise its competitive advantage.

## Results of Operations and Financial Condition

| Particulars  | Fiscal 2021-22       |         | Fiscal 2020-21       |         |
|--|----------------------|---------|----------------------|---------|
|  | Amount<br>(in lakhs) | %       | Amount<br>(in lakhs) | %       |
| Revenue from Operations  | 18,256.24            | 98.40%  | 14,332.99            | 99.12%  |
| Other Income   | 297.17               | 1.60%   | 127.55               | 0.88%   |
| Total Income   | 18,553.41            | 100%    | 14,460.54            | 100%    |
| Expenses   |                      |         |                      |         |
| Cost of materials consumed   | 7,703.80             | 41.52%  | 5,986.72             | 41.40%  |
| Purchases of Stock in Trade  | 528.11               | 2.85%   | 1,348.71             | 9.33%   |
| Change in inventories of finished goods, work-in-progress and Stock in trade | (56.82)              | (0.31%) | (804.40)             | (5.56%) |
| Employee benefits expense  | 1,481.29             | 7.98%   | 1,173.77             | 8.12%   |
| Finance costs  | 783.04               | 4.22%   | 1,240.93             | 8.58%   |
| Depreciation and amortisation expense  | 1,042.33             | 5.62%   | 965.36               | 6.68%   |
| Other expenses   | 3,413.93             | 18.40%  | 2,288.44             | 15.83%  |
| Total Expenses   | 14,895.68            | 80.29%  | 12,199.53            | 84.36%  |
| Profit before tax  | 3,657.73             | 19.71%  | 2,261.01             | 15.64%  |
| Current tax  | 1,009.46             | 5.44%   | 728.57               | 5.04%   |
| Deferred tax   | (59.88)              | (0.32%) | (46.17)              | (0.32%) |
| Income Tax for Earlier Years   | -                    | -       | -                    | -       |
| Total tax expenses   | 949.58               | 5.12%   | 682.40               | 4.72%   |
| Profit for the year  | 2,707.73             | 14.59%  | 1,578.61             | 10.92%  |

## Results of Operations for Fiscal 2022 compared to Fiscal 2021

### Revenue from operations

Our revenue from operations increased by 27.37% to Rs. 18,256.24 lakhs for Fiscal Year 2022 compared to Rs. 14,332.99 lakhs for Fiscal Year 2021.

### Other Income

Other income increased by 133% to Rs. 297.77 lakhs for Fiscal Year 2022 compared to Rs. 127.55 lakhs for Fiscal Year 2021. This increase in other income was primarily due to an increase in Interest income from Fixed deposits.

### Expenses

Our total expenses increased by 22.10% to Rs. 14,895.68 lakhs for Fiscal Year 2022 compared to Rs. 12,199.53 lakhs for Fiscal Year 2021. This increase in expenses was primarily due to an increase in the revenue and for reasons set out below.

### Cost of materials consumed

Our cost of materials consumed increased by 28.68% to Rs. 7,703.80 lakhs for Fiscal Year 2022 compared to Rs. 5,986.72 lakhs for Fiscal Year 2021. This increase was primarily due to higher revenue by 27%.

### Purchases of stock in trade

Our expense towards purchases of stock in trade decreased by 60.84% to Rs. 528.11 lakhs for Fiscal Year 2022 compared to Rs. 1,348.71 lakhs for Fiscal Year 2021. This decrease in purchases of stock in trade is primarily due lower merchant trading export sales.

### 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 decreased by 92.94% to Rs. (56.82) lakhs for Fiscal Year 2022 compared to Rs. (804.40) lakhs for Fiscal Year 2021.

### Employee benefits expense

Our employee benefits expense increased by 26.20% to Rs. 1,481.29 lakhs for Fiscal Year 2022 compared to Rs. 1,173.77 lakhs for Fiscal Year 2021. This increase was primarily due to the expansion of the manufacturing, design, and development team and higher revenue.

### Finance costs

Our finance costs decreased by 36.90% to Rs. 783.04 lakhs for Fiscal Year 2022 compared to Rs. 1,240.93 lakhs for Fiscal Year 2021. This decrease was due to pre-payment of long term borrowings.

### Depreciation and Amortisation Expense

Depreciation and amortisation expenses increased by 7.97% to Rs. 1,042.33 lakhs for Fiscal Year 2022 compared to Rs. 965.36 lakhs for Fiscal Year 2021. The increase was due to the addition in property, plant and equipments.

### Other expenses

Other expenses increased by 49.18% to Rs. 3,413.93 lakhs for Fiscal Year 2022 compared to Rs. 2,288.44 lakhs for Fiscal Year 2021. This increase was primarily due to an increase in the revenue, traveling expense, Bad debts write-off, and provision of expected credit loss.

### Profit before Tax

As a result our profit before tax increases by 61.77% to Rs. 3,657.73 lakhs for Fiscal Year 2022 compared to Rs. 2,261.01 lakhs for Fiscal Year 2021. This increase was on account of the higher revenue.

### Tax Expenses

Our tax expenses increased by 39.15% to Rs. 949.58 lakhs for Fiscal Year 2022 compared to Rs. 682.40 lakhs for Fiscal Year 2021. This increase was primarily due to an increase in the net taxable income and the tax thereon.

### Profit for the Year

Our profit for the year increased by 71.53% to Rs. 2,707.73 lakhs for Fiscal Year 2022 compared to Rs. 1,578.61 lakhs for Fiscal Year 2021.

### Total Comprehensive Income

Total comprehensive income increased by 68.25% from Rs. 2,708.06 lakhs for Fiscal Year 2022 to Rs. 1,609.55 lakhs for Fiscal Year 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.

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Net cash (used in)/ generated from operating activities | 1,151.07                             | 428.53                               |
| Net cash used in investing activities                   | (7,710.59)                           | (626.39)                             |
| Net cash generated from financing activities            | 6,309.23                             | 540.76                               |
| Cash and cash equivalents at the beginning of the year  | 468.26                               | 125.36                               |
| Cash and cash equivalents at the end of the year        | 217.97                               | 468.26                               |



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, 2022, our contingent liabilities that have not been provided for were as follows:

| Particulars  | Amount (₹ in Lakhs) |
|--|---------------------|
| Income tax   | 86.44               |
| Customs Act  | 12.00               |
| Guarantee's given by our Company's bankers           | 1,987.03            |
| Letter's of Credit opened in favour of the suppliers | 392.70              |
| <b>Total</b>   | <b>2,478.17</b>     |

### Key Financial Ratios

| Particulars                         | FY 2021-2022 | FY 2020-2021 |
|-------------------------------------|--------------|--------------|
| Net Profit Margin (%)               | 14.95%       | 11.36%       |
| Interest Coverage Ratio             | 1.08         | 2.17         |
| Debtors Turnover                    | 1.66         | 1.38         |
| Inventory Turnover (Based on sales) | 2.56         | 1.97         |
| Current Ratio                       | 5.39         | 1.87         |
| Debt Equity Ratio                   | 0.08         | 0.51         |
| Return on Net Worth (%)             | 9%           | 8%           |

# ANNEXURE - 7

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

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

|      | Particulars   | Remarks   |
|------|---|---|
| 1.   | Conservation of energy  |   |
| A    | The steps taken or impact on Conservation of Energy   | Your Company takes many initiatives to reduce the electricity consumption by using energy efficient products, thus resulting in lower electricity consumption, and increasing the productivity.   |
| i.   | Process Optimization and automation   |   |
| ii.  | Optimization of Electrical Equipment  | Discussion with experts and training programs have been ongoing for innovative ideas of production and knowledge updating. The concerned staff members are also encouraged to attend various seminars and workshops for their improvement in various aspects of functioning of the factory. |
| iii. | Lighting  |   |
| iv.  | Other key initiative for energy conservation  | There has been an overall improvement in product quality and labour productivity, resulting in economy of cost, and improved operational efficiencies.  |
| B.   | The steps taken by the Company for utilizing alternate source of energy   | Your Company has focused on productivity so that unit consumption per unit is reduced   |
| 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.  |
| b.   | The benefits derived like product improvement, cost reduction, product development or import substitution               | The Company has not imported technology during the year under review.   |
| c.   | In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) |   |
| d.   | The expenditure incurred on Research and Development  |   |

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

| Particulars  | (Amount in ₹)   |                 |
|--|-----------------|-----------------|
|  | 2021-2022       | 2020-2021       |
| Foreign Exchange Earnings in terms of actual inflows | 24,31,51,686.00 | 26,66,42,346.00 |
| Foreign Exchange Outgo in terms of actual outflows   | 39,68,05,815.00 | 31,33,88,258.00 |

For and on behalf of the Board of Directors  
Paras Defence and Space Technologies Limited

Date: September 02, 2022  
Place: Navi Mumbai

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

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



# ANNEXURE - 8

FORM NO. MR - 3

## SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2022

[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**

I have conducted the secretarial audit and the compliance of applicable statutory provisions and the adherence to good corporate practices by **Paras Defence and Space Technologies Limited** (CIN: U29253MH2009PLC193352) (hereinafter called the "Company"), in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and I am expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2022 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner subject to the reporting made hereunder.

During the year under review, the Company had listed its securities on BSE Limited and National Stock Exchange of India Limited and have received listing and trading approvals on September 30, 2021 from BSE Limited and National Stock Exchange of India Limited and the shares of the Company were traded on the Stock Exchanges w.e.f. October 1, 2021. Accordingly, post listing, the Company started adhering to compliances of SEBI regulations and guidelines applicable to Listed companies w.e.f. October 1, 2021, however, as a part of good corporate governance the Company had filed quarterly compliances for the quarter ended September 30, 2021 and were found to be in order.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 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 the 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 (wherever applicable):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of capital and disclosure requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;
  - e) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
  - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.

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

- Applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI);
- The Listing Agreements entered by the Company with BSE Ltd. and National Stock Exchange of India Limited.
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc., as mentioned above for the time it was applicable to the Company.

I have reviewed the systems and mechanisms established by the Company for ensuring compliance under applicable Acts, Rules, Regulations and other legal requirements of the Central, State and other Government and local authorities concerning the business and affairs of the Company categorized under the following major heads/groups, and report that there are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:

- Factories Act, 1948;
- Labour laws and other incidental laws related to labour and employees appointed by the Company including those on contractual basis as relating to wages, gratuity, prevention of sexual harassment, dispute resolution, welfare, provident fund, insurance, compensation etc.;
- Industries (Development & Regulation) Act, 1951;
- Acts relating to consumer protection;
- Acts and Rules prescribed under prevention and control of pollution;
- Acts and Rules relating to environmental protection and energy conservation;
- Acts and Rules relating to hazardous substances and chemicals;
- Acts and Rules relating to electricity, fire, petroleum, motor vehicles, explosives, boilers etc.;
- Acts relating to protection of IPR;
- Acts and Rules relating to the industry to which this Company belongs;
- Other local laws as applicable to various plants and offices.

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 auditor and other designated professionals.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Directors in compliance with Rules and provisions of the Companies Act, 2013, the regulations and directives of Securities Exchange Board of India (SEBI).

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. All decisions are carried out unanimously / requisite majority as recorded in the minutes of the Meeting.

I further report that based on review of compliance mechanism established by the Company there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that there has been delay in filing e-forms for which additional payment has been done by the Company.

I 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.

#### For Sawant & Associates

##### Prachi Prakash Sawant

Practising Company Secretary

ACS: A41210 / CP 16317

UDIN: A041210D000829030

PRN: 2615/2022

Date: August 22, 2022

Place: Kalyan



## **ANNEXURE A**

To,  
The Members  
Paras Defence and Space Technologies Limited

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

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

**For Sawant & Associates**

Practising Company Secretary

**Prachi Prakash Sawant**

ACS: A41210 / CP 16317

UDIN: A041210D00082903

PRN: 2615/2022

Date: August 22, 2022

Place: Kalyan

## ANNEXURE - 9

## BUSINESS RESPONSIBILITY REPORT (2021-22)

## Section A : General information about the company

| 1.    | CIN (Corporate identity number)   | U29253MH2009PLC193352   |               |       |          |               |  |  |  |  |
|-------|---|---|---------------|-------|----------|---------------|--|--|--|--|
| 2.    | Name of the company   | Paras Defence and Space Technologies Limited  |               |       |          |               |  |  |  |  |
| 3.    | Registered address  | D -112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706  |               |       |          |               |  |  |  |  |
| 4.    | Website   | www.parasdefence.com  |               |       |          |               |  |  |  |  |
| 5.    | Email id  | business@parasdefence.com   |               |       |          |               |  |  |  |  |
| 6.    | FY reported   | 2021-2022   |               |       |          |               |  |  |  |  |
| 7.    | Sector that company is engaged in (Industrial activity code wise):                          | Defence and Aerospace   |               |       |          |               |  |  |  |  |
| 8.    | List three product/services that the company manufactures / provides (as in balance sheet): | <ul style="list-style-type: none"> <li>• Manufacture of optical components involving machinery, mechanical process &amp; high precision jobs (NIC code: 2670) (under the division of Defence and Space Optics)</li> <li>• Manufacture of Electronic &amp; Mechanical Items such as Cabinets, Controlling systems, Consoles (NIC code: 2610) (under the division of Defence Electronics)</li> <li>• Engineering and Technological Products, ferrous &amp; non-ferrous metals, etc. (NIC code: 2599) (under the division of Defence Engineering)</li> </ul> |               |       |          |               |  |  |  |  |
| 9.    | Total number of location where business activity is undertaken by the company:              |   |               |       |          |               |  |  |  |  |
|       | (a) Number of International Locations (Provide details of major 5)                          | The Company Operates PAN India. However, the Company has a Wholly Owned Subsidiary located at Singapore.  |               |       |          |               |  |  |  |  |
|       | (b) Number of National Locations  | <ul style="list-style-type: none"> <li>• The registered &amp; Corporate office of the Company is located at Nerul Navi Mumbai, Maharashtra, The Defence and Space Optics and Defence Electronics divisions are operated from Nerul.</li> <li>• The factory premise for Heavy Engineering Division is operated from Ambarnath, Maharashtra.</li> <li>• Advance Electronics Business Unit is operated from Malleshwaram, Bangalore</li> <li>• Centre of Excellence for Defence and Space Optics is operated from Yelahanka, Bangalore</li> </ul>            |               |       |          |               |  |  |  |  |
| 10.   | Markets served by the Company –Local / State / National / International                     | <table border="1"> <thead> <tr> <th>Local</th> <th>State</th> <th>National</th> <th>International</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>  | Local         | State | National | International |  |  |  |  |
| Local | State   | National  | International |       |          |               |  |  |  |  |
|       |   |   |               |       |          |               |  |  |  |  |

## Section B : Financial details of the company

|    |  |  |
|----|--|--|
| 1. | Paid up capital  | Rs. 39.00 crore divided in 39000061 Equity shares of Rs. 10/-  |
| 2. | Total Turnover (Gross)   | Rs. 180.00 crore   |
| 3. | Total profit after taxes   | Rs. 26.91 crore  |
| 4. | Total spending on CSR as percentage of profit after tax (%)          | Total spending on CSR is 2% of the average profit after tax of the past 3 years. This is detailed in the Annual Report of CSR Activities, Annexure – 3 to the Board's Report |
| 5. | List of activities in which expenditure in 4 above has been incurred | List of CSR activities are detailed in the Annual Report of CSR Activities, Annexure – 3 to the Board's Report.  |

## Section C: Other Details

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes, the details of the subsidiary companies are mentioned below:

| Sl. No. | Particulars   |
|---------|---|
| 1.      | Paras Green Optics Private Limited (Indian Wholly Owned Subsidiary) |
| 2.      | Paras Aerospace Private Limited (Indian Subsidiary)                 |
| 3.      | Paras Anti-Drone Technologies Private Limited (Indian Subsidiary)   |
| 4.      | Opel Technologies PTE. Limited (Foreign Wholly Owned Subsidiary)    |

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The subsidiary companies do not participate in the BR initiatives of the parent Company.

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No

## Section D: BR information

### 1. Principle wise BR policy / policies:

| Principle No.    | Description  |
|------------------|--|
| Principle 1 (P1) | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.  |
| Principle 2 (P2) | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.                                     |
| Principle 3 (P3) | Businesses should promote the well- being of all employees.  |
| Principle 4 (P4) | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| Principle 5 (P5) | Businesses should respect and promote human rights.  |
| Principle 6 (P6) | Businesses should respect, protect, and make efforts to restore the environment.   |
| Principle 7 (P7) | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.  |
| Principle 8 (P8) | Businesses should support inclusive growth and equitable development.  |
| Principle 9 (P9) | Businesses should engage with and provide value to their customers and consumers in a responsible manner.  |

### 2. Details of Director/Directors responsible for BR

#### a. Details of the Director/Directors responsible for implementation of the BR policy/policies:

- DIN: 01080863
- Name: Mr. Munjal Sharad Shah
- Designation: Managing Director

#### b. Details of BR head:

| Sl. No. | Particulars                | Details  |
|---------|----------------------------|--|
| 1.      | DIN Number (if applicable) | Not Applicable   |
| 2.      | Name                       | 1. Mr. Amit Navin Mahajan<br>2. Mr. Anish Hemant Mehta                                   |
| 3.      | Designation                | 1. Director – Technical and Research & Development<br>2. Director – Business Development |
| 4.      | Telephone number           | 1. 022 – 6919 9909 (D)<br>2. 022 – 6919 9977 (D)   |
| 5.      | E-mail ID                  | 1. amit@parasdefence.com<br>2. anish@parasdefence.com                                    |

## 3. Principle wise reply to each question on BR Policy / Policies:

| Sl. No. | Question  | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|---|----|----|----|----|----|----|----|----|----|
| 1.      | Do you have a policy/ policies for...   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2.      | Has the policy being formulated in consultation with the relevant stakeholders?*  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
|         | *None of the BR Policies based on Principles P1 to P8 are codified/ formalized in writing. But are practiced on day-to-day basis while undertaking the business operations of the Company. Only the Policies required to be formalized by the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 have been formalized and approved by the Board of Directors of the Company and hosted on the website of the Company <a href="http://www.parasdefence.com/">www.parasdefence.com/</a> |    |    |    |    |    |    |    |    |    |
| 3.      | Does the policy conform to any national /international standards?   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
|         | *Since the Polices are observed in business operations without being codified, they are in accordance with best known practices to the Company's personnel as followed nationally/ internationally. As the Policies are not reproduced in writing, the description is not being given.  |    |    |    |    |    |    |    |    |    |
| 4.      | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director? *  | N  | N  | N  | Y  | N  | N  | N  | Y  | N  |
|         | *CSR Policy of the Company reflecting the Principles P4 and P8 have been signed and approved by the Board. There are certain other Management Policies based on these principles, which are approved by the management of the Company.  |    |    |    |    |    |    |    |    |    |
| 5.      | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?   | N  | N  | N  | Y  | N  | N  | N  | Y  | N  |
|         | *The Company has constituted CSR Committee of the Board, which oversee the implementation of the Principles P4 and P8. Other policies framed by the Management are being monitored by the concerned officials.  |    |    |    |    |    |    |    |    |    |
| 6.      | Indicate the link for the policy to be viewed online?   | N  | N  | N  | N  | N  | N  | N  | \$ | N  |
| 7.      | Has the policy been formally communicated to all relevant internal and external stakeholders?   | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 8.      | Does the company have in-house structure to implement the policy/ policies?   | N  | N  | N  | N  | N  | N  | N  | N  | N  |
| 9.      | Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?  | N  | N  | N  | N  | N  | N  | N  | N  | N  |
| 10.     | Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?   | N  | N  | N  | N  | N  | N  | N  | N  | N  |

<sup>§</sup><https://www.parasdefence.com/Investors/Policies/15.%20Paras%20Defence%20-%20Corporate%20Social%20Responsibility%20Policy.pdf>

**4. If answer against any principle is 'No', please explain why:**

| Sl. No. | Question   | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---------|--|----|----|----|----|----|----|----|----|----|
| 1       | The company has not understood the Principles  |    |    |    |    |    |    |    |    |    |
| 2       | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles  |    |    |    |    |    |    |    |    |    |
| 3       | The company does not have financial or manpower resources available for the task   |    |    |    |    |    |    |    |    |    |
| 4       | It is planned to be done within next 6 months  | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| 5       | It is planned to be done within the next 1 year<br>*The Company shall endeavor to formalize the Policies based on above Principles | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  | ✓  |
| 6       | Any other reason (please specify)  | -  | -  | -  | -  | -  | -  | -  | -  | -  |

**5. Governance related to BR**

|     |  |   |
|-----|--|---|
| i.  | Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year | BR performance of the Company is reviewed periodically at various Committee as well as Management level.  |
| ii. | Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?   | In terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report of the Company, being part of the Annual Report for the financial year 2021-2022, is available on the website of the Company at <a href="https://www.parasdefence.com/financials/">https://www.parasdefence.com/financials/</a> |

**Section E: Principle –wise performance**
**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**
**1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs / Others?**

The Company has formulated a Code of Conduct for its Directors and Senior Management Personnel. It does not extend to any other entity.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

No Stakeholder Complaint was received in the Past Financial Year. As the Company had issued its securities by way of Initial Public Offer (IPO) during the financial year, there were queries and complaints regarding issue of shares and refund / unblocking of funds, which were satisfactorily replied and addressed by the Company and the Registrar & Share transfer Agent of the Company. However, as on March 31, 2022 there were NIL complaints pending against the Company.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**
**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Your Company follows the best practices in manufacturing the Defence and Space Optics, Defence Electronics and Heavy Engineering products and delivers complex turnkey solutions by following environment friendly methods.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
**(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

The Company is committed to environment sustainably. The Company always adopts the methods for reduction and optimal utilization of energy, water, raw material etc. by incorporating new techniques and innovative ideas. The Company took many initiatives to reduce the electricity consumption through productivity increase.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company on continuous basis takes several measures to conserve the consumption of energy and water. The Company is committed to reduction of waste, conservation of resources and technological up gradation and improvement in plants and equipment.

natural wear and tear. The Company as part of its sustainable development has obtained ISO 14001:2015 certification for environmental performance.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?****(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company has been working to enhance the degree of sustainability associated with its products, save and except

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?****(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, Wherever possible

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so**

No

**Principle 3: Businesses should promote the wellbeing of all employees**

| Sl. No. | Particulars  | Details                               |
|---------|--|---------------------------------------|
| 1.      | Total Number of Employees  | 372 (including contractual employees) |
| 2.      | Total Number of Employees hired on Temporary / Contractual / Casual basis  | 190                                   |
| 3.      | Number of permanent Women Employees  | 56                                    |
| 4.      | Number of permanent Employees with Disabilities  | Nil                                   |
| 5.      | Do you have an employee association that is recognized by management   | No                                    |
| 6.      | What percentage of your permanent employees is members of this recognized employee association?  | NA                                    |
| 7.      | Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | Nil                                   |
| 8.      | What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?  | 100%                                  |
|         | (a) Permanent Employees  | 182                                   |
|         | (b) Permanent Women Employees  | 56                                    |
|         | (c) Casual/Temporary/Contractual Employees   | 190                                   |
|         | (d) Employees with Disabilities  | Nil                                   |

**Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.****1. Has the company mapped its internal and external stakeholders?**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholder**

Yes

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Yes, Your Company has taken various initiatives by its CSR policy. The details of activities are given in Annexure - 3 Annual Report on CSR Activities forming part of the Board Reports for the Financial Year 2021-2022.

**Principle 5: Businesses should respect and promote human rights****1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Policy concerning human rights, though not formalized/codified as stated earlier, extends to cover all concerned so that human rights are not compromised in any of the dealings of the Company. The Company ensures that the basic human rights are not infringed in any manner with any of its conducts and actions.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was received by the Company from any stakeholder in the past financial years relating to human rights violation.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. Does the policy relate to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs /Others?

It covers the Company only.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.

No.

3. Does the company identify and assess potential environmental risks?

Yes

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

At present the Company does not have any project related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page or write up.

The details of initiatives taken for conservation of energy, use of renewable energy and clean technologies are given in the Report of the Board of Directors.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The emissions/waste generated by the Company are within the permissible limits specified by Central or State Pollution Control Board (CPCB/ SPCB) for the financial year being reported.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There are no show cause/ legal notices received from CPCB/ SPCB received during the financial year and there are NIL notices pending to be replied as on the end of the financial year.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

No.

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

No.

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the details of all such initiative are given in Annexure - 3, Annual Report on CSR activities forming part of the Board Report for the financial year 2021-2022.

2. Are the programmes /projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The above-mentioned initiatives are implemented directly by the Company.

3. Have you done any impact assessment of your initiative?

NA

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the financial year 2021-2022, the Company's direct contribution to community development projects is Rs. 47,33,723/- out of aggregate CSR spending of Rs. 48,03,283/-. Details of the projects are provided in Annexure - 3 Annual Report on CSR activities forming part of the Board Report for the financial year 2021-2022.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

Please refer to Annual Report on Annexure - 3 of CSR Activities.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. Customer complaints / consumer cases are pending as on the end of financial year:

NIL

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

As majority of the products the company deal in are components which are used in defence and space applications, and keeping in view the concerns of national security the product information are not mentioned in the product manufactured by the company.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No such case has been filed against the Company by any Stakeholder with regard to unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five Years. Thus, No such case is pending at the end of the year.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

No, the nature of business the company operates, does not require any consumer.



# 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, 2022, the Statement of Standalone Profit and Loss (including Other Comprehensive Income), the Statement of Standalone Changes in Equity and the Statement of Standalone Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit including Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of

the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

### Key Audit Matters (KAM)

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to that matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

| Key Audit Matter   | How our audit addressed the key audit matter  |
|--|---|
| <p><b>1) Revenue:</b></p> <p>During the year, the Company's revenue from operation has been increased by 35.55%. Revenue is recognized when control of the underlying products have been transferred along with satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues.</p> <p>Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS 115 'Revenue from contracts with customers', resulting into recognition of revenue in incorrect period.</p> | <p>We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessing the systems related to invoicing and measurement as well as other relevant systems supporting the accounting of revenue.</li> <li>Performed samples tests of individual sales transaction and traced to sales invoices, sales orders, shipping documents and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales orders.</li> <li>Verifying the completeness of disclosure in the Standalone Financial Statements as per Ind AS 115.</li> </ul> |



### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Standalone Financial Statements and our auditor's report thereon. The above information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the above other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, the Statement of Changes in equity and Cash Flows 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 Audit of 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the

underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Standalone Balance Sheet, the Statement of Standalone Profit and Loss (Including other comprehensive income), the Statement of Standalone Changes in Equity and the Statement of Standalone Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial

controls with reference to Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements as referred to in Note No. 35 to the Standalone Financial Statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

- iv. (a) Management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) Management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the Standalone Financial Statements, during the year no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate



- Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on our audit procedure conducted that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) contain any material misstatement.

- v. The Company has not declared or paid any dividend during the year and has also not proposed dividend for the year.

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

**R. KORIA**  
Partner  
Membership No. 35629  
UDIN No.: 22035629AKDHOT9434

Mumbai  
Date: May 20, 2022

## ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2022)

- i. In respect of its Property, Plant and Equipment and Intangible Assets:
- a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment on the basis of available information.
- (B) The Company has maintained proper records showing full particulars of intangible assets on the basis of available information.
- b. As explained to us, the Company has physically verified certain property, plant and equipment, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.
- c. According to the information and explanations provided to us and the records examined by us and based on the examination of the registered sale deed / conveyance deed (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), we report that, the title deeds, comprising the immovable properties of land and buildings which are freehold, are held in the name of the Company, as at the balance sheet date.
- d. According to information and explanations given to us and books of account and records produced before us, Company
- has not revalued its Property, Plant and Equipment or intangible assets or both during the year.
- e. According to information & explanations and representation made to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988(45 of 1988) and rules made thereunder.
- ii. a. As explained to us and on the basis of the records produced before us, in our opinion, physical verification of the inventories, except for inventories with job workers for which confirmation have been received from such job worker, have been conducted at reasonable intervals by the management and having regard to the size and nature of business of the Company and nature of its inventory, the coverage and procedures of such verification by the management is appropriate. As explained to us and on the basis of the records examined by us, the value of the discrepancies noticed on physical verification by management did not exceed 10% or more in aggregate of each class of inventory.
- b. As per the information and explanations given to us and examination of books of account and other records produced before us, in our opinion quarterly returns or statements filed by the Company with banks or financial institutions pursuant to terms of sanction letters for working capital limits secured by current assets are in agreement with the books of account of the Company except as disclosed below:

(Rs. in Lakhs)

| Particulars of Securities provided | For the quarter ended | Amount as per books of account | Amount as reported in the Stock statement | Amount of difference |
|------------------------------------|-----------------------|--------------------------------|---|----------------------|
| Inventories & Trade                | 31-12-2021            | 21,031.46                      | 21,034.08                                 | -2.62                |
| Receivables                        | 30-09-2021            | 21,041.50                      | 21,042.95                                 | -1.45                |
|                                    | 30-06-2021            | 18,361.42                      | 18,362.64                                 | -1.22                |

- iii. With respect to investments made in or any guarantee or security provided or any loans or advances in the nature of loans, secured or unsecured, granted during the year by the Company to Companies, Firms, Limited Liability Partnerships or any other parties:

- a. As per the information and explanations given to us and books of account and records produced before us, during the year Company has not provided any guarantee or security or has not granted any advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other entities including subsidiaries or associate company. The details of Loans granted are as under:

(Rs. in Lakhs)

| Particulars  | Loans |
|--|-------|
| A. Aggregate amount granted during the year  | -     |
| - Subsidiaries or associate company  | -     |
| - Others (Employees)   | 9.75  |
| B. Balance outstanding as at balance sheet date in respect of above cases including given in earlier years | -     |
| - Subsidiaries or associate company  | -     |
| - Others (Employees)   | 6.63  |

- b. In our opinion and according to information and explanations given to us and on the basis of our audit procedures, the investments made and the terms and conditions of all loans are, prima facie, not prejudicial to the Company's interest.
- c. According to the books of account and other records produced before us in respect of the Interest free loans where the schedule of repayment of principal has been stipulated, the repayments or receipts are generally regular.
- d. According to the books of account and records produced before us in respect of the loans, there is no amount overdue for more than ninety days.
- e. In our opinion and according to the information and explanations given and the books of account and records produced before us, loans granted which have fallen due during the year have not been renewed or extended and no fresh loans have been granted to settle the over dues of existing loans given to the same parties.
- f. In our opinion and according to the information and explanations given and records produced before us, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.
- iv. In our opinion and according to the information and explanations provided to us, the Company has not granted any loan or provided any guarantee or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act as applicable in respect of investments made.
- v. According to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the provisions of Clause (v) of Paragraph 3 of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148 (1) of the 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 generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Customs Duty, Cess, and any other statutory dues to the appropriate authorities except some delay in depositing tax deducted at source. 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, 2022 for a period of more than six months from the date they became payable.
- b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

(Rs. in Lakhs)

| Name of the Statutes | Nature of the Dues       | Period to which it relates           | Amounts      | Forum where the 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 | 86.44        | Commissioner / CPC                 |
| <b>Total</b>         |                          |                                      | <b>98.44</b> |                                    |

- viii. According to the information and explanations given to us and representation made to us by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- ix. a. 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 lenders. The Company does not have any debenture.
- b. In our opinion, and according to the information and explanations given to us, the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c. In our opinion, and according to the information and explanations given and records produced before us, the money raised by way of term loans have been applied, prima facie, for the purpose for which they were obtained. During the year, the Company has repaid all the term loans and has no term loan outstanding as on March 31, 2022.
- d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that, prima facie, no funds raised on short-term basis have been used during the year for long-term purposes by the Company.
- e. According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate Company.

- f. According to the information and explanations given to us and procedures performed by us, during the year, the Company has not raised any loan on the pledge of securities held in its subsidiaries or associate company. Therefore, provisions of clause (ix)(f) of paragraph 3 of the Order are not applicable to the Company.
- x. a. According to the information and explanations given to us, during the year the Company has raised Rs. 17,077.85 lakhs through Initial Public Offer (IPO). As on March 31, 2022, the Company has utilized Rs. 10,153.85 Lakhs for the purpose for which it has been raised. Un-utilized amount of Rs. 6,924.00 Lakhs (including Rs. 3,324.00 Lakhs which was due to be spend for the purchase of machinery and equipment during the fiscal year 2022, in respect of which the Board of Directors at their meeting held on March 17, 2022 proposed to spend by fiscal year 2023 and which has since been approved by the shareholders of the Company through the e-voting postal ballot) is either temporarily invested in term deposits with scheduled commercial bank or lying with monitoring agency account.
- b. According to the information and explanations given to us, during the year, the Company has allotted 11,12,598 equity shares on preferential basis and complied with the requirements of Section 42 and Section 62 of the Companies Act, 2013 to the extent applicable. The funds raised have been prima facie used for the purposes for which the funds were raised.
- xi. a. 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 the information and explanations given by the management, no fraud by the Company or on the Company has been noticed or reported during the year.
- b. According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. In our opinion, Company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.
- xiv. a. In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- b. We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- xvi. a. In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- b. In our opinion, and according to the information and explanations provided to us and on the basis of our audit procedures, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act 1934.
- c. In our opinion, and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d. In our opinion, and according to the information and explanations provided to us, the Group does not have any Core Investment Company (CIC).
- xvii. In our opinion, and according to the information and explanations provided to us, Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Therefore, provisions of clause (xviii) of paragraph 3 of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet



date, will get discharged by the Company as and when they fall due.

xx. With respect to CSR contribution under section 135 of the Act:

a. According to the information and explanations given to us and on the basis of our audit procedures, in respect of other than ongoing projects, there were no unspent amount that were required to be transferred to a Fund specified in Schedule VII in compliance with second proviso to sub-section (5) of section 135 of the Act. Out of the contribution given to a charitable trust Rs.17.22 lakhs remained unspent as at March 31, 2022, in respect of which the trust has confirmed that the same will be utilized towards its objects within a period of next six months.

b. According to the information and explanations given to us, the company does not have any ongoing projects. Therefore, the provisions of clause (xx) (b) of paragraph 3 of the Order are not applicable to the Company.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**R. KORIA**

Partner

Membership No. 35629

UDIN No.: 22035629AKDHOT9434

Mumbai

Date: May 20, 2022



# ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2022)

## Report on the Internal Financial Controls with reference to 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 financial statements of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED (“the Company”) as of March 31, 2022 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 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 (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 financial statements.

## Meaning of Internal Financial Control with reference to Financial Statements

A company’s internal financial control with reference to 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 financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Financial Statements.

## Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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 financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by the ICAI.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**R. KORIA**

Partner

Membership No. 35629

UDIN No.: 22035629AKDHOT9434

Mumbai

Date: May 20, 2022



# STANDALONE BALANCE SHEET

 as at March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars  | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|--|----------|----------------------|----------------------|
| <b>I. ASSETS</b>   |          |                      |                      |
| <b>1) Non Current Assets</b>   |          |                      |                      |
| (a) Property, Plant and Equipment  | 2        | 13,471.04            | 15,500.84            |
| (b) Capital Work in Progress   | 2        | 49.88                | 51.12                |
| (c) Investment property  | 3        | 1,783.20             | -                    |
| (d) Intangible Assets  | 4        | 96.81                | 149.70               |
| (e) Financial Assets   |          |                      |                      |
| i) Investments   | 5        | 414.53               | 114.78               |
| ii) Other Financial Assets   | 6        | 83.63                | 185.72               |
| (f) Other Non Current Assets   | 7        | 166.27               | 52.37                |
|  |          | <b>16,065.36</b>     | <b>16,054.53</b>     |
| <b>2) Current Assets</b>   |          |                      |                      |
| (a) Inventories  | 8        | 6,640.96             | 7,436.72             |
| (b) Financial Assets   |          |                      |                      |
| i) Trade Receivables   | 9        | 12,174.51            | 9,496.86             |
| ii) Cash and Cash Equivalents  | 10       | 165.54               | 402.22               |
| iii) Bank Balances other than (ii) above   | 11       | 7,275.05             | 358.98               |
| iv) Loans  | 12       | 6.63                 | 4.92                 |
| v) Other Financial Assets  | 13       | 236.18               | 62.31                |
| (c) Other Current Assets   | 14       | 2,733.69             | 1,926.57             |
|  |          | <b>29,232.56</b>     | <b>19,688.58</b>     |
| (d) Assets held for Sale   | 41       | 151.00               | 411.99               |
|  |          | <b>29,383.56</b>     | <b>20,100.57</b>     |
| <b>TOTAL ASSETS</b>  |          | <b>45,448.92</b>     | <b>36,155.10</b>     |
| <b>II. EQUITY AND LIABILITIES</b>  |          |                      |                      |
| <b>EQUITY</b>  |          |                      |                      |
| (a) Equity Share Capital   | 15       | 3,900.00             | 2,985.31             |
| (b) Other Equity   | 16       | 33,861.65            | 17,651.76            |
|  |          | <b>37,761.65</b>     | <b>20,637.07</b>     |
| <b>LIABILITIES</b>   |          |                      |                      |
| <b>1) Non Current Liabilities</b>  |          |                      |                      |
| (a) Financial Liabilities  |          |                      |                      |
| i) Borrowings  | 17       | -                    | 2,552.94             |
| ii) Other Financial Liabilities  | 18       | 10.05                | -                    |
| (b) Deferred Tax Liabilities (Net)   | 19       | 2,112.59             | 2,314.01             |
| (c) Provisions   | 20       | 133.34               | 119.33               |
| (d) Other non current Liabilities  | 21       | 12.33                | -                    |
|  |          | <b>2,268.31</b>      | <b>4,986.28</b>      |
| <b>2) Current Liabilities</b>  |          |                      |                      |
| (a) Financial Liabilities  |          |                      |                      |
| i) Borrowings  | 22       | 2,912.63             | 7,993.33             |
| ii) Trade Payables   | 23       |                      |                      |
| (A) Total Outstanding dues of Micro enterprises and small enterprises                      |          | 126.05               | 93.43                |
| (B) Total Outstanding dues of creditors other than Micro enterprises and small enterprises |          | 1,398.24             | 1,438.38             |
| iii) Other Financial Liabilities   | 24       | 337.20               | 260.65               |
| (b) Other Current Liabilities  | 25       | 57.92                | 60.09                |
| (c) Provisions   | 26       | 20.65                | 14.80                |
| (d) Current Tax Liabilities (Net)  |          | 566.27               | 671.07               |
|  |          | <b>5,418.96</b>      | <b>10,531.75</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>45,448.92</b>     | <b>36,155.10</b>     |
| Significant Accounting Policies  | 1        |                      |                      |
| Notes to the Standalone Financial Statements   | 2 to 48  |                      |                      |

As per our report of even date

For and on behalf of the Board of Directors

**For Chaturvedi & Shah LLP**Chartered Accountants  
(Firm Registration No. 101720W/W100355)**R. KORIA**Partner  
Membership No. 35629Place: Mumbai  
Date: May 20, 2022**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 PROFIT AND LOSS

for the year ended March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars   | Note No. | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|----------|-----------------------------------|-----------------------------------|
| <b>1</b> Revenue From Operations  | 27       | 18,000.01                         | 13,279.69                         |
| <b>2</b> Other Income   | 28       | 300.86                            | 132.87                            |
| <b>3 Total Income (1+2)</b>   |          | <b>18,300.87</b>                  | <b>13,412.56</b>                  |
| <b>4 Expenses</b>   |          |                                   |                                   |
| Cost of Materials Consumed  |          | 7,694.26                          | 5,986.72                          |
| Purchase of Stock in Trade  |          | 491.62                            | 411.65                            |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade | 29       | (72.16)                           | (779.10)                          |
| Employee Benefits Expense   | 30       | 1,435.98                          | 1,158.19                          |
| Finance Costs   | 31       | 777.83                            | 1,240.65                          |
| Depreciation and Amortisation Expense   | 32       | 1,031.99                          | 964.19                            |
| Other Expenses  | 33       | 3,302.10                          | 2,244.64                          |
| <b>Total Expenses</b>   |          | <b>14,661.62</b>                  | <b>11,226.94</b>                  |
| <b>5 Profit Before Exceptional Items and Tax (3-4)</b>                        |          | <b>3,639.25</b>                   | <b>2,185.62</b>                   |
| <b>6</b> Exceptional Items  |          | -                                 | -                                 |
| <b>7 Profit Before Tax (5-6)</b>  |          | <b>3,639.25</b>                   | <b>2,185.62</b>                   |
| <b>8 Tax Expenses :</b>   |          |                                   |                                   |
| Current Tax   |          | 1,008.01                          | 723.65                            |
| Deferred Tax  | 19       | (59.62)                           | (46.15)                           |
|   |          | <b>948.39</b>                     | <b>677.50</b>                     |
| <b>9 Profit for the Year (7-8)</b>  |          | <b>2,690.86</b>                   | <b>1,508.12</b>                   |
| <b>10 Other Comprehensive Income</b>  |          |                                   |                                   |
| <b>(i) Items that will not be reclassified to profit or loss</b>              |          |                                   |                                   |
| Remeasurement Losses / (Gains) on Defined Benefit Plans                       |          | 1.05                              | (41.87)                           |
| Tax Effect on above   |          | (0.26)                            | 10.54                             |
| <b>(ii) Items that will be reclassified to Profit or Loss</b>                 |          | -                                 | -                                 |
| <b>Total Other Comprehensive Income (Net of Tax)</b>                          |          | <b>0.79</b>                       | <b>(31.33)</b>                    |
| <b>Total Comprehensive Income for the Year (9-10)</b>                         |          | <b>2,690.07</b>                   | <b>1,539.45</b>                   |
| <b>11 Earnings per Equity Share of Rs. 10/- each</b>                          | 34       |                                   |                                   |
| Basic (Rs.)   |          | 7.73                              | 5.30                              |
| Diluted (Rs.)   |          | 7.73                              | 5.30                              |
| Significant Accounting Policies   | 1        |                                   |                                   |
| Notes to the Standalone Financial Statements                                  | 2 to 48  |                                   |                                   |

As per our report of even date

**For Chaturvedi & Shah LLP**Chartered Accountants  
(Firm Registration No. 101720W/W100355)**R. KORIA**Partner  
Membership No. 35629

Place: Mumbai

Date: May 20, 2022

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 CHANGES IN EQUITY

for the year ended March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## A. EQUITY SHARE CAPITAL

| Particulars          | Balance as at April 01, 2020 | Changes during the Year | Balance as at March 31, 2021 | Changes during the Year | Balance as at March 31, 2022 |
|----------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Equity Share Capital | 2,841.26                     | 144.05                  | 2,985.31                     | 914.69                  | 3,900.00                     |

## B. OTHER EQUITY

| Particulars   | Reserves and Surplus |                    |                 | Revaluation Reserve | Item of Other Comprehensive Income |                                       | Total            |
|---|----------------------|--------------------|-----------------|---------------------|------------------------------------|---------------------------------------|------------------|
|   | Capital Reserve      | Securities Premium | General Reserve |                     | Retained Earnings                  | Revaluations of Defined Benefit Plans |                  |
| <b>Balance as at April 01, 2020</b>                       | <b>(808.36)</b>      | <b>2,661.70</b>    | <b>11.92</b>    | <b>8,396.23</b>     | <b>4,183.09</b>                    | <b>14.08</b>                          | <b>14,458.66</b> |
| Issue of Equity Shares (Ref Note No.15.5)                 | -                    | 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         |
| <b>Balance as at March 31, 2021</b>                       | <b>(808.36)</b>      | <b>4,315.35</b>    | <b>11.92</b>    | <b>9,904.35</b>     | <b>4,183.09</b>                    | <b>45.41</b>                          | <b>17,651.76</b> |
| <b>Balance as at April 01, 2021</b>                       | <b>(808.36)</b>      | <b>4,315.35</b>    | <b>11.92</b>    | <b>9,904.35</b>     | <b>4,183.09</b>                    | <b>45.41</b>                          | <b>17,651.76</b> |
| Issue of Equity Shares (Ref Note No. 15.2, 15.3 and 15.4) | -                    | 14,785.47          | -               | -                   | -                                  | -                                     | 14,785.47        |
| Expenses related to Issue of Equity Shares (Net of Taxes) | -                    | (1,265.65)         | -               | -                   | -                                  | -                                     | (1,265.65)       |
| Total Comprehensive Income for the year                   | -                    | -                  | -               | 2,690.86            | -                                  | (0.79)                                | 2,690.07         |
| <b>Balance as at March 31, 2022</b>                       | <b>(808.36)</b>      | <b>17,835.17</b>   | <b>11.92</b>    | <b>12,595.21</b>    | <b>4,183.09</b>                    | <b>44.62</b>                          | <b>33,861.65</b> |

As per our report of even date

### For Charurvedi & Shah LLP

 Chartered Accountants  
 (Firm Registration No. 101720W/W100355)

### R. KORIA

 Partner  
 Membership No. 35629

Place: Mumbai

Date: May 20, 2022

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 CASH FLOW

for the year ended March 31,2022

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                      |                                      |
| Profit before Tax as per the Statement of Profit and Loss                                 | 3,639.25                             | 2,185.62                             |
| <b>ADJUSTED FOR :</b>   |                                      |                                      |
| Depreciation and Amortisation Expense   | 1,031.99                             | 964.19                               |
| Interest Income   | (132.18)                             | (24.56)                              |
| Finance Costs   | 777.83                               | 1,240.65                             |
| (Profit)/Loss on sale of Property, Plant and Equipment (Net)                              | 5.53                                 | (3.88)                               |
| Impairment loss on Assets held for sale   | -                                    | 7.16                                 |
| Bad Debts / Advances written off (Net)  | 234.16                               | 13.08                                |
| Provision for Expected Credit Loss  | 137.60                               | 115.30                               |
| Provision for Credit Impaired   | 48.17                                | -                                    |
| Reversal of Provision for Doubtful Advance  | -                                    | (50.00)                              |
| Gain on Financial Instruments measured at fair value through profit or loss               | (47.05)                              | -                                    |
| Unrealised Loss / (Gain) on Foreign Currency Transactions (net)                           | 10.43                                | (7.32)                               |
| Lease Liability Reversal  | -                                    | 2,254.33                             |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                                    | <b>5,705.73</b>                      | <b>4,439.95</b>                      |
| <b>ADJUSTMENTS FOR :</b>  |                                      |                                      |
| Trade and Other Receivables   | (4,103.62)                           | (351.13)                             |
| Inventories   | 795.76                               | (1,402.77)                           |
| Trade and Other Payables  | 56.78                                | (1,621.42)                           |
| <b>CASH GENERATED FROM OPERATIONS</b>   | <b>2,454.65</b>                      | <b>1,064.63</b>                      |
| Direct Taxes Paid (Including Interest)  | (1,177.35)                           | (692.86)                             |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>                                       | <b>1,277.30</b>                      | <b>371.77</b>                        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>   |                                      |                                      |
| Purchase of Property, Plant and Equipment, Intangible assets and Capital Work-in-Progress | (836.44)                             | (532.49)                             |
| Sale of Property, Plant and Equipment & Asset held for Sale                               | 261.43                               | 6.11                                 |
| Proceeds from sale of Investment in Subsidiaries Companies                                | -                                    | 0.85                                 |
| Investment in subsidiary Company  | (60.00)                              | -                                    |
| Investment in Associate Company   | (4.75)                               | -                                    |
| Purchase of Investment  | (187.95)                             | (107.58)                             |
| Loans Recovered from Subsidiary Companies (Net)   | -                                    | 6.28                                 |
| Interest Income   | 58.42                                | 6.94                                 |
| Temporary deposits/Balances of Initial Public Offering Proceeds                           | (6,978.99)                           | -                                    |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>  | <b>(7,748.28)</b>                    | <b>(619.89)</b>                      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>   |                                      |                                      |
| Proceed from Issue of Fresh Equity Shares   | 15,700.16*                           | 1,797.70                             |
| Proceed from 0.01% Optionally Convertible Preference Shares                               | -                                    | 2,999.00                             |
| Redemption of 0.01% Optionally Convertible Preference Shares                              | (1,397.00)                           | (1,602.00)                           |
| Proceed from Non Current Borrowings (Term Loans)  | -                                    | 14.22                                |
| Repayment of Non Current Borrowings   | (3,801.07)                           | (527.80)                             |
| Current Borrowings (Net)  | (2,259.01)                           | (801.39)                             |
| Payment related to Initial Public Offering  | (1,219.65)*                          | (148.01)                             |
| Lease Liabilities   | -                                    | (6.00)                               |
| Finance Costs   | (907.67)                             | (1,056.78)                           |
| Margin Money (Net)  | 119.07                               | (141.37)                             |
| <b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>                           | <b>6,234.83</b>                      | <b>527.57</b>                        |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>                             | <b>(236.15)</b>                      | <b>279.45</b>                        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                                     | <b>402.22</b>                        | <b>119.92</b>                        |
| <b>Effect of Exchange rate on Cash and Cash Equivalents</b>                               | <b>(0.53)</b>                        | <b>2.85</b>                          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 10.1)</b>                     | <b>165.54</b>                        | <b>402.22</b>                        |

\* Do not include Rs. 3,017.85 Lakhs received towards offer for sale of 17,24,490 equity shares of Rs. 10/- by the Selling Share holders through Initial Public Offering related proportionate expenses for the same.

**STATEMENT OF CASH FLOW** for the year ended March 31,2022

(All amounts in Rupees Lakhs, unless otherwise stated)

**Changes in Liabilities arising from financing activities on account of Non-Current and Current Borrowings**

| Particulars   | 31.03.2022       | 31.03.2021       |
|---|------------------|------------------|
| <b>OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b> | <b>10,546.27</b> | <b>10,285.67</b> |
| Add : Changes from Cash Flow from Financing Activities (Net)            | (7,457.09)       | 82.03            |
| Add : Change on account of processing fees                              | -                | 2.02             |
| Add : Change in Fair Value  | (176.55)         | 176.55           |
| <b>CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b> | <b>2,912.63</b>  | <b>10,546.27</b> |

(i) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

(ii) Figures in brackets indicate Outflows.

(iii) Previous Year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

**For Chaturvedi & Shah LLP**

Chartered Accountants

(Firm Registration No. 101720W/W100355)

**R. KORIA**

Partner

Membership No. 35629

Place: Mumbai

Date: May 20, 2022

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## 1.1 Corporate Information

Paras Defence and Space Technologies Limited (the 'Company') is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is situated at D-112, TTC industrial area, Nerul, Navi Mumbai. The company is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. On October 1, 2021, the equity shares of the Company have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The financial statements of the Company for the year ended 31st March, 2022 were approved and adopted by board of directors in their meeting held on 20th May, 2022

## 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 with two decimal, 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:

- a. Depreciation on the property, plant and equipment is provided using straight line method over the useful life of assets as specified in schedule II of the Companies Act, 2013
- b. Leasehold land is amortised over the period of lease.

Depreciation on property, plant and equipment which are added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / deletion. Freehold land is not depreciated.

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. In case of Intangible Assets, the Company has availed the fair value as deemed cost on the date of transition i.e. 1st April, 2016. The period of amortisation is as under :

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

### (C) Investment Property:

Investment property is held for long term rental income and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes, trade discounts and rebates. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II of the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the statement of profit and loss when the changes arises.

Though the Company measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of de-recognition.

### (D) Borrowing Cost:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to

the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a year does not exceed the amount of borrowing cost incurred during that year. All other borrowing costs are expensed in the year in which they occur.

### (E) Impairment of Non-Financial Assets - Property, Plant and Equipment & Intangible Assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

### (F) Government Grants and Subsidy:

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.

### (G) Taxes on Income:

Tax expense represents the sum of current tax (including income tax for earlier years) and deferred tax. Tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

## (H) Inventories:

Inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any. NRV is the estimate selling price in the ordinary course of business, less estimated costs of completion and estimate cost necessary to make the sale. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. The Cost of Work in Progress and Finished Goods is determined on absorption costing methods.

## (I) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets - Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

### 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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

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 contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

## **Financial liability - Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## **(J) Fair Value:**

The Company measures financial instruments at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the 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.

## **(K) Investment in Subsidiaries and Associates:**

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## (L) Revenue Recognition and Other Income:

### Sales of goods and services:

The Company derives revenues primarily from sale of products comprising of Defence & Space Applications.

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 contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## Other Income:

Incentives on exports and other Government incentives related to operations are recognised in the statement of profit and loss after due consideration of certainty of utilization/receipt of such incentives.

## Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Dividend Income:

Dividend Income is recognised when the right to receive the payment is established.

## Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included as other income in the statement of profit or loss.

## (M) Foreign currency transactions and translation:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other finance gains / losses are presented in the statement of profit and loss on a net basis.

In case of an asset, expense or income where a monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

### (N) Employee Benefits:

Short term employee benefits are recognized as an expense in the statement of profit and loss of the year in which the related services are rendered. Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined based on Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

### (O) Lease:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the Company is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that options. In assessing whether the company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

### The Company as a lessee

The Company's lease asset classes primarily consist of leases for land 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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right- of-use asset arising from the head lease.

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

## (P) Research and Development:

Revenue expenditure on Research and Development is charged in the year in which it is incurred. Capital Expenditure for Research and Development is capitalised when commissioned and included in the Plant, Property and Equipment and depreciated in accordance with the policies stated for Property, Plant and Equipment.

## (Q) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises

from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the 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.

## (R) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

## (S) Cash and cash equivalents:

Cash and cash equivalents in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## (T) Earnings per share:

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

## (U) Current / Non-current classification:

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

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by Ministry of Corporate Affairs (MCA).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

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.

### (V) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable rights to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable rights must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

### (X) Held for Sale:

Non-Current Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-Current Assets are classified as Held for Sale from the date these conditions

are met and are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognised in the statement of profit and loss as a separate line item. On classification as Held for Sale, the assets are no longer depreciated. Assets and liabilities classified as Held for Sale are presented separately as current items in the Balance Sheet.

### 1.4 Key accounting estimates and judgements

The preparation of the Company's 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## 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.

## 1.5 Standards Issued But Not Effective

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2022. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2022.

Ind AS 101 – First time adoption of Ind AS

Ind AS 103 – Business Combination

Ind AS 109 – Financial Instrument

Ind AS 16 – Property, Plant and Equipment

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Ind AS 41 – Agriculture

Application of above amended standards are not expected to have any significant impact on the company's financial statements.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 2 Property, Plant and Equipment

| Particulars                         | Freehold-Land | Leasehold-Land  | Buildings       | Plant and Machinery | Furniture and Fixtures | Vehicles      | Office Equipment | Computer      | Right of Use Assets (Building) | Total            |
|-------------------------------------|---------------|-----------------|-----------------|---------------------|------------------------|---------------|------------------|---------------|--------------------------------|------------------|
| <b>Gross Block</b>                  |               |                 |                 |                     |                        |               |                  |               |                                |                  |
| <b>Balance as at April 01, 2020</b> | <b>377.82</b> | <b>5,415.59</b> | <b>3,568.30</b> | <b>7,899.12</b>     | <b>271.97</b>          | <b>392.51</b> | <b>158.10</b>    | <b>57.06</b>  | <b>19.73</b>                   | <b>18,160.20</b> |
| 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           | -             | -               | 186.75          | -                   | 7.20                   | -             | 11.12            | -             | -                              | 205.07           |
| <b>Balance as at March 31, 2021</b> | <b>377.82</b> | <b>5,415.59</b> | <b>4,039.50</b> | <b>8,153.38</b>     | <b>291.75</b>          | <b>398.51</b> | <b>177.02</b>    | <b>82.58</b>  | <b>-</b>                       | <b>18,936.15</b> |
| Additions                           | -             | -               | 58.47           | 432.07              | 126.52                 | -             | 84.16            | 35.22         | -                              | 736.44           |
| Disposals / Adjustment              | -             | -               | -               | 13.56               | 4.30                   | -             | -                | -             | -                              | 17.86            |
| Transfer to Investment Property     | 377.82        | -               | 1,835.34        | -                   | -                      | -             | -                | -             | -                              | 2,213.16         |
| <b>Balance as at March 31, 2022</b> | <b>-</b>      | <b>5,415.59</b> | <b>2,262.63</b> | <b>8,571.89</b>     | <b>413.97</b>          | <b>398.51</b> | <b>261.18</b>    | <b>117.80</b> | <b>-</b>                       | <b>17,441.57</b> |
| <b>Depreciation</b>                 |               |                 |                 |                     |                        |               |                  |               |                                |                  |
| <b>Balance as at April 01, 2020</b> | <b>-</b>      | <b>276.95</b>   | <b>490.21</b>   | <b>1,496.41</b>     | <b>63.69</b>           | <b>167.57</b> | <b>61.77</b>     | <b>20.80</b>  | <b>4.38</b>                    | <b>2,581.78</b>  |
| 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            |
| <b>Balance as at March 31, 2021</b> | <b>-</b>      | <b>358.12</b>   | <b>626.71</b>   | <b>2,036.63</b>     | <b>87.18</b>           | <b>205.09</b> | <b>81.84</b>     | <b>39.74</b>  | <b>-</b>                       | <b>3,435.31</b>  |
| Depreciation for the Year           | -             | 81.17           | 156.84          | 577.23              | 31.92                  | 44.96         | 33.39            | 22.90         | -                              | 948.41           |
| Disposals / Adjustment              | -             | -               | -               | 8.20                | 3.69                   | -             | -                | -             | -                              | 11.89            |
| Transfer to Investment Property     | -             | -               | 401.30          | -                   | -                      | -             | -                | -             | -                              | 401.30           |
| <b>Balance as at March 31, 2022</b> | <b>-</b>      | <b>439.29</b>   | <b>382.25</b>   | <b>2,605.66</b>     | <b>115.41</b>          | <b>250.05</b> | <b>115.23</b>    | <b>62.64</b>  | <b>-</b>                       | <b>3,970.53</b>  |
| <b>Net Carrying Value</b>           |               |                 |                 |                     |                        |               |                  |               |                                |                  |
| <b>Balance as at March 31, 2021</b> | <b>377.82</b> | <b>5,057.47</b> | <b>3,412.79</b> | <b>6,116.75</b>     | <b>204.57</b>          | <b>193.42</b> | <b>95.18</b>     | <b>42.84</b>  | <b>-</b>                       | <b>15,500.84</b> |
| <b>Balance as at March 31, 2022</b> | <b>-</b>      | <b>4,976.30</b> | <b>1,880.38</b> | <b>5,966.23</b>     | <b>298.56</b>          | <b>148.46</b> | <b>145.95</b>    | <b>55.16</b>  | <b>-</b>                       | <b>13,471.04</b> |

2.1 Property, Plant and Equipment include assets pledged / hypothecation as security (Refer note no. 17 and 22).

2.2 Vehicles, having carrying value of Rs. 121.84 lakhs (March 31, 2021 : Rs. 162.44 lakhs), are registered in the name of the Directors or erstwhile Directors of the Company or of entities that have since been amalgamated with the Company in pursuance to the scheme of amalgamation.

2.3 Refer Note No. 35 (B) for contractual commitments for the acquisition of Property, Plant and Equipment.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 2 Property, Plant and Equipment (Contd..)

### 2.4 Capital Work in Progress includes

| Particulars                 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------|-------------------------|-------------------------|
| Building under Construction | 2.60                    | 51.12                   |
| Plant and Machinery         | 47.28                   | -                       |
| <b>Total</b>                | <b>49.88</b>            | <b>51.12</b>            |

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

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Employee Benefits Expense  | -                       | 5.14                    |
| Finance Costs  | -                       | 46.21                   |
| Pre-operative Expenses for the year                              | -                       | <b>51.35</b>            |
| Add : Pre-operative Expenses upto Previous Year                  | -                       | 35.31                   |
|  | -                       | <b>86.66</b>            |
| Less: Allocated during the year to Property, Plant and Equipment | -                       | 86.66                   |
| <b>Total</b>   | <b>-</b>                | <b>-</b>                |

### 2.6 Capital Work In Progress ageing schedule as at March 31, 2022 is as follows:

| Particulars                   | Less than 1<br>year | 1-2 years | 2-3 Years | More than 3<br>years | Total        |
|-------------------------------|---------------------|-----------|-----------|----------------------|--------------|
| Project in progress           | 49.88               | -         | -         | -                    | 49.88        |
| Project temporarily suspended | -                   | -         | -         | -                    | -            |
| <b>Total</b>                  | <b>49.88</b>        | <b>-</b>  | <b>-</b>  | <b>-</b>             | <b>49.88</b> |

### Capital Work In Progress ageing schedule as at March 31, 2021 is as follows:

| Particulars                   | Less than 1<br>year | 1-2 years | 2-3 Years | More than 3<br>years | Total        |
|-------------------------------|---------------------|-----------|-----------|----------------------|--------------|
| Project in progress           | 51.12               | -         | -         | -                    | 51.12        |
| Project temporarily suspended | -                   | -         | -         | -                    | -            |
| <b>Total</b>                  | <b>51.12</b>        | <b>-</b>  | <b>-</b>  | <b>-</b>             | <b>51.12</b> |

2.7 The Company does not have any Capital work in progress, whose completion is overdue or exceeded its cost compared to its original plan.

2.8 Building includes cost of shares in Co-operative society of Rs. 750 (March 31, 2021: Rs. 750) .

2.9 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, 2022.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 3 Investment property

| Particulars                                    | Land          | Buildings       | Total           |
|--|---------------|-----------------|-----------------|
| <b>Costs:</b>                                  |               |                 |                 |
| As at April 01, 2020                           |               | -               | -               |
| Addition                                       | -             | -               | -               |
| <b>As at March 31, 2021</b>                    | -             | -               | -               |
| Transferred from property, plant and equipment | 377.82        | 1,835.34        | 2,213.16        |
| Addition                                       | -             | -               | -               |
| <b>As at March 31, 2022</b>                    | <b>377.82</b> | <b>1,835.34</b> | <b>2,213.16</b> |
| <b>Depreciation</b>                            |               |                 |                 |
| As at April 01, 2020                           | -             | -               | -               |
| Depreciation                                   | -             | -               | -               |
| <b>As at March 31, 2021</b>                    | -             | -               | -               |
| Transferred from property, plant and equipment | -             | 401.30          | 401.30          |
| Depreciation                                   | -             | 28.66           | 28.66           |
| <b>As at March 31, 2022</b>                    | -             | <b>429.96</b>   | <b>429.96</b>   |
| <b>Net Book Value</b>                          |               |                 |                 |
| <b>Balance as at March 31, 2021</b>            | -             | -               | -               |
| <b>Balance as at March 31, 2022</b>            | <b>377.82</b> | <b>1,405.38</b> | <b>1,783.20</b> |

3.1 The Company's Investment Properties as at March 31, 2022 consist of Land and Building

### 3.2 Income /(Loss) from Investment Properties generating Rental Income

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Rental Income derived from investment properties              | 16.00                   | -                       |
| Direct Expenses   | 2.38                    | -                       |
| Income arising from investment properties before depreciation | 13.62                   | -                       |
| Depreciation  | 28.66                   | -                       |
| <b>Loss from Investment properties (Net)</b>                  | <b>(15.04)</b>          | -                       |

### 3.3 Leasing arrangements

The above Investment Properties are given for a term of 10 years with a non- cancellable for a period of 5 years. The future rental income in respect of above lease arrangement are as under:

| Particulars                                       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Within one year                                   | 48.80                   | -                       |
| Later than one year but not later than five years | 200.43                  | -                       |
| <b>Total</b>                                      | <b>249.23</b>           | -                       |

3.4 The Fair Values of the properties are Rs. 2,520.00 Lakhs (March 31, 2021: Rs. NIL). This valuation is based on the valuations performed by an registered valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts or local brokers. The fair value measurement for the investment property has been categorised as a level 3 fair value based on the inputs to the valuation techniques used.

3.5 The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance and enhancement.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 4 Intangible Assets

| Particulars                         | Computer Software* | Process Technology / Technical know-How* | Total         |
|-------------------------------------|--------------------|--|---------------|
| <b>Balance as at April 01, 2020</b> | <b>23.41</b>       | <b>309.14</b>                            | <b>332.55</b> |
| Additions                           | 0.16               | -  | 0.16          |
| <b>Balance as at March 31, 2021</b> | <b>23.57</b>       | <b>309.14</b>                            | <b>332.71</b> |
| Additions                           | 2.03               | -  | 2.03          |
| <b>Balance as at March 31, 2022</b> | <b>25.60</b>       | <b>309.14</b>                            | <b>334.74</b> |
| Amortisation                        |                    |  |               |
| <b>Balance as at April 01, 2020</b> | <b>4.06</b>        | <b>124.05</b>                            | <b>128.11</b> |
| Amortisation charge for the Year    | 3.38               | 51.52                                    | 54.90         |
| <b>Balance as at March 31, 2021</b> | <b>7.44</b>        | <b>175.57</b>                            | <b>183.01</b> |
| Amortisation charge for the Year    | 3.40               | 51.52                                    | 54.92         |
| <b>Balance as at March 31, 2022</b> | <b>10.84</b>       | <b>227.09</b>                            | <b>237.93</b> |
| <b>Net Carrying Amount</b>          |                    |  |               |
| <b>Balance As at March 31, 2021</b> | <b>16.13</b>       | <b>133.57</b>                            | <b>149.70</b> |
| <b>Balance As at March 31, 2022</b> | <b>14.76</b>       | <b>82.05</b>                             | <b>96.81</b>  |

\* Other than self generated

## Note: 5 Non Current Investment

| Particulars  | Number of Shares |                | Face Value (In Rs.) | As at March 31, 2022 | As at March 31, 2021 |
|--|------------------|----------------|---------------------|----------------------|----------------------|
|  | March 31, 2022   | March 31, 2021 |                     |                      |                      |
| <b>(Unquoted, Fully Paid Up)</b>   |                  |                |                     |                      |                      |
| <b>A. Investment in Equity Instruments</b>   |                  |                |                     |                      |                      |
| <b>i) Subsidiary Companies (Carried at Cost)</b>   |                  |                |                     |                      |                      |
| Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)*                   | 606,000          | 6,000          | 10                  | 60.60                | 0.60                 |
| 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            | 5,500          | 10                  | 0.55                 | 0.55                 |
| OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)                                   | 100              | 100            | SGD 1               | 0.05                 | 0.05                 |
| <b>ii) Associate Companies (Carried at Cost)</b>   |                  |                |                     |                      |                      |
| Krasny Paras Defence Technologies Pvt Ltd  | 47,500           | -              | 10                  | 4.75                 | -                    |
| <b>iii) Others (Carried at fair value through Profit &amp; Loss)</b>   |                  |                |                     |                      |                      |
| NKGSB Co- Operative Bank Limited   | 50,000           | 50,000         | 10                  | 5.00                 | 5.00                 |
| Highlander Aviation Limited  | 10,357           | 10,357         | NIS 0.01            | 41.31                | 34.69                |
| <b>B. Investment in 0% Optionally Convertible Security (Carried at fair value through Profit &amp; Loss)</b>     |                  |                |                     |                      |                      |
| Highlander Aviation Limited  | -                | -              | -                   | 301.27               | 72.89                |
| <b>Total</b>   |                  |                |                     | <b>414.53</b>        | <b>114.78</b>        |

\* Includes 1 share held by Mr. Munjal Shah as nominee of the Company

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 5 Non Current Investment (Contd.)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Aggregate Amount of Unquoted Investments                 | 414.53                  | 114.78                  |
| Aggregate Amount of Quoted Investments and Market Value  | -                       | -                       |
| Investment Carried at fair value through Profit and Loss | 347.58                  | 112.58                  |
| Investment Carried at Cost                               | 66.95                   | 2.20                    |

## Note: 6. Other Non-current Financial Assets

| Particulars                                    | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Fixed Deposits with Banks held as Margin Money | 62.88                   | 119.03                  |
| Security Deposits                              | 20.75                   | 66.69                   |
| <b>Total</b>                                   | <b>83.63</b>            | <b>185.72</b>           |

## Note: 7. Other Non-current Assets

| Particulars                         | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, Considered Good)</b> |                         |                         |
| Capital Advances                    | 161.69                  | 48.02                   |
| Prepaid Expenses                    | 4.58                    | 4.35                    |
| <b>Total</b>                        | <b>166.27</b>           | <b>52.37</b>            |

## Note: 8 Inventories

| Particulars                               | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Raw Materials                             | 1,478.86                | 626.27                  |
| Raw Materials In Transit                  | 354.95                  | 1,921.28                |
| Work-in-Progress                          | 4,446.14                | 4,072.33                |
| Finished Goods                            | 95.17                   | 396.82                  |
| Stores, Spares and Consumables            | 264.11                  | 420.02                  |
| Stores, Spares and Consumables In Transit | 1.73                    | -                       |
| <b>Total</b>                              | <b>6,640.96</b>         | <b>7,436.72</b>         |

8.1 For basis of valuation Refer Accounting Policy Note No. 1.3(H)

8.2 For Inventories hypothecated as security (Refer Note No 17 and 22)

## Note: 9 Trade Receivables

| Particulars                              | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>(Unsecured)</b>                       |                         |                         |
| Considered Good                          | 12,879.12               | 9,921.78                |
| Significant Increase in Credit Risk      | 47.69                   | 189.78                  |
| Credit Impaired                          | 48.17                   | -                       |
|  | <b>12,974.98</b>        | <b>10,111.56</b>        |
| Less: Provision for Expected Credit Loss | 752.30                  | 614.70                  |
| Less: Provision for credit impaired      | 48.17                   | -                       |
| <b>Total</b>                             | <b>12,174.51</b>        | <b>9,496.86</b>         |

For Hypothecated as security (Refer Note No 17 and 22)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 9 Trade Receivables (Contd.)

Trade Receivables Ageing Schedules as at March 31, 2022 and March 31, 2021 are as below :

### As at March 31, 2022

| Particulars   | Not due         | Outstanding for following period from due date of payment |                    |               |              |                   | Total            |
|---|-----------------|---|--------------------|---------------|--------------|-------------------|------------------|
|   |                 | Less than 6 months  | 6 Months to 1 year | 1-2 years     | 2-3 Years    | More than 3 years |                  |
| Undisputed Trade receivables –considered good                                 | 5,216.99        | 3,629.85  | 3,121.75           | 753.87        | 65.11        | 91.55             | 12,879.12        |
| Undisputed Trade Receivables – which have significant increase in credit risk | -               | -   | 0.59               | 4.26          | 9.38         | 33.46             | 47.69            |
| Undisputed Trade Receivables – credit impaired                                | -               | -   | -                  | 12.53         | 0.15         | 35.49             | 48.17            |
| Disputed Trade receivables –considered good                                   | -               | -   | -                  | -             | -            | -                 | -                |
| Disputed Trade Receivables – which have significant increase in credit risk   | -               | -   | -                  | -             | -            | -                 | -                |
| Disputed Trade Receivables – credit impaired                                  | -               | -   | -                  | -             | -            | -                 | -                |
| <b>Sub Total</b>  | <b>5,216.99</b> | <b>3,629.85</b>   | <b>3,122.34</b>    | <b>770.66</b> | <b>74.64</b> | <b>160.50</b>     | <b>12,974.98</b> |
| Less: Provision for Expected Credit Loss                                      |                 |   |                    |               |              |                   | 752.30           |
| Less: Provision for Credit Impaired   | -               | -   | -                  | 12.53         | 0.15         | 35.49             | 48.17            |
| <b>Total</b>  | <b>5,216.99</b> | <b>3,629.85</b>   | <b>3,122.34</b>    | <b>758.13</b> | <b>74.49</b> | <b>125.01</b>     | <b>12,174.51</b> |

### As at March 31, 2021

| Particulars  | Not due         | Outstanding for following period from due date of payment |                    |               |               |                   | Total            |
|--|-----------------|---|--------------------|---------------|---------------|-------------------|------------------|
|  |                 | Less than 6 months  | 6 Months to 1 year | 1-2 years     | 2-3 Years     | More than 3 years |                  |
| Undisputed Trade receivables –considered good                                | 6,702.13        | 2,124.56  | 506.94             | 289.49        | 210.68        | 87.98             | 9,921.78         |
| Undisputed Trade Receivables –which have significant increase in credit risk | -               | 0.07  | 0.94               | 9.55          | 23.44         | 155.78            | 189.78           |
| Undisputed Trade Receivables –credit impaired                                | -               | -   | -                  | -             | -             | -                 | -                |
| Disputed Trade receivables –considered good                                  | -               | -   | -                  | -             | -             | -                 | -                |
| Disputed Trade Receivables –which have significant increase in credit risk   | -               | -   | -                  | -             | -             | -                 | -                |
| Disputed Trade Receivables – credit impaired                                 | -               | -   | -                  | -             | -             | -                 | -                |
| <b>Sub Total</b>   | <b>6,702.13</b> | <b>2,124.63</b>   | <b>507.88</b>      | <b>299.04</b> | <b>234.12</b> | <b>243.76</b>     | <b>10,111.56</b> |
| Less: Provision for Expected Credit Loss                                     |                 |   |                    |               |               |                   | 614.70           |
| <b>Total</b>   | <b>6,702.13</b> | <b>2,124.63</b>   | <b>507.88</b>      | <b>299.04</b> | <b>234.12</b> | <b>243.76</b>     | <b>9,496.86</b>  |

## Note: 10 Cash and Cash Equivalents

| Particulars                             | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| <b>Cash and Cash Equivalents</b>        |                      |                      |
| Balances with Banks in Current Accounts | 149.13               | 400.15               |
| Cash in hand                            | 16.41                | 2.07                 |
| <b>Total</b>                            | <b>165.54</b>        | <b>402.22</b>        |

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

| Particulars                             | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Balances with Banks in Current Accounts | 149.13               | 400.15               |
| Cash on hand                            | 16.41                | 2.07                 |
| <b>Total</b>                            | <b>165.54</b>        | <b>402.22</b>        |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 11 Bank Balances Other Than Cash And Cash Equivalents

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Balances with Bank in Monitoring Agency & Escrow Account | 378.99                  | -                       |
| Fixed Deposits with Bank*                                | 6,600.00                | 100.00                  |
| Fixed Deposits with Banks Pledged as Margin Money        | 296.06                  | 258.98                  |
| <b>Total</b>   | <b>7,275.05</b>         | <b>358.98</b>           |

\*Temporary deposits of IPO Proceeds

## Note: 12 Loans

| Particulars                  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------|-------------------------|-------------------------|
| (Unsecured, Considered Good) |                         |                         |
| Loans to Employees           | 6.63                    | 4.92                    |
| <b>Total</b>                 | <b>6.63</b>             | <b>4.92</b>             |

## Note: 13. Other Current Financial Assets

| Particulars                           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---------------------------------------|-------------------------|-------------------------|
| <b>( Unsecured, Considered Good )</b> |                         |                         |
| Interest Receivables                  | 106.35                  | 32.60                   |
| Government Grant Receivables          | -                       | 11.00                   |
| Security Deposits                     | 118.64                  | 18.59                   |
| Other Receivables*                    | 11.19                   | 0.12                    |
| <b>Total</b>                          | <b>236.18</b>           | <b>62.31</b>            |

\* Other receivable includes rent receivable from related parties (Refer Note No. 36) and others

## Note: 14 Other Current Assets

| Particulars                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Advances to Suppliers, Considered Good | 2,399.80                | 1,723.70                |
| Balances with Government Authorities   | 229.65                  | 98.09                   |
| Export Incentive Receivables           | 26.47                   | 42.34                   |
| Prepaid Expenses                       | 61.17                   | 62.39                   |
| Others *                               | 16.60                   | 0.06                    |
| <b>Total</b>                           | <b>2,733.69</b>         | <b>1,926.57</b>         |

\* Others includes Export scripts in hand

## Note: 15 Equity Share Capital

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 50,920,000 (March 31, 2021 : 30,510,000) Equity Shares of Rs.10/- each.   | 5,092.00                | 3,051.00                |
| 958,000 (March 31, 2021 : 2,999,000) Preference Shares of Rs. 100/- each. | 958.00                  | 2,999.00                |
|   | <b>6,050.00</b>         | <b>6,050.00</b>         |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 15 Equity Share Capital (Contd.)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Issued</b>  |                         |                         |
| 39,000,061 (March 31, 2021 : 30,253,177) Equity Shares of Rs.10/- each fully paid up | 3,900.00                | 3,025.31                |
| <b>Subscribed and Paid up</b>  |                         |                         |
| 39,000,061 (March 31, 2021 : 29,853,177) Equity Shares of Rs.10/- each fully paid up | 3,900.00                | 2,985.31                |
| <b>Total</b>   | <b>3,900.00</b>         | <b>2,985.31</b>         |

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

| Particulars  | As at March 31, 2022 |                 | As at March 31, 2021 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | No. of Shares        | Amount          | No. of Shares        | Amount          |
| Shares outstanding at the beginning of the year                          | 29,853,177           | 2,985.31        | 28,412,670           | 2,841.26        |
| Add: Issue of Equity Shares (Refer Note No. 15.2 & 15.3 & 15.4 and 15.5) | 9,146,884            | 914.69          | 1,440,507            | 144.05          |
| <b>Shares outstanding at the end of the year</b>                         | <b>39,000,061</b>    | <b>3,900.00</b> | <b>29,853,177</b>    | <b>2,985.31</b> |

**15.2** On April 26, 2021, the Company allotted 400,000 equity shares, Face Value of Rs.10 each at a premium of Rs.115/- per share on preferential basis. The expenses of Rs. 0.12 lakhs has been adjusted against Securities Premium.

**15.3** On July 09, 2021, the Company allotted 7,12,598 equity shares of face value of Rs. 10 each at a premium of Rs. 150/- per share on preferential basis. The expenses of Rs. 1.35 lakhs has been adjusted against Securities Premium.

**15.4** The Company has completed its Initial Public Offering (IPO) of 9,758,776 equity shares of face value of Rs.10 each for cash at an issue price of Rs. 175 per equity share aggregating to Rs. 17,077.85 Lakhs, consisting of Fresh Issue of 8,034,286 equity shares amounting to Rs. 14,060.00 Lakhs and an offer for sale of 1,724,490 equity shares amounting to Rs. 3,017.85 Lakhs by the Selling Shareholders. The Company has incurred Rs. 1,778.23 Lakhs as IPO related expenses which are proportionately allocated between the Company and Selling Shareholders as per respective offer size. The Company's share of these expenses amounting to Rs. 1,264.18 Lakhs (net of deferred tax) has been adjusted against Securities Premium. On October 1, 2021, the equity shares of the Company have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

As at March 31, 2022, an unutilised IPO proceeds amounting to Rs. 6,600.00 Lakhs is temporarily invested in term deposits with scheduled commercial bank and Rs. 325.03 Lakhs are lying with monitoring agency account.

**15.5** During the previous year, The Company allotted 507 and 1,440,000 Equity shares, face value of Rs. 10 each at a premium of Rs. 187 and Rs. 115 per share on preferential basis respectively.

**15.6** 2,53,12,670 (March 31, 2021 : 2,53,12,670) Shares were allotted in last five years pursuant to the schemes of Amalgamation and Bonus issue for the consideration other than cash.

### 15.7 Details of Shareholder, holding more than 5% shares of the Company:

| Name of Shareholders   | As at March 31, 2022 |                 | As at March 31, 2021 |                 |
|------------------------|----------------------|-----------------|----------------------|-----------------|
|                        | No of Shares held    | Percentage held | No of Shares held    | Percentage held |
| Mr. Sharad Virji Shah  | 7,274,840            | 18.65%          | 8,524,840            | 28.56%          |
| Mr. Munjal Sharad Shah | 9,858,137            | 25.28%          | 9,742,630            | 32.64%          |
| Mrs. Ami Munjal Shah   | 1,013,008            | 2.60%           | 1,941,580            | 6.50%           |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 15 Equity Share Capital (Contd.)

### 15.8 Details of shares held by promoters in the Company :

| Name of Shareholders       | As at March 31, 2022 |                 | As at March 31, 2021 |                 | % Changes From<br>March 31, 2021 to<br>March 31, 2022 |
|----------------------------|----------------------|-----------------|----------------------|-----------------|---|
|                            | No of Shares held    | Percentage held | No of Shares held    | Percentage held |   |
| Mr. Sharad Virji Shah      | 7,274,840            | 18.65%          | 8,524,840            | 28.56%          | -9.90%  |
| Mr. Munjal Sharad Shah     | 9,858,137            | 25.28%          | 9,742,630            | 32.64%          | -7.36%  |
| Mrs. Ami Munjal Shah       | 1,013,008            | 2.60%           | 1,941,580            | 6.50%           | -3.91%  |
| Mr. Anish Hemant Mehta     | 1,420,630            | 3.64%           | 1,420,630            | 4.76%           | -1.12%  |
| Mrs. Kaajal Harsh Bhansali | 1,420,630            | 3.64%           | 1,420,630            | 4.76%           | -1.12%  |
| Ms. Anushka Munjal Shah    | 1,000,000            | 2.56%           | 1,000,000            | 3.35%           | -0.79%  |
| Ms. Jiwanshi Munjal Shah   | 1,000,000            | 2.56%           | 1,000,000            | 3.35%           | -0.79%  |
| Mrs. Niranjana Sharad Shah | 5                    | 0.00%           | 5                    | 0.00%           | 0.00%   |

### 15.9 Rights of Equity Shareholders

The Company has only one class of equity shares having a face value of Rs. 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.

## Note: 16 Other Equity

| Particulars   | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|---|----------------------|------------------|----------------------|------------------|
| <b>Capital Reserve</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   |                      | (808.36)         |                      | (808.36)         |
| <b>Securities Premium</b>   |                      |                  |                      |                  |
| Balance as per last Balance Sheet   | 4,315.35             |                  | 2,661.70             |                  |
| Add: On Issue of Equity shares (Refer Note No. 15.2 & 15.3 & 15.4 and 15.5) | 14,785.47            |                  | 1,656.95             |                  |
| Less: Expenses incurred for issue of Equity Shares (net of Taxes)*          | (1,265.65)           |                  | (3.30)               |                  |
|   |                      | <b>17,835.17</b> |                      | <b>4,315.35</b>  |
| <b>Revaluation Reserve</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   |                      | 4,183.09         |                      | 4,183.09         |
| <b>General Reserve</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   |                      | 11.92            |                      | 11.92            |
| <b>Retained Earnings</b>  | 9,904.35             |                  | 8,396.23             |                  |
| Balance as per last Balance Sheet   | 2,690.86             |                  | 1,508.12             |                  |
| Add: Profit after tax for the Year  |                      |                  |                      |                  |
|   |                      | <b>12,595.21</b> |                      | <b>9,904.35</b>  |
| <b>Other Comprehensive Income ( OCI )</b>                                   |                      |                  |                      |                  |
| Balance as per last Balance Sheet   | 45.41                |                  | 14.08                |                  |
| Add: Movement in OCI (Net) during the Year                                  | (0.79)               |                  | 31.33                |                  |
|   |                      | <b>44.62</b>     |                      | <b>45.41</b>     |
| <b>Total</b>  |                      | <b>33,861.65</b> |                      | <b>17,651.76</b> |

\* Include Rs 35.00 Lakhs paid to auditor (Previous Year Rs. Nil)



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 16 Other Equity (Contd.)

### Note No. 16.1 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.

## Note: 17 Non Current Borrowings

| Particulars                  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------|-------------------------|-------------------------|
| <b>Secured</b>               |                         |                         |
| <b>Term Loans*</b>           |                         |                         |
| - From Banks                 | -                       | 1,889.35                |
| - From Financial Institution | -                       | 663.59                  |
| <b>Total</b>                 | <b>-</b>                | <b>2,552.94</b>         |

\* Net of Processing Fees of Rs. NIL (March 31, 2021 : Rs.5.13 Lakhs)

**17.1** The Term loans from banks referred to above aggregating to Rs. NIL (March 31, 2021 : Rs. 1890.38 Lakhs) and Rs. NIL (March 31, 2021 : Rs 765.15 Lakhs) included in current maturity of long Term Debts in Note No. 22 includes:

- (i) Rs. NIL (March 31, 2021 : Rs. 756.93 lakhs) was 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.
- (ii) Rs. NIL (March 31, 2021 : Rs. 177.50 lakhs) was 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.
- (iii) Rs. NIL (March 31, 2021 :Rs.150.94 lakhs) was secured by Hypothecation of Flow Forming Machine and further secured by collateral security of plant and machinery.
- (iv) Rs. NIL (March 31, 2021 :Rs. 65.91 lakhs) was hypothecated by Vacuume Epoxy Resin and Dosing Machine and further secured by collateral security of plant and machinery.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 17 Non Current Borrowings (Contd.)

- (v) Rs. NIL (March 31, 2021 : Rs. 248.63 lakhs) was 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.
- (vi) Rs. NIL (March 31, 2021 : Rs.1140.12 lakhs) was 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.
- (vii) Rs. NIL (March 31, 2021 : Rs.115.52 lakhs) was secured by the way of Hypothecation of specific vehicle financed. 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.

**17.2** The Term loans from financial institution referred to above aggregating to Rs. NIL ( March 31, 2021 : Rs. 667.69 Lakhs) and Rs. NIL ( March 31, 2021 : Rs. 142.89 Lakhs) included in current maturity in Note No. 22 includes:

- (i) Rs. NIL (March 31, 2021 : Rs.111.79 lakhs) was secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah.
- (ii) Rs. NIL (March 31, 2021 : Rs. 51.53 lakhs) was secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah.
- (iii) Rs. NIL (March 31, 2021 : Rs. 473.50 lakhs) was secured by 396/397A , TTC Industrial Area, Mahape, Navi Mumbai 400710, owned by Mr Sharad Shah.
- (iv) Rs. NIL (March 31, 2021 : Rs. 171.22 lakhs ) was secured by way of hypothecation/exclusive charge on specific Equipment finance.
- (v) Rs. NIL (March 31, 2021 : Rs.2.54 lakhs) was secured by the way of Hypothecation of specific vehicle financed. These vehicle loan accounts were 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.

**17.3** The Term loans from financial institution of Rs. NIL (March 31, 2021 : Rs. 244.79 lakhs ) was 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 Refer Note No. 22.

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

**17.5** During the year, the company has pre- closed and repaid all the Non- current borrowings including current maturities to the banks and financial institutions.

## Note: 18 Other Non-Current Financial Liabilities

| Particulars      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------|-------------------------|-------------------------|
| Security Deposit | 10.05                   | -                       |
| <b>Total</b>     | <b>10.05</b>            | <b>-</b>                |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 19 Income Tax

### 19.1 Current Tax

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--------------|--------------------------------------|--------------------------------------|
| Current Tax  | 1,008.01                             | 723.65                               |
| <b>Total</b> | <b>1,008.01</b>                      | <b>723.65</b>                        |

### 19.2 The major components of Tax Expense for the year ended March 31, 2022 & March 31, 2021 are as follows:

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Recognised in the Standalone Statement of Profit and Loss</b>            |                                      |                                      |
| Current Tax (Refer Note No. 19.1)   | 1,008.01                             | 723.65                               |
| Deferred Tax:-Relating to origination and reversal of temporary differences | (59.62)                              | (46.15)                              |
| <b>Total</b>  | <b>948.39</b>                        | <b>677.50</b>                        |

### 19.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended March 31, 2022 & March 31, 2021:

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Accounting Profit Before Tax   | 3,639.25                             | 2,185.62                             |
| Applicable tax rate (in %)   | 25.17%                               | 25.17%                               |
| Computed Tax Expenses  | 915.93                               | 550.08                               |
| <b>Tax effect on account of:</b>   |                                      |                                      |
| Property, Plant and Equipment, Intangible Assets and Assets Held for Sale            | 30.74                                | (42.58)                              |
| Expenses not allowed under Income Tax Act  | 40.27                                | 185.75                               |
| Deduction allowed under Income Tax Act   | (38.55)                              | (15.75)                              |
| <b>Income tax Expenses recognised in the Standalone Statement of Profit and Loss</b> | <b>948.39</b>                        | <b>677.50</b>                        |

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

| Particulars  | Balance Sheet           |                         | Statement of Profit and Loss and Other Equity |                                      |
|--|-------------------------|-------------------------|---|--------------------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | For the Year ended<br>March 31, 2022          | For the Year ended<br>March 31, 2021 |
| Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property | 2,504.48                | 2,515.80                | (11.32)                                       | (16.64)                              |
| Financial Instrument-assets  | (189.62)                | (154.71)                | (34.91)                                       | (29.02)                              |
| IPO issue expenses   | (141.54)                | -                       | (141.54)                                      | -                                    |
| Items disallowed as per Income Tax Act, 1961   | (60.73)                 | (47.08)                 | (13.65)                                       | 10.05                                |
| <b>Deferred Tax Liabilities / (Assets)</b>   | <b>2,112.59</b>         | <b>2,314.01</b>         | <b>(201.42)</b>                               | <b>(35.61)</b>                       |

### 19.5 Reconciliation of Deferred Tax Liabilities (Net):

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Opening Balance at the beginning of the year</b>                                      | 2,314.01                | 2,349.62                |
| Deferred Tax Expenses/(Income) recognised in the Standalone Statement of Profit and Loss | (59.62)                 | (46.15)                 |
| Deferred Tax Expenses/(Income) recognised in OCI   | (0.26)                  | 10.54                   |
| Deferred Tax Expenses/(Income) recognised in Securities Premium                          | (141.54)                | -                       |
| <b>Closing Balance at the end of the year</b>  | <b>2,112.59</b>         | <b>2,314.01</b>         |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 20 Non-Current Provision

| Particulars                                  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Provision for Gratuity (Refer Note No. 30.1) | 133.34                  | 119.33                  |
| <b>Total</b>                                 | <b>133.34</b>           | <b>119.33</b>           |

## Note: 21 Other non current liabilities

| Particulars                             | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Unamortised Portion of Security deposit | 12.33                   | -                       |
| <b>Total</b>                            | <b>12.33</b>            | <b>-</b>                |

## Note 22 Current Financial Liabilities - Borrowings

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Secured</b>   |                         |                         |
| Working Capital Rupee Loans from Banks   | 2,854.43                | 4,319.82                |
| Current Maturities of Long Term Debts *  | -                       | 1,003.34                |
| Liabilities directly associated with Assets classified as Held for Sale                          | -                       | 244.79                  |
| Buyers Credit  | 58.20                   | -                       |
| <b>Unsecured</b>   |                         |                         |
| NIL (Previous year: 13,97,000)- 0.01% Optionally Convertible Preference Shares of Rs. 100/- each | -                       | 1,573.56                |
| Loans From Related Parties (Refer Note No. 36)   | -                       | 851.82                  |
| <b>Total</b>   | <b>2,912.63</b>         | <b>7,993.33</b>         |

\* Term loan from DSIR was Rs. NIL (March 31, 2021: Rs. 95.28 lakhs) was covered by bank guarantees.

### 22.1 The working capital Loans from banks includes:

- (i) Rs. 1473.14 Lakhs secured by way of hypothecation of stocks & book-debts and further secured by collateral security of Plant & Machinery and Land & Building on plot no. M-6, MIDC, Additional Ambarnath Industrial Area, Ambarnath-421506, Maharashtra, India.
- (ii) Rs. 1439.49 Lakhs secured by Pari Passu Charge on all existing and future current assets / movable fixed assets and Collateral Security of
  - 1) Premises no. 103, 1st floor, veena industrial premises Co-op soc. Ltd, Plot no. B-61, veera desai road, Andheri W, Mumbai 400058.
  - 2) Unit no. 115, 1st floor, veena Industrial premises Co-op Soc Ltd, Plot no. B 61, 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.

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

### 22.3 During the previous year, the Company issued and allotted 29,99,000, 0.01% Optionally Convertible Preference Shares ('OCPS') having face value of Rs. 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. During the year, the Company has redeemed remaining OCPS and major terms and condition were as below.

- 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note 22 Current Financial Liabilities - Borrowings (Contd.)

- 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 promoters 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:
- 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").
  - 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").
  - 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 March 31, 2022 |                 | As at March 31, 2021 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | 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 | -                    | -               | 1,397,000            | 100%            |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note 22 Current Financial Liabilities - Borrowings (Contd.)

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

| Particulars                                      | As at March 31, 2022 |            | As at March 31, 2021 |                 |
|--|----------------------|------------|----------------------|-----------------|
|  | No. of OCPS          | Amount     | No. of OCPS          | Amount          |
| Shares outstanding at the beginning of the year  | 1,397,000            | 1,397.00   | -                    | -               |
| Add: Issue of Preference Shares                  | -                    | -          | 2,999,000            | 2,999.00        |
| Less: Redemption of Preference Shares            | (13,97,000)*         | (1,397.00) | (16,02,000)#         | (1,602.00)      |
| <b>Shares outstanding at the end of the year</b> | <b>-</b>             | <b>-</b>   | <b>13,97,000</b>     | <b>1,397.00</b> |

\* During the year, Pursuant to the resolution passed by the Board of Directors in its meeting held on April 26, 2021 & July 29, 2021 and consented by the Preference Shareholders, the Company has redeemed 4,39,000 & 9,58,000 0.01 % Optionally Convertible Preference Shares of Rs. 100 each at a premium of Rs. 14.40 & 19.25 per share out of the proceeds of fresh equity shares of the Company, respectively.

# During the previous year, Pursuant to the resolution passed by the Board of Directors in its meeting held on March 26, 2021 and consented by the Preference Shareholders, 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 fresh equity shares of the Company.

## Note: 23 Trade Payables

| Particulars                         | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------------------|----------------------|----------------------|
| Micro, Small and Medium Enterprises | 133.01               | 93.89                |
| Others                              | 1,391.28             | 1,437.92             |
| <b>Total</b>                        | <b>1,524.29</b>      | <b>1,531.81</b>      |

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

Micro, Small and Medium Enterprises (MSME) under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Company and the required disclosures are given below :

| Particulars  | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 133.01               | 93.89                |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | 4.36                 | 2.93                 |
| (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  | 4.36                 | 2.93                 |
| (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 | -                    | -                    |

### Trade Payables Ageing Schedules as at March 31, 2022 and March 31, 2021 are as below :

#### As at March 31, 2022

| Particulars       | Not due       | Outstanding from due date of payment as at 31st March, 2022 |              |              |                   |                 |
|-------------------|---------------|---|--------------|--------------|-------------------|-----------------|
|                   |               | Less than 1 Year  | 1-2 years    | 2-3 Years    | More than 3 years | Total           |
| MSME              | 71.73         | 51.47   | 0.99         | 8.82         | -                 | 133.01          |
| Others            | 598.06        | 616.40  | 59.21        | 75.89        | 41.72             | 1,391.28        |
| Disputed - MSME   | -             | -   | -            | -            | -                 | -               |
| Disputed - Others | -             | -   | -            | -            | -                 | -               |
| <b>Total</b>      | <b>669.79</b> | <b>667.87</b>   | <b>60.20</b> | <b>84.71</b> | <b>41.72</b>      | <b>1,524.29</b> |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 23 Trade Payables (Contd.)

As at March 31, 2021

| Particulars       | Not due       | Outstanding from due date of payment as at 31st March, 2021 |               |              |                   |                 |
|-------------------|---------------|---|---------------|--------------|-------------------|-----------------|
|                   |               | Less than 1 Year  | 1-2 years     | 2-3 Years    | More than 3 years | Total           |
| MSME              | 31.00         | 52.16   | 9.49          | 1.24         | -                 | 93.89           |
| Others            | 627.03        | 483.64  | 222.23        | 25.87        | 79.15             | 1,437.92        |
| Disputed - MSME   | -             | -   | -             | -            | -                 | -               |
| Disputed - Others | -             | -   | -             | -            | -                 | -               |
| <b>Total</b>      | <b>658.03</b> | <b>535.80</b>   | <b>231.72</b> | <b>27.11</b> | <b>79.15</b>      | <b>1,531.81</b> |

## Note 24 Other Current Financial Liabilities

| Particulars                  | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------|----------------------|----------------------|
| Interest Accrued and due     | 4.36                 | 2.93                 |
| Interest Accrued but not due | 43.60                | 62.86                |
| Creditors for Capital Goods  | 51.88                | 37.42                |
| Security Deposit             | 0.50                 | -                    |
| Other Payables *             | 236.86               | 157.44               |
| <b>Total</b>                 | <b>337.20</b>        | <b>260.65</b>        |

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

## Note: 25 Other Current Liabilities

| Particulars             | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------|----------------------|----------------------|
| Advances from Customers | 32.36                | 9.04                 |
| Statutory Liabilities   | 22.12                | 28.05                |
| Others *                | 3.44                 | 23.00                |
| <b>Total</b>            | <b>57.92</b>         | <b>60.09</b>         |

\* Received against Assets classified as Held for Sale and Unamortised Portion of Security Deposit.

## Note 26 Current Provision

| Particulars                                  | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| Provision for Gratuity (Refer Note No. 30.1) | 20.65                | 14.80                |
| <b>Total</b>                                 | <b>20.65</b>         | <b>14.80</b>         |

## Note: 27 Revenue From Operations

| Particulars                        | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|------------------------------------|-----------------------------------|-----------------------------------|
| Sale of Products                   | 17,373.58                         | 13,133.13                         |
| Sale of Services / Job Work Income | 622.27                            | 146.56                            |
| Other Operating revenue            | 4.16                              | -                                 |
| <b>Total</b>                       | <b>18,000.01</b>                  | <b>13,279.69</b>                  |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 27 Revenue From Operations (Contd.)

### 27.1 Revenue Disaggregation by type of Products and Services as follows :

| Particulars            | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|------------------------|--------------------------------------|--------------------------------------|
| Heavy Engineering      | 4,185.58                             | 3,777.51                             |
| Defence & Space Optics | 9,234.43                             | 6,478.30                             |
| Defence Electronics    | 4,580.00                             | 3,023.88                             |
| <b>Total</b>           | <b>18,000.01</b>                     | <b>13,279.69</b>                     |

### 27.2 Revenue disaggregation by geography is as follows:

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---------------|--------------------------------------|--------------------------------------|
| India         | 15,814.87                            | 11,809.75                            |
| Outside India | 2,185.14                             | 1,469.94                             |
| <b>Total</b>  | <b>18,000.01</b>                     | <b>13,279.69</b>                     |

### 27.3 Reconciliation of Revenue from Operations with Contract Price:

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Contract Price   | 17,990.00                            | 13,205.95                            |
| Exchange rate variance linked consideration (Net)      | 10.01                                | 79.33                                |
| Reduction towards variable considerations components * | -                                    | 5.59                                 |
| <b>Total</b>   | <b>18,000.01</b>                     | <b>13,279.69</b>                     |

\*Reduction towards variable considerations components of volume discounts

## Note: 28 Other Income

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest Income from Financial assets measured at amortised cost            |                                      |                                      |
| On Fixed Deposits with Banks  | 130.39                               | 21.93                                |
| On Others   | 1.79                                 | 2.63                                 |
| Lease Rent  | 21.90                                | 5.10                                 |
| Export Incentives   | 90.60                                | 47.36                                |
| Reversal of Provision for Doubtful Advance                                  | -                                    | 50.00                                |
| Profit on sale of Property, Plant and Equipment (Net)                       | -                                    | 3.88                                 |
| Gain on Financial Instruments measured at fair value through profit or loss | 47.05                                | -                                    |
| Miscellaneous Income  | 9.13                                 | 1.97                                 |
| <b>Total</b>  | <b>300.86</b>                        | <b>132.87</b>                        |

## Note: 29 Changes In Inventories Of Finished Goods, Work-In-Progress And Stock-In-Trade

| Particulars                                 | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Closing Inventories</b>                  |                                      |                                      |
| Finished Goods                              | 95.17                                | 396.82                               |
| Work-in-Progress                            | 4,446.14                             | 4,072.33                             |
|   | <b>4,541.31</b>                      | <b>4,469.15</b>                      |
| <b>Opening Inventories</b>                  |                                      |                                      |
| Finished Goods                              | 396.82                               | 629.82                               |
| Work-in-Progress                            | 4,072.33                             | 3,060.23                             |
|   | <b>4,469.15</b>                      | <b>3,690.05</b>                      |
| <b>(Increase) / Decrease in Inventories</b> | <b>(72.16)</b>                       | <b>(779.10)</b>                      |



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 30 Employee Benefit Expenses

| Particulars                               | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Salaries, Wages & Allowances              | 1,303.61                             | 1,045.90                             |
| Contribution to Provident and Other Funds | 36.78                                | 37.91                                |
| Welfare and Other Amenities               | 95.59                                | 74.38                                |
| <b>Total</b>                              | <b>1,435.98</b>                      | <b>1,158.19</b>                      |

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

### (a) Contribution to Defined Contribution Plan, recognised as expense for the year are as under

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Employer's Contribution to Provident Fund and ESIC | 6.75                                 | 5.88                                 |

### (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<br>March 31, 2022                      | As at<br>March 31, 2021                      |
|------------------------------|--|--|
| <b>Actuarial Assumptions</b> |  |  |
| Mortality Table              | Indian Assured Lives Mortality (2012-14) Ult | Indian Assured Lives Mortality (2012-14) Ult |
| Salary growth                | 9.00%  | 9.00%  |
| Discount rate                | 6.84%  | 6.97%  |
| Withdrawal Rate              | 11.00%                                       | 7.00%  |

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Movement in present value of Defined Benefit Obligation</b>    |                         |                         |
| Defined Benefit Obligations at the beginning of the year          | 134.13                  | 144.96                  |
| Current Service Cost  | 20.37                   | 21.97                   |
| Interest Cost   | 9.54                    | 9.95                    |
| Actuarial Loss / (Gain)   | 1.05                    | (41.87)                 |
| Benefits Paid   | (11.10)                 | (0.88)                  |
| <b>Defined Benefit Obligations at the end of the year</b>         | <b>153.99</b>           | <b>134.13</b>           |
| Non- Current - Rs. 133.34 lakhs (March 31, 2021 Rs. 119.33 Lakhs) |                         |                         |
| Current - Rs. 20.65 lakhs (March 31, 2021 Rs. 14.80 Lakhs)        |                         |                         |
| <b>Expense recognised in the Statement of Profit and Loss</b>     |                         |                         |
| Current Service Cost  | 20.37                   | 21.97                   |
| Interest on Defined Benefit Obligations                           | 9.54                    | 9.95                    |
| <b>Total included in "Remuneration and Benefits to Employees"</b> | <b>29.91</b>            | <b>31.92</b>            |
| Remeasurements (recognised in Other Comprehensive Income)         |                         |                         |
| Effect of changes in financial assumptions                        | 1.26                    | (2.92)                  |
| Effect of changes in demographic assumptions                      | (8.25)                  | -                       |
| Effect of experience adjustments                                  | 8.04                    | (38.95)                 |
| <b>Amount recognised in OCI, at the end of the Year</b>           | <b>1.05</b>             | <b>(41.87)</b>          |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 30 Employee Benefit Expenses (Contd.)

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

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Present Value of Obligations at the end of the year                 | 153.99                  | 134.13                  |
| Less : Fair Value of Plan Assets at the end of the year             | -                       | -                       |
| <b>Net Obligations / (Assets) recognised at the end of the year</b> | <b>153.99</b>           | <b>134.13</b>           |

(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.

### 30.2 Sensitivity Analysis

| Particulars                               | As at<br>March 31, 2022                        | As at<br>March 31, 2021                        |
|---|--|--|
|   | Effect on Gratuity<br>Increase /<br>(Decrease) | Effect on Gratuity<br>Increase /<br>(Decrease) |
| Discount Rate + 100 basis points          | (9.16)   | (10.29)  |
| Discount Rate - 100 basis points          | 10.37  | 11.90  |
| Salary Escalation Rate + 100 basis points | 11.37  | 7.42   |
| Salary Escalation Rate - 100 basis points | (10.36)  | (6.43)   |
| Withdrawal Rate+100 basis points          | (1.69)   | 0.57   |
| Withdrawal Rate-100 basis points          | 1.86   | (0.74)   |

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.

### 30.3 Expected payments towards contributions to Gratuity in future years :

| Year Ended               | Expected Payment |
|--------------------------|------------------|
| March 31, 2023           | 20.66            |
| March 31, 2024           | 13.02            |
| March 31, 2025           | 14.89            |
| March 31, 2026           | 17.99            |
| March 31, 2027           | 15.32            |
| March 31, 2028 and above | 184.90           |

### 30.4 Risk exposures

These plans typically expose the company to actuarial risks as, Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate, Mortality / Disability.

#### Salary Risk

Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

#### Discount rate

In case the yield on the government bonds drops in the future period then it may result in increase in the liability.

#### Employee Turnover rate/Withdrawal rate

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

#### Mortality / Disability

Maturity Analyse is of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 31 Finance Costs

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest Expenses on Financial Liabilities measured at amortised cost | 648.53                               | 1,175.08                             |
| Interest Expenses on Lease Liabilities                                | -                                    | 1.32                                 |
| Other Borrowing Costs (Refer Note No. 31.1)                           | 129.30                               | 64.25                                |
| <b>Total</b>  | <b>777.83</b>                        | <b>1,240.65</b>                      |

31.1 Above includes, Interest of Rs. 58.12 lakhs (March 31, 2021: Rs. 50.03 Lakhs) on late payment of Advance Tax.

## Note: 32 Depreciation And Amortisation Expenses

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Depreciation of Property, Plant and Equipment (Refer Note No. 2) | 948.41                               | 909.29                               |
| Depreciation of Investment Property (Refer Note No. 3)           | 28.66                                | -                                    |
| Amortisation of Intangible Assets (Refer Note No. 4)             | 54.92                                | 54.90                                |
| <b>Total</b>   | <b>1,031.99</b>                      | <b>964.19</b>                        |

## Note: 33 Other Expenses

| Particulars                               | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Manufacturing Expenses</b>             |                                      |                                      |
| Consumables, Stores and Spares Consumed   | 701.98                               | 364.14                               |
| Power and Fuel                            | 286.89                               | 247.98                               |
| Labour Charges                            | 501.70                               | 388.70                               |
| Repairs and Maintenance - Others          | 61.21                                | 85.30                                |
| Job Processing charges                    | 174.63                               | 131.75                               |
| Other Manufacturing Expenses              | 84.51                                | 49.98                                |
|   | <b>1,810.92</b>                      | <b>1,267.85</b>                      |
| <b>Selling and Distribution Expenses</b>  |                                      |                                      |
| Advertisement and Business Promotion      | 30.84                                | 19.43                                |
| Packing & Forwarding Expenses             | 25.17                                | 15.94                                |
| Freight Outward                           | 50.55                                | 24.19                                |
| Others                                    | 1.59                                 | 2.76                                 |
|   | <b>108.15</b>                        | <b>62.32</b>                         |
| <b>Administrative Expenses</b>            |                                      |                                      |
| Insurance                                 | 36.46                                | 36.56                                |
| Rent                                      | 38.46                                | 30.24                                |
| Rates and Taxes                           | 24.92                                | 21.26                                |
| Printing and Stationery                   | 18.29                                | 11.61                                |
| Communication Expenses                    | 8.12                                 | 6.42                                 |
| Travelling and Conveyance                 | 219.71                               | 82.58                                |
| Legal and Professional Charges            | 92.45                                | 100.67                               |
| Payment to Auditors (Refer Note No. 33.1) | 57.84                                | 53.00                                |
| Security Expenses                         | 24.55                                | 24.53                                |
| Office Expenses                           | 66.65                                | 36.08                                |
| Director Sitting fees                     | 30.50                                | 21.00                                |
| Postages and Courier                      | 36.81                                | 24.41                                |
| Miscellaneous Expenses                    | 104.00                               | 123.97                               |
|   | <b>758.76</b>                        | <b>572.33</b>                        |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 33 Other Expenses (Contd.)

| Particulars  | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>Other Expenses</b>  |                                      |                                      |
| Bank Charges   | 52.42                                | 65.03                                |
| Bad Debts / Advances written off (Net)                         | 234.16                               | 13.08                                |
| Provision for Credit Impaired                                  | 48.17                                | -                                    |
| Provision for Expected Credit Loss                             | 137.60                               | 115.30                               |
| Donation   | 5.61                                 | 1.23                                 |
| Corporate Social Responsibility Expenditure (Refer Note No.37) | 48.03                                | 53.50                                |
| Impairment loss on Assets held for sale                        | -                                    | 7.16                                 |
| Loss on sale/ discard of Property, Plant and Equipment         | 5.53                                 | -                                    |
| Loss on Foreign Currency Fluctuations (Net)                    | 7.50                                 | 21.46                                |
| Late Delivery charges  | 85.25                                | 65.38                                |
|  | <b>624.27</b>                        | <b>342.14</b>                        |
| <b>Total</b>   | <b>3,302.10</b>                      | <b>2,244.64</b>                      |

### 33.1 Break-up of Payment to Auditors :

| Particulars                     | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---------------------------------|--------------------------------------|--------------------------------------|
| <b>Payment to Auditors as :</b> |                                      |                                      |
| For Statutory Audit             | 31.00                                | 27.00                                |
| For Quarterly Review Fees       | 16.00                                | -                                    |
| For Tax Audit                   | 9.00                                 | 6.00                                 |
| For Certification charges       | 1.40                                 | -                                    |
| For Reimbursement of Expenses   | 0.44                                 | -                                    |
| For Other Service *             | -                                    | 20.00                                |
| <b>Total</b>                    | <b>57.84</b>                         | <b>53.00</b>                         |

\* Fee for the restated consolidated financial information

## Note: 34 Earnings Per Share

| Particulars                                       | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Basic Earnings Per Share</b>                   |                                      |                                      |
| Profit for the year                               | 2,690.86                             | 1,508.12                             |
| Weighted average number of Equity Shares (Nos.)   | 3,47,95,258                          | 2,84,36,662                          |
| Basic Earnings Per Share of Rs.10/- each          | 7.73                                 | 5.30                                 |
| <b>Diluted Earnings Per Share</b>                 |                                      |                                      |
| Amount available for calculation of Diluted EPS   | 2,690.86                             | 1,508.12                             |
| Weighted average number of Equity Shares (Nos.)   | 3,47,95,258                          | 2,84,36,662                          |
| Add : Potential number of Equity Shares           | -                                    | -                                    |
| No. of shares used for calculation of Diluted EPS | 3,47,95,258                          | 2,84,36,662                          |
| Diluted Earnings Per Share of Rs.10/- each        | 7.73                                 | 5.30                                 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:35 Contingent Liabilities and Commitments

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>A Contingent Liabilities</b> (to the extent not provided for) Claims against the Company not acknowledged as debts |                         |                         |
| <b>I Disputed Liabilities in Appeal (No Cash outflow is expected in the near future)</b>                              |                         |                         |
| Income Tax*   | 86.44                   | 88.74                   |
| Customs Act   | 12.00                   | 12.00                   |
| <b>II Guarantees</b>  |                         |                         |
| Guarantees given by the Company's Bankers<br>(Bank guarantees are provided under contractual / legal obligation)      | 1,987.03                | 2,118.11                |
| <b>III Letter of Credit Outstanding</b>   |                         |                         |
| Letters of Credit opened in favour of Suppliers<br>(Cash flow is expected on receipt of material from suppliers)      | 392.70                  | 547.99                  |
| <b>B Capital Commitments :</b>  |                         |                         |
| Estimated amount of contracts to be executed on capital account not provided for                                      | 220.12                  | 62.34                   |
| Commitment towards EPCG License   | 349.69                  | 349.69                  |

\*During the previous year, Company has received the assessment order u/s 143(3) from the Income Tax department, however since there were errors in the said order, the Company has filed the rectification application under section 154 of the Income Tax Act, 1961, accordingly no contingent liability disclosed for the same.

**C** Management is of the view that the above litigation will not impact significantly the financial position of the company.

## Note:36 Related Party Disclosures :

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported year, are as detailed below:

### List of Related Parties :

#### 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)

#### II Associate

- i Krasny Paras Defence Technologies Private Limited (w.e.f. January 10, 2022)

#### III Key Managerial Personnel

- i Mr. Sharad Shah (Non-Executive Director)
- ii Mr. Munjal Sharad Shah (Managing Director)
- iii Mrs. Shilpa Amit Mahajan (Whole-time Director)
- iv Mr. Harsh Bhansali (Chief Financial Officer)
- v Mr. Ajit Sharma (Company Secretary)

#### IV Key Managerial Personnel Relatives

- i Mrs. Ami Munjal Shah
- ii Mrs. Niranjana Shah
- iii Mrs. Kaajal Bhansali
- iv Mr. Anish Mehta
- v Mr. Amit Mahajan

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS** March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

**Note:36 Related Party Disclosures : (Contd.)****V Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year :**

- i Defspace Technologies Private Limited

**A. Transactions with Related Parties :**

| Nature of Transactions                          | Name of the Related Parties                       | 2021-22  | 2020-21 |
|---|---|----------|---------|
| <b>Transactions with Subsidiaries:</b>          |   |          |         |
| Investment Made                                 | Paras Aerospace Private Limited                   | 60.00    | -       |
| Loan to Subsidiaries                            | Paras Aerospace Private Limited                   | -        | 2.23    |
|   | Paras Anti- Drone Technologies Private Limited    | -        | 1.85    |
| Loan Recovered From Subsidiaries                | Paras Aerospace Private Limited                   | -        | 2.23    |
|   | OPEL Technologies PTE Ltd                         | -        | 5.52    |
|   | Paras Anti- Drone Technologies Private Limited    | -        | 1.85    |
| Interest Income                                 | Paras Aerospace Private Limited                   | -        | 0.09    |
|   | OPEL Technologies PTE Ltd                         | -        | 0.32    |
|   | Paras Anti- Drone Technologies Private Limited    | -        | 0.07    |
| Income - Lease Rent                             | Paras Green Optics Private Limited                | 1.20     | 2.40    |
|   | Paras Anti- Drone Technologies Private Limited    | 1.20     | 1.20    |
|   | Paras Aerospace Private Limited                   | 3.00     | 1.50    |
| Sale of Products                                | OPEL Technologies PTE Ltd                         | 1,773.24 | 751.97  |
| <b>Transactions with Associate:</b>             |   |          |         |
| Purchase of Investment                          | Krasny Paras Defence Technologies Private Limited | 4.75     | -       |
| <b>Transactions with other Related Parties:</b> |   |          |         |
| Director Sitting Fees                           | Mr. Sharad Shah                                   | 6.50     | 5.00    |
| Managerial Remuneration                         | Mr. Munjal Sharad Shah                            | 60.00    | 60.27   |
|   | Mrs. Shilpa Amit Mahajan                          | 16.04    | 13.72   |
|   | Mr. Harsh Bhansali                                | 24.19    | 18.03   |
|   | Mr. Ajit Sharma                                   | 13.50    | 10.58   |
| Salary to relatives                             | Mrs. Kaajal Bhansali                              | 24.85    | 15.43   |
|   | Mrs. Ami Munjal Shah                              | 36.00    | 34.85   |
|   | Mr. Amit Mahajan                                  | 16.40    | 14.15   |
|   | Mr. Anish Mehta                                   | 21.15    | 9.78    |
| Advance to Employee Recovered                   | Mr. Anish Mehta                                   | -        | 2.76    |
| Rent Expense                                    | Mr. Munjal Sharad Shah                            | 5.10     | 4.80    |
| Lease Rent                                      | Defspace Technologies Private Limited             | 0.50     | -       |
| Loans Taken                                     | Mr. Munjal Sharad Shah                            | 1,368.00 | 339.00  |
|   | Mr. Sharad Shah                                   | -        | 7.00    |
| Loans Repaid                                    | Mr. Munjal Sharad Shah                            | 2,219.82 | 900.65  |
|   | Mr. Sharad Shah                                   | -        | 24.97   |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:36 Related Party Disclosures : (Contd.)

### B. Balances with Related Parties:

| Name of the Related Parties  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Balance with Subsidiary Companies:</b>                          |                         |                         |
| <b>Investment</b>  |                         |                         |
| Paras Aerospace Private Limited                                    | 60.60                   | 0.60                    |
| Paras Green Optics Private Limited                                 | 1.00                    | 1.00                    |
| Paras Anti- Drone Technologies Private Limited                     | 0.55                    | 0.55                    |
| OPEL Technologies PTE Ltd  | 0.05                    | 0.05                    |
| <b>Rent Receivables</b>  |                         |                         |
| Paras Aerospace Private Limited                                    | 0.81                    | -                       |
| Paras Green Optics Private Limited                                 | 0.32                    | -                       |
| Paras Anti- Drone Technologies Private Limited                     | 0.32                    | -                       |
| <b>Trade Receivables</b>   |                         |                         |
| OPEL Technologies PTE Ltd  | 333.04                  | 255.03                  |
| <b>Balances with Associate Companies:</b>                          |                         |                         |
| <b>Investment</b>  |                         |                         |
| Krasny Paras Defence Technologies Pvt Ltd                          | 4.75                    | -                       |
| <b>Balance with other Related Parties:</b>                         |                         |                         |
| <b>Current-Borrowings - Loan</b>                                   |                         |                         |
| Mr. Munjal S. Shah   | -                       | 851.82                  |
| <b>Other Payable (Rent Payable)</b>                                |                         |                         |
| Mr. Munjal S. Shah   | 0.45                    | 0.37                    |
| <b>Other Payables (Salary &amp; Director Sitting Fees Payable)</b> |                         |                         |
| Mr. Munjal S. Shah   | 2.24                    | 4.63                    |
| Mrs. Ami Munjal Shah   | 2.40                    | 0.97                    |
| Mrs. Shilpa Mahajan  | 1.30                    | 0.89                    |
| Mr. Harsh Bhansali   | 0.03                    | 0.21                    |
| Mrs. Kaajal Bhansali   | 0.50                    | 2.37                    |
| Mr. Amit Mahajan   | 1.25                    | 1.08                    |
| Mr. Anish Mehta  | 0.15                    | 1.42                    |
| Mr. Ajit Sharma  | 1.03                    | 0.80                    |
| Mr. Sharad Virji Shah  | 0.45                    | -                       |
| <b>Other Receivable</b>  |                         |                         |
| Defspace Technologies Private Limited                              | 0.30                    | -                       |

### C. Compensation to Key Management Personnel of the Company

| Name of the Related Parties                           | 2021-22       | 2020-21      |
|---|---------------|--------------|
| <b>Nature of transaction</b>                          |               |              |
| Short-term employee benefits                          | 113.73        | 102.60       |
| Post-employment benefits                              | 3.76          | (13.22)      |
| <b>Total compensation to Key Management Personnel</b> | <b>117.49</b> | <b>89.38</b> |

## 37 Expenditure related to Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 read with Schedule VII.

- 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 Rs. 47.34 lakhs (March 31,2021 : Rs 53.32 Lakhs)
- Expenditure incurred related to Corporate Social Responsibility is Rs. 48.03 Lakhs (March 31,2021: Rs 53.50 Lakhs)
- Amount shortfall Rs. NIL (March 31,2021: Rs NIL)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## 37 Expenditure related to Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 read with Schedule VII. (Contd.)

Details of Expenditure incurred towards CSR given below:

| Particulars   | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Environmental Sustainability and Animal Welfare (Refer Note no 37.1 ) | 46.76                                | -                                    |
| Health Care, Sanitation and providing Drinking Water                  | 1.27                                 | 53.50                                |
| <b>Total</b>  | <b>48.03</b>                         | <b>53.50</b>                         |

37.1 During the year, the company has contributed Rs. 46.76 lakhs to a charitable trust which has provided a certificate stating that the unspent amount of Rs. 17.22 lakhs will be utilised towards its objects within 6 months from the year ended March 31, 2022.

## Note:38 Fair Value

### 38.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial assets and liabilities that are recognised in the financial statements.

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

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Financial Assets designated at Fair Value through profit and loss:-</b> |                         |                         |
| - Investments  | 347.58                  | 112.58                  |

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

| Particulars   | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|---|----------------------|------------------|----------------------|------------------|
|   | Carrying Value       | Fair Value       | Carrying Value       | Fair Value       |
| <b>Financial Assets :</b>                                   |                      |                  |                      |                  |
| <b>Financial Assets designated at Amortised Cost:-</b>      |                      |                  |                      |                  |
| - Trade Receivables   | 12,174.51            | 12,174.51        | 9,496.86             | 9,496.86         |
| - Cash and cash equivalents                                 | 165.54               | 165.54           | 402.22               | 402.22           |
| - Bank Balance other than Cash and Cash Equivalents         | 7,275.05             | 7,275.05         | 358.98               | 358.98           |
| - Loans   | 6.63                 | 6.63             | 4.92                 | 4.92             |
| - Others  | 319.81               | 319.81           | 248.03               | 248.03           |
| <b>Total</b>  | <b>19,941.54</b>     | <b>19,941.54</b> | <b>10,511.01</b>     | <b>10,511.01</b> |
| <b>Financial Liabilities :</b>                              |                      |                  |                      |                  |
| <b>Financial Liabilities designated at Amortised Cost:-</b> |                      |                  |                      |                  |
| - Borrowings  | 2,912.63             | 2,912.63         | 10,546.27            | 10,546.27        |
| - Trade Payable   | 1,524.29             | 1,524.29         | 1,531.81             | 1,531.81         |
| - Other Financial Liabilities                               | 347.25               | 347.25           | 260.65               | 260.65           |
| <b>Total</b>  | <b>4,784.17</b>      | <b>4,784.17</b>  | <b>12,338.73</b>     | <b>12,338.73</b> |

### 38.2 Fair Valuation techniques used to determine Fair Value

The Company maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:38 Fair Values (Contd.)

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.

### 38.3 Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:-

- i) Level 1 :- Quoted prices / published Net Assets Value (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the Balance Sheet date and financial instruments like mutual funds for which Net Assets Value is published by mutual fund operators at the Balance Sheet date.
- ii) Level 2 :- Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- iii) Level 3 :- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides hierarchy of the fair value measurement of Company's asset and liabilities, grouped into Level 1 (Quoted prices in active markets), Level 2 (Significant observable inputs) and Level 3 (Significant unobservable inputs) as described below:

| Particulars  | As at March 31, 2022 |         |         |
|--|----------------------|---------|---------|
|  | Level 1              | Level 2 | Level 3 |
| <b>Financial Assets</b>  |                      |         |         |
| <b>Financial Assets designated at Fair Value through profit and loss:-</b> |                      |         |         |
| Investments in Equity of Co-operative Bank                                 | -                    | -       | # 5.00  |
| Investment in Equity Shares & 0% Optionally Convertible Security           | -                    | -       | 342.58  |

| Particulars  | As at March 31, 2021 |         |         |
|--|----------------------|---------|---------|
|  | Level 1              | Level 2 | Level 3 |
| <b>Financial Assets</b>  |                      |         |         |
| <b>Financial Assets designated at Fair Value through profit and loss:-</b> |                      |         |         |
| Investments in Equity of Co-operative Bank                                 |                      |         | # 5.00  |
| Investment in Equity Shares & 0% Optionally Convertible Security           | -                    | -       | 107.58  |

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2022

| Particulars   | As at March 31, 2022 | Valuation Technique                        | Input used                                 |
|---|----------------------|--|--|
| <b>Financial Assets designated at fair value through profit and loss:-</b>  |                      |  |  |
| - Investment in unlisted equity shares & 0% Optionally Convertible Security | 342.58               | Based on professional valuer's certificate | Enterprises Value/ revenue Multiple Method |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:38 Fair Values (Contd.)

| Particulars   | As at<br>March 31, 2021 | Valuation<br>Technique                     | Input used              |
|---|-------------------------|--|-------------------------|
| <b>Financial Assets designated at fair value through profit and loss:-</b>  |                         |  |                         |
| - 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 March 31, 2022 and March 31, 2021 category are not material, therefore the disclosure for the same is not given.

## Note:39 Financial Risk Management - Objective and Policies

The Company is exposed to market risk, credit risk 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.

### 39.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis relate to the position as at March 31, 2022 and March 31, 2021

#### 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, 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 March 31, 2022 | Currency | Amount in FC | ₹ In Lakhs |
|---|----------|--------------|------------|
| Investment  | USD      | 451,908      | 342.58     |
| Trade Receivable  | USD      | 595,172      | 451.18     |
| Trade Receivable  | EURO     | 231,971      | 196.39     |
| Trade Payable   | USD      | 1,523,924    | 1,155.24   |
| Trade Payable   | EURO     | 47,285       | 40.03      |
| Trade Payable   | GBP      | 17,871       | 17.79      |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:39 Financial Risk Management - Objective and Policies (Contd.)

| Unhedged Foreign currency exposure As at March 31, 2021 | Currency | Amount in FC | ₹ In Lakhs |
|---|----------|--------------|------------|
| Investment  | USD      | 147,497      | 107.58     |
| Trade Receivable  | USD      | 843,928      | 620.33     |
| Trade Receivable  | EURO     | 172,026      | 148.11     |
| Trade Receivable  | AED      | 88,200       | 17.59      |
| Trade Payable   | USD      | 1,009,557    | 742.07     |
| Trade Payable   | EURO     | 61,841       | 53.24      |
| Trade Payable   | GBP      | 9,081        | 9.17       |

### (a) Foreign Currency Sensitivity

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

| Particulars                                       | 2021-22                       |                               | 2020-21                       |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) |
| USD   | (7.23)                        | 7.23                          | (0.28)                        | 0.28                          |
| EURO  | 3.13                          | (3.13)                        | 1.90                          | (1.90)                        |
| GBP   | (0.36)                        | 0.36                          | (0.18)                        | 0.18                          |
| AED   | -                             | -                             | 0.35                          | (0.35)                        |
| <b>Increase / (Decrease) in Profit Before Tax</b> | <b>(4.46)</b>                 | <b>4.46</b>                   | <b>1.79</b>                   | <b>(1.79)</b>                 |

### (b) Interest Rate Risk and Sensitivity :-

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is having 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 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 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:

| Particulars                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Term Loan From Banks and Financial Institutions | -                       | 3,421.66                |
| Working Capital Facility                        | 2,854.43                | 4,319.82                |
| <b>Closing Balances</b>                         | <b>2,854.43</b>         | <b>7,741.48</b>         |

The table below illustrates the impact of a 2% increase / decrease in interest rates on interest on financial liabilities assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year.

| Particulars                                       | 2021-22                       |                               | 2020-21                       |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) |
| Term Loan From Banks and Financial Institutions   | -                             | -                             | (68.43)                       | 68.43                         |
| Working Capital Facility                          | (57.09)                       | 57.09                         | (86.40)                       | 86.40                         |
| <b>Increase / (Decrease) in Profit Before Tax</b> | <b>(57.09)</b>                | <b>57.09</b>                  | <b>(154.83)</b>               | <b>154.83</b>                 |

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 March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:39 Financial Risk Management - Objective and Policies (Contd.)

### 39.2 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operational activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

#### a) Trade Receivables:-

The Company measures the expected credit loss of trade receivables, which are subject to credit risk, based on historical trend, industry practices and the business environment in which the entity operates and adjusted for forward looking information. Loss rates are based on actual credit loss experience and past trends.

The Company has used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix taken into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due.

The following table summarizes the Gross carrying amount of the trade receivables and provision made.

| Particulars       | As at March 31, 2022  |                | As at March 31, 2021  |                |
|-------------------|-----------------------|----------------|-----------------------|----------------|
|                   | Gross Carrying Amount | Loss Allowance | Gross Carrying Amount | Loss Allowance |
| Trade Receivables | 12,974.98             | 800.47         | 10,111.56             | 614.70         |

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

| Particulars              | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------|----------------------|----------------------|
| Opening Balances         | 614.70               | 499.40               |
| Provided during the year | 185.77               | 115.30               |
| <b>Closing Balances</b>  | <b>800.47</b>        | <b>614.70</b>        |

#### b) Financial Instruments and Cash Deposits:-

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances are maintained. Credit risk from balances with bank is managed by the Company's finance department. Investment of surplus funds are also managed by finance department. The Company does not maintain significant cash in hand. Excess balance of cash other than those required for its day to day operations is deposited into the bank.

For other financial instruments, the finance department assesses and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

### 39.3 Liquidity Risk :

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on short term borrowings and operating cash flows in the form of buyer 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 March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note:39 Financial Risk Management - Objective and Policies (Contd.)

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

| Particulars                 | Maturity        |                  |                 |                   | Total            |
|-----------------------------|-----------------|------------------|-----------------|-------------------|------------------|
|                             | On Demand       | Less than 1 Year | 1 to 5 Years    | More than 5 years |                  |
| <b>March 31, 2022</b>       |                 |                  |                 |                   |                  |
| Short Term Borrowings       | 2,854.43        | 58.20            | -               | -                 | 2,912.63         |
| Trade Payable               |                 | 1,524.29         | -               | -                 | 1,524.29         |
| Other Financial Liabilities | -               | 337.20           | -               | 10.05             | 347.25           |
| <b>Total</b>                | <b>2,854.43</b> | <b>1,919.69</b>  | <b>-</b>        | <b>10.05</b>      | <b>4,784.17</b>  |
| <b>March 31, 2021</b>       |                 |                  |                 |                   |                  |
| Non Current Borrowings *    | -               | 1,248.13         | 2,045.40        | 512.68            | 3,806.21         |
| Short Term Borrowings       | 5,171.64        | 1,573.56         | -               | -                 | 6,745.20         |
| Trade Payable               | -               | 1,531.81         | -               | -                 | 1,531.81         |
| Other Financial Liabilities | -               | 260.65           | -               | -                 | 260.65           |
| <b>Total</b>                | <b>5,171.64</b> | <b>4,614.15</b>  | <b>2,045.40</b> | <b>512.68</b>     | <b>12,343.87</b> |

\* Including current maturities

### 39.4 Competition and Price Risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

### Note: 40 Capital Risk Management

For the purpose of Company's capital management, capital includes issued capital, all other equity reserves and 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.

| Particulars                              | March 31, 2022    | March 31, 2021   |
|--|-------------------|------------------|
| Total Debt                               | 2,912.63          | 10,551.40        |
| Less: Cash and cash equivalent           | 165.54            | 402.22           |
| Less: Other Bank Balances                | 7,275.05          | 358.98           |
| Less: Non current Bank Deposits          | 62.88             | 119.03           |
| <b>Net Debt</b>                          | <b>(4,590.84)</b> | <b>9,671.17</b>  |
| Equity                                   | 37,761.65         | 20,637.07        |
| <b>Total Capital (Equity + Net Debt)</b> | <b>33,170.81</b>  | <b>30,308.24</b> |
| <b>Gearing ratio</b>                     | <b>-</b>          | <b>31.91%</b>    |

### Note:41 Assets held for sale

| Particulars                              | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| Flat - Guest House                       | -                    | 250.65               |
| Furniture & Fixtures                     | -                    | 4.49                 |
| Office Equipments                        | -                    | 5.85                 |
| Flat - Guest House (Refer Note No. 41.1) | 151.00               | 151.00               |
| <b>Total</b>                             | <b>151.00</b>        | <b>411.99</b>        |

**41.1** During the previous year, the Board of Directors had decided to sell the guest house situated in Kalina and accordingly classified the said asset under the heading of 'Asset Held for Sale'. The Company had received an initial advance of Rs. 2.00 lakhs against the sale of the said property, however, due to the global pandemic situation and other financial obligations, the buyer was unable to make the balance payment. It is likely to complete the transaction during the Financial Year 2022-23.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 42 Group Information

| Name of Subsidiaries   | Principal Place of Business | % Equity interest    |                      |
|--|-----------------------------|----------------------|----------------------|
|  |                             | As at March 31, 2022 | As at March 31, 2021 |
| <b>A Indian subsidiaries and Associate</b>   |                             |                      |                      |
| Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)                    | India                       | 60%                  | 60%                  |
| Paras Green Optics Private Limited   | India                       | 100%                 | 100%                 |
| Paras Anti- Drone Technologies Private Limited (formerly known as Paras Strategic Technologies Private Limited ) | India                       | 55%                  | 55%                  |
| Krasny Paras Defence Technologies Pvt Ltd  | India                       | 47.50%               | -                    |
| <b>B Overseas Subsidiary</b>   |                             |                      |                      |
| 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:-

| Nature of provision                | Provision for Expected Credit loss on Trade Receivables | Provision for Credit Impaired | Provision for Doubtful Advance | Total         |
|------------------------------------|---|-------------------------------|--------------------------------|---------------|
| <b>As at April 01, 2020</b>        | 499.40  | -                             | 50.00                          | 549.40        |
| Provision during the Year          | 115.30  | -                             | -                              | 115.30        |
| Provision reverse during the Year  | -   | -                             | (50.00)                        | (50.00)       |
| <b>As at March 31, 2021</b>        | <b>614.70</b>   | -                             | -                              | <b>614.70</b> |
| Provision during the Year          | 137.60  | 48.17                         | -                              | 185.77        |
| Provision Reversed during the Year | -   | -                             | -                              | -             |
| <b>As at March 31, 2022</b>        | <b>752.30</b>   | <b>48.17</b>                  | -                              | <b>800.47</b> |

## 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.

- Heavy Engineering
- Defence & Space Optics
- Defence Electronics

#### I Segment wise Revenue

| Particulars                    | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|--------------------------------|-----------------------------------|-----------------------------------|
| <b>Segment Revenue</b>         |                                   |                                   |
| a. Heavy Engineering           | 4,185.58                          | 3,777.51                          |
| b. Defence & Space Optics      | 9,234.43                          | 6,478.30                          |
| c. Defence Electronics         | 4,580.00                          | 3,023.88                          |
| <b>Revenue From Operations</b> | <b>18,000.01</b>                  | <b>13,279.69</b>                  |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 44 Segment Reporting (Contd.)

| Particulars                                    | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>Segment Results</b>                         |                                      |                                      |
| a. Heavy Engineering                           | 530.98                               | 565.44                               |
| b. Defence & Space Optics                      | 5,082.54                             | 3,895.13                             |
| c. Defence Electronics                         | 608.56                               | 373.91                               |
| <b>Total</b>                                   | <b>6,222.08</b>                      | <b>4,834.48</b>                      |
| i) Finance Costs                               | (777.83)                             | (1,240.65)                           |
| ii) Other unallocable expenditure              | (2,105.86)                           | (1,541.08)                           |
| iii) Unallocable Income                        | 300.86                               | 132.87                               |
| <b>Profit before exceptional items and Tax</b> | <b>3,639.25</b>                      | <b>2,185.62</b>                      |
| Exceptional items                              | -                                    | -                                    |
| <b>Profit Before Tax</b>                       | <b>3,639.25</b>                      | <b>2,185.62</b>                      |

### II Segment wise Assets and Liabilities:

| Particulars                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| <b>Segment Assets</b>      |                         |                         |
| a. Heavy Engineering       | 9,806.15                | 11,810.57               |
| b. Defence & Space Optics  | 18,090.23               | 16,630.94               |
| c. Defence Electronics     | 6,066.04                | 3,729.48                |
| d. Unallocable             | 11,486.50               | 3,984.11                |
| <b>Total</b>               | <b>45,448.92</b>        | <b>36,155.10</b>        |
| <b>Segment Liabilities</b> |                         |                         |
| a. Heavy Engineering       | 181.36                  | 248.81                  |
| b. Defence & Space Optics  | 718.91                  | 717.65                  |
| c. Defence Electronics     | 642.87                  | 564.98                  |
| d. Unallocable             | 6,144.13                | 13,986.59               |
| <b>Total</b>               | <b>7,687.27</b>         | <b>15,518.03</b>        |

### III Other Informations

| Particulars                               | For the Year ended<br>March 31, 2022 | For the Year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Capital Expenditure                       | 836.44                               | 532.49                               |
| Depreciation                              | 1,031.99                             | 964.19                               |
| Non-cash Expenses other than Depreciation | 419.93                               | 128.38                               |

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

### a. Reportable Segments:

The chief operating decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the internal reporting system and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in Ind AS.

### b. Primary / Secondary Segment Reporting Format:

- 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.
- Revenue disaggregation by geography (Refer Note No. 27.2)
- No Non-Current Assets of the Company is located outside India as on March 31, 2022 and March 31, 2021

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 44 Segment Reporting (Contd.)

### IV Segment Composition:

- Heavy Engineering segment is engaged in manufacturing and sale of Oxygen Concentrator plants, Flow Formed Rockets/ Missile Motor Tubes and Turnkey projects.
- Defence & Space Optics Segment comprises of manufacturing and sale of Infra Red Lenses for Night Vision Devices, Space Optics/Gratings/Mirrors, integrated opto mechanical Assemblies including optical design, mechanical design and FE analysis and Precision Diamond Turned components.
- Defence Electronics Segment comprises of Defence Automation & Control systems, Rugged Command & Control Consoles and EMP Solutions.

### V Segment revenue, results, assets and liabilities:

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which is related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes property, plant and equipment, trade receivable, inventories and other receivables. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

### VI Information about major customers

Revenue from operations include Rs. 6386.51 Lakhs, (March 31, 2021 : 6073.34 Lakhs) from two customers (March 31, 2021: three customers) having more than 10% of the total revenue.

## Note : 45 The quarterly statements of current assets filed by the Company with banks/financial institutions are in agreement with the books of accounts.

Summary of reconciliation of quarterly statements of current assets filed by the Company with Banks are as below :-

| Particulars of Securities provided | For the quarter ended | Amount as per books of account | Amount as reported in the Statement | Amount of difference* |
|------------------------------------|-----------------------|--------------------------------|-------------------------------------|-----------------------|
| Inventories & Trade Receivables    | 31/03/22              | 19,615.94                      | 19,615.94                           | -                     |
| Inventories & Trade Receivables    | 31/12/21              | 21,031.46                      | 21,034.08                           | (2.62)                |
| Inventories & Trade Receivables    | 30/09/21              | 21,041.50                      | 21,042.95                           | (1.45)                |
| Inventories & Trade Receivables    | 30/06/21              | 18,361.42                      | 18,362.64                           | (1.22)                |
| Inventories & Trade Receivables    | 31/03/21              | 17,548.28                      | 17,547.84                           | 0.44                  |
| Inventories & Trade Receivables    | 31/12/20              | 14,219.08                      | 14,230.33                           | (11.25)               |
| Inventories & Trade Receivables    | 30/09/20              | 13,862.24                      | 13,866.13                           | (3.89)                |
| Inventories & Trade Receivables    | 30/06/20              | 14,729.00                      | 14,775.77                           | (46.77)               |

\* There are no material difference with reference to total value of inventories and trade receivables



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 46 Ratios Analysis And Its Components

| Sr. No. | Particulars                      | Numerator   | Denominator   | As at March 31, 2022 | As at March 31, 2021 | % Variance | Reason for variance  |
|---------|----------------------------------|---|---|----------------------|----------------------|------------|--|
| i)      | Current ratio                    | Current Assets  | Current Liabilities   | 5.39                 | 1.87                 | 188.56     | Mainly due to reduction in short-term borrowing and an Increase in Fixed Deposits (Temporary deposits of IPO Proceeds)                           |
| ii)     | Debt equity ratio                | Total Debt  | Total Equity (Equity Share capital + Other equity)                                | 0.08                 | 0.51                 | (84.91)    | Mainly due to reduction in borrowing and Issue of Equity Shares  |
| iii)    | Debt Service Coverage Ratio      | Earnings available for debt service (Net profit after taxes + depreciation & amortization + Finance cost + Non cash operating items + other adjustment) | Finance cost + principle repayment of long term borrowings during the period/year | 1.08                 | 2.17                 | (50.47)    | Mainly due to better operation performance and Repayment of Long term Borrowing  |
| iv)     | Return on equity ratio           | Net profit after tax  | Average Total Equity [(Opening Total Equity + Total Equity)/2]                    | 9.22%                | 7.95%                | 15.91      |  |
| v)      | Inventory Turnover ratio         | Revenue from Operations   | Average Inventory (opening balance+ closing balance/2)                            | 2.56                 | 1.97                 | 29.72      | Mainly due to normalizing of inventories based on the increase in capacity utilisation in the current year                                       |
| vi)     | Trade receivables turnover ratio | Revenue from Operations   | Average trade receivable (Opening balance + closing balance /2)                   | 1.66                 | 1.38                 | 20.23      |  |
| vii)    | Trade payables turnover ratio    | Cost of Materials Consumed  | Average trade payable (Opening balance + closing balance /2)                      | 5.36                 | 3.04                 | 75.96      | Mainly due to increase in purchase in line with overall increase in operations and reduction in trade creditors to avail better commercial terms |
| viii)   | Net capital turnover ratio       | Revenue from Operations   | Working capital ((Current asset - Investments) - current liabilities)             | 0.76                 | 1.45                 | (47.88)    | Mainly due to increase in Fixed Deposits (Temporary deposits of IPO Proceeds) and Trade Receivables  |
| ix)     | Net profit ratio                 | Net Profit after tax  | Revenue from Operations   | 14.95%               | 11.36%               | 31.63      | Mainly due to increase in revenue from operations and better operation performance   |
| x)      | Return on capital employed       | Profit Before interest & Tax  | Total Equity + Total Debts + Deferred Tax Liability                               | 10.32%               | 10.23%               | 0.93       |  |
| xi)     | Return on investment             | Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment                            | Current investments + Non current Investments + Fixed deposits with bank          | 2.55%                | 3.70%                | (31.08)    | Mainly due to Increase in Fixed Deposits (Temporary deposits of IPO Proceeds)  |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

### Note : 47 Other Statutory Information

- i) There are no balances outstanding on account of any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Company does not have any such transaction which is not recorded in the books of account surrendered or disclosed as income during the year in the tax assessments under the Income-tax act, 1961.
- iv) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- v) The Company is not declared wilful defaulter by any bank or financial institution or other lender.
- vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Company has not received any fund from any person(s) or entity(s), including entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### Note: 48

Previous Year's figures have been regrouped / rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date

#### For Chaturvedi & Shah LLP

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

#### R. KORIA

Partner  
Membership No. 35629

Place: Mumbai  
Date: May 20, 2022

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



CONSOLIDATED

# Financial Statements

# INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the Consolidated Balance sheet as at March 31, 2022, and the Statement of Consolidated Profit and Loss (including Other Comprehensive Income), the Statement of Consolidated Changes in Equity and the Statement of Consolidated Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements and on the other financial information of a subsidiary and associate, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and of its associate as at March 31, 2022 and their consolidated profit including other comprehensive income, the consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

#### Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to that matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

| Key Audit Matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>1) Revenue:</b></p> <p>During the year, the revenue from operation has been increased by 27.37%. Revenue is recognized when control of the underlying products have been transferred along with satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues.</p> <p>Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS115 'Revenue from contracts with customers', resulting into recognition of revenue in incorrect period.</p> | <p>We assessed the processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>Assessing the systems related to invoicing and measurement as well as other relevant systems supporting the accounting of revenue.</li><li>Performed sample tests of individual sales transaction and traced to sales invoices, sales orders shipping documents and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales orders;</li><li>Verifying the completeness of disclosure in the Consolidated Financial Statements as per Ind AS 115.</li></ul> |

## Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information in the annual report but does not include the Consolidated Financial Statements and our auditor's report thereon. The above information is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the above other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, the consolidated statement of changes in equity and consolidated cash flows of the Group and its associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate 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 and its associate or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate is responsible for overseeing the financial reporting process of the Group and of its associate.

## Auditors' Responsibility for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and of its associate to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which have been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

We did not audit the financial statements of one subsidiary, incorporated in Singapore, whose financial statements reflect total assets of Rs. 379.07 Lakhs as at March 31, 2022, total revenues of Rs. 1912.38 Lakhs and net cash inflows amounting to Rs. 16.18 Lakh for the year ended on that date and the financial statements of an associate company which reflect Group's share of net (loss) after tax of Rs. (0.42) Lakh and total comprehensive income of Rs. (0.42) Lakh for year ended March 31, 2022. 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 aforesaid subsidiary and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the

aforesaid subsidiary and associate 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 and on the consideration of report of the other auditors on separate financial statements of an associate, as noted in the 'other matters' paragraph, we report, to the extent applicable, that:
  - a. We/the other auditors whose report we have relied upon, have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Statement of Consolidated Profit and Loss (Including other comprehensive income), the Statement of Consolidated Changes in Equity and the Statement of Consolidated Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors of the Holding Company and its subsidiaries, companies incorporated in India, as on March 31, 2022 and taken on record by the Board of Directors of the Holding Company and its subsidiaries and the report of the statutory auditor of an associate, none of the directors of the Group Companies and its associate, companies incorporated in India, is disqualified as on March 31, 2022 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 Group Company and the report of the statutory auditor of an associate, 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 of the Act. Subsidiaries and an associate Company has not paid any remuneration to directors.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group and its associate as referred to in Note No. 37 to the Consolidated Financial Statements;
  - ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Group and associate company incorporated in India.
  - iv. (a) The respective Managements of the Company and its subsidiaries and its associate, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to other auditor of such associate, that to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries or associate to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries or associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The respective Managements of the Company and its subsidiaries and its associate, which are companies incorporated in India, whose financial statements have been audited under

the Act, have represented to us and to other auditor of such associate, that to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been received by the Company or any of such subsidiaries or associate from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries or associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on our audit procedure conducted that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (h) (iv) (a) & (b) contain any material misstatement.

- v. The Group and its associate has not declared or paid any dividend during the year.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of associate Company included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, provided to us by the Management of the Company, we report that there are no qualification or adverse remarks by the respective auditors in the CARO report of the said Companies included in the Consolidated Financial Statements.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**R. KORIA**

Partner

Membership No. 35629

UDIN No.: 22035629AKDHYH7424

Mumbai

Date: May 20, 2022



## 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, 2022)**

### **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 (the Holding Company and its subsidiaries together referred to as “the Group”) and its associate, which are companies incorporated in India, as of March 31, 2022 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 Group and its associate, 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 Group and its associate, 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 these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these consolidated financial statements included obtaining an understanding of internal financial controls with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Financial Statements.

### **Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to these Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future



periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Group and its associate, 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, 2022, based on the internal financial control with reference to Consolidated Financial Statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to these Consolidated Financial Statements of the Holding Company, in so far as it relates to separate financial statements of an associate company, incorporated in India, is based solely on the corresponding report of the auditors of such associate company incorporated in India. Our opinion is not modified in respect of the above matter.

For **CHATURVEDI & SHAH LLP**

Chartered Accountants

Firm Reg. No. 101720W / W100355

**R. KORIA**

Partner

Membership No. 35629

UDIN No.: 22035629AKDH7424

Mumbai

Date: May 20, 2022

**CONSOLIDATED BALANCE SHEET** as at March 31, 2022

(All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars  | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|--|----------|----------------------|----------------------|
| <b>I. ASSETS</b>   |          |                      |                      |
| <b>1) Non Current Assets</b>   |          |                      |                      |
| (a) Property, Plant and Equipment  | 2        | 13,486.18            | 15,513.19            |
| (b) Capital Work in Progress   | 2        | 49.88                | 51.12                |
| (c) Investment property  | 3        | 1,783.20             | -                    |
| (d) Intangible Assets  | 4        | 96.81                | 149.70               |
| (e) Financial Assets   |          |                      |                      |
| i) Investments   | 5        | 351.91               | 112.58               |
| ii) Other Financial Assets   | 6        | 83.88                | 189.62               |
| (f) Non Current Tax Assets   |          | 2.95                 | 0.28                 |
| (g) Other Non Current Assets   | 7        | 171.67               | 52.37                |
|  |          | <b>16,026.48</b>     | <b>16,068.86</b>     |
| <b>2) Current Assets</b>   |          |                      |                      |
| (a) Inventories  | 8        | 6,662.76             | 7,471.09             |
| (b) Financial Assets   |          |                      |                      |
| i) Trade Receivables   | 9        | 12,297.74            | 9,485.46             |
| ii) Cash and Cash Equivalents  | 10       | 217.97               | 468.26               |
| iii) Bank Balances other than (ii) above   | 11       | 7,376.10             | 363.35               |
| iv) Loans  | 12       | 6.63                 | 4.92                 |
| v) Other Financial Assets  | 13       | 239.00               | 62.32                |
| (c) Other Current Assets   | 14       | 2,790.02             | 1,939.35             |
|  |          | <b>29,590.22</b>     | <b>19,794.75</b>     |
| (d) Assets held for Sale   | 44       | 151.00               | 411.99               |
|  |          | <b>29,741.22</b>     | <b>20,206.74</b>     |
| <b>TOTAL ASSETS</b>  |          | <b>45,767.70</b>     | <b>36,275.60</b>     |
| <b>II. EQUITY AND LIABILITIES</b>  |          |                      |                      |
| <b>EQUITY</b>  |          |                      |                      |
| (a) Equity Share Capital   | 15       | 3,900.00             | 2,985.31             |
| (b) Other Equity   | 16       | 33,915.54            | 17,678.18            |
| <b>Equity attributable to Owners</b>   |          | <b>37,815.54</b>     | <b>20,663.49</b>     |
| Non Controlling Interest   |          | 37.42                | 6.90                 |
| <b>Total Equity</b>  |          | <b>37,852.96</b>     | <b>20,670.39</b>     |
| <b>LIABILITIES</b>   |          |                      |                      |
| <b>1) Non Current Liabilities</b>  |          |                      |                      |
| (a) Financial Liabilities  |          |                      |                      |
| i) Borrowings  | 17       | -                    | 2,552.94             |
| ii) Lease Liabilities  | 18       | -                    | 5.93                 |
| iii) Other Financial Liabilities   | 19       | 10.05                | -                    |
| (b) Deferred Tax Liabilities (Net)   | 20       | 2,112.31             | 2,313.99             |
| (c) Provisions   | 21       | 133.34               | 119.33               |
| (d) Other non current Liabilities  | 22       | 12.33                | -                    |
|  |          | <b>2,268.03</b>      | <b>4,992.19</b>      |
| <b>2) Current Liabilities</b>  |          |                      |                      |
| (a) Financial Liabilities  |          |                      |                      |
| i) Borrowings  | 23       | 3,107.95             | 8,051.93             |
| ii) Lease Liabilities  | 24       | -                    | 6.22                 |
| iii) Trade Payables  | 25       |                      |                      |
| (A) Total Outstanding dues of Micro enterprises and small enterprises                      |          | 128.96               | 93.43                |
| (B) Total Outstanding dues of creditors other than Micro enterprises and small enterprises |          | 1,398.24             | 1,438.72             |
| iv) Other Financial Liabilities  | 26       | 357.93               | 271.10               |
| (b) Other Current Liabilities  | 27       | 60.96                | 60.75                |
| (c) Provisions   | 28       | 20.65                | 14.80                |
| (d) Current Tax Liabilities (Net)  |          | 572.02               | 676.07               |
|  |          | <b>5,646.71</b>      | <b>10,613.02</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>45,767.70</b>     | <b>36,275.60</b>     |
| Significant Accounting Policies  | 1        |                      |                      |
| Notes to the Consolidated Financial Statements   | 2 to 49  |                      |                      |

As per our report of even date

For and on behalf of the Board of Directors

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

**MUNJAL SHAH**  
Managing Director  
DIN: 01080863

**SHARAD SHAH**  
Chairman and Director  
DIN: 00622001

**R. KORJA**  
Partner  
Membership No. 35629

**HARSH BHANSALI**  
Chief Financial Officer

**AJIT SHARMA**  
Company Secretary  
Membership No. F10165

Place: Mumbai  
Date: May 20, 2022

# STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars   | Note No. | For the Year ended March 31, 2022 | For the Year ended March 31, 2021 |
|---|----------|-----------------------------------|-----------------------------------|
| <b>1</b> Revenue From Operations  | 29       | 18,256.24                         | 14,332.99                         |
| <b>2</b> Other Income   | 30       | 297.17                            | 127.55                            |
| <b>3 Total Income (1+2)</b>   |          | <b>18,553.41</b>                  | <b>14,460.54</b>                  |
| <b>4 Expenses</b>   |          |                                   |                                   |
| Cost of Materials Consumed  |          | 7,703.80                          | 5,986.72                          |
| Purchase of Stock in Trade  |          | 528.11                            | 1,348.71                          |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade                 | 31       | (56.82)                           | (804.40)                          |
| Employee Benefits Expense   | 32       | 1,481.29                          | 1,173.77                          |
| Finance Costs   | 33       | 783.04                            | 1,240.93                          |
| Depreciation and Amortisation Expense   | 34       | 1,042.33                          | 965.36                            |
| Other Expenses  | 35       | 3,413.93                          | 2,288.44                          |
| <b>Total Expenses</b>   |          | <b>14,895.68</b>                  | <b>12,199.53</b>                  |
| <b>5 Profit Before Share of Profit / (Loss) of Associate, Exceptional Items and tax (3-4)</b> |          | <b>3,657.73</b>                   | <b>2,261.01</b>                   |
| <b>6</b> Share of loss of Associate   |          | (0.42)                            | -                                 |
| <b>7 Profit Before exceptional Items and Tax (5-6)</b>  |          | <b>3,657.31</b>                   | <b>2,261.01</b>                   |
| <b>8</b> Exceptional Items  |          | -                                 | -                                 |
| <b>9 Profit Before Tax (7-8)</b>  |          | <b>3,657.31</b>                   | <b>2,261.01</b>                   |
| <b>10 Tax Expenses :</b>  |          |                                   |                                   |
| Current Tax   |          | 1,009.46                          | 728.57                            |
| Deferred Tax  | 20       | (59.88)                           | (46.17)                           |
|   |          | <b>949.58</b>                     | <b>682.40</b>                     |
| <b>11 Profit for the Year (9-10)</b>  |          | <b>2,707.73</b>                   | <b>1,578.61</b>                   |
| <b>12 Other Comprehensive Income</b>  |          |                                   |                                   |
| <b>(i) Items that will not be reclassified to profit or loss</b>                              |          |                                   |                                   |
| Remeasurement Losses / (Gains) on Defined Benefit Plans                                       |          | 1.05                              | (41.87)                           |
| Tax Effect on above   |          | (0.26)                            | 10.54                             |
| <b>(ii) Items that will be reclassified to Profit or Loss</b>                                 |          |                                   |                                   |
| Exchange differences in translating the financial statement of a foreign operation            |          | (1.12)                            | 0.39                              |
| <b>Total Other Comprehensive Income (Net of Tax)</b>  |          | <b>(0.33)</b>                     | <b>(30.94)</b>                    |
| <b>Total Comprehensive Income for the Year (11-12)</b>  |          | <b>2,708.06</b>                   | <b>1,609.55</b>                   |
| <b>13 Profit attributable to</b>  |          |                                   |                                   |
| Owners of the Company   |          | 2,704.31                          | 1,572.56                          |
| Non-Controlling Interest  |          | 3.42                              | 6.05                              |
| <b>14 Other Comprehensive Income attributable to</b>  |          |                                   |                                   |
| Owners of the Company   |          | (0.33)                            | (30.94)                           |
| Non-Controlling Interest  |          | -                                 | -                                 |
| <b>15 Total Comprehensive Income Attributable to</b>  |          |                                   |                                   |
| Owners of the Company   |          | 2,704.64                          | 1,603.50                          |
| Non-Controlling Interest  |          | 3.42                              | 6.05                              |
| <b>16 Earnings per Equity Share of Rs. 10/- each</b>  | 36       |                                   |                                   |
| Basic (Rs.)   |          | 7.78                              | 5.55                              |
| Diluted (Rs.)   |          | 7.78                              | 5.55                              |
| Significant Accounting Policies   | 1        |                                   |                                   |
| Notes to the Consolidated Financial Statements  | 2 to 49  |                                   |                                   |

As per our report of even date

## For Chaturvedi & Shah LLP

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

## R. KORIA

Partner  
Membership No. 35629

Place: Mumbai

Date: May 20, 2022

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 CHANGES IN EQUITY

(All amounts in Rupees Lakhs, unless otherwise stated)

for the year ended March 31, 2022

## A. EQUITY SHARE CAPITAL

| Particulars          | Balance as at April 01, 2020 | Changes during the Year | Balance as at March 31, 2021 | Changes during the Year | Balance as at March 31, 2022 |
|----------------------|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Equity Share Capital | 2,841.26                     | 144.05                  | 2,985.31                     | 914.69                  | 3,900.00                     |

## B. OTHER EQUITY

| Particulars   | Attributable to Equity Holders of Parent |                    |                 |                     |                                    |                                      | Total        |   |
|---|--|--------------------|-----------------|---------------------|------------------------------------|--------------------------------------|--------------|---|
|   | Reserves and Surplus                     |                    |                 | Revaluation Reserve | Item of Other Comprehensive Income |                                      |              |   |
|   | Capital Reserve                          | Securities Premium | General Reserve |                     | Retained Earnings                  | Foreign Currency Translation Reserve |              | Remeasurements of Defined Benefit Plans |
| <b>Balance as at April 01, 2020</b>                       | <b>(808.36)</b>                          | <b>2,661.70</b>    | <b>11.92</b>    | <b>8,358.79</b>     | <b>4,183.09</b>                    | <b>(0.19)</b>                        | <b>14.08</b> | <b>14,421.03</b>                        |
| Issue of Equity Shares (Ref Note No 15.5)                 | -  | 1,656.95           | -               | -                   | -                                  | -                                    | -            | 1,656.95                                |
| Expenses related to Issue of Equity Shares                | -  | (3.30)             | -               | -                   | -                                  | -                                    | -            | (3.30)                                  |
| Total Comprehensive Income for the year                   | -  | -                  | -               | 1,572.56            | -                                  | (0.39)                               | 31.33        | 1,603.50                                |
| <b>Balance as at March 31, 2021</b>                       | <b>(808.36)</b>                          | <b>4,315.35</b>    | <b>11.92</b>    | <b>9,931.35</b>     | <b>4,183.09</b>                    | <b>(0.58)</b>                        | <b>45.41</b> | <b>17,678.18</b>                        |
| <b>Balance as at April 01, 2021</b>                       | <b>(808.36)</b>                          | <b>4,315.35</b>    | <b>11.92</b>    | <b>9,931.35</b>     | <b>4,183.09</b>                    | <b>(0.58)</b>                        | <b>45.41</b> | <b>17,678.18</b>                        |
| Issue of Equity Shares (Ref Note No. 15.2, 15.3 and 15.4) | -  | 14,785.47          | -               | -                   | -                                  | -                                    | -            | 14,785.47                               |
| Expenses related to Issue of Equity Shares (Net of Taxes) | -  | (1,265.65)         | -               | -                   | -                                  | -                                    | -            | (1,265.65)                              |
| Movement in Non Controlling Interest                      | -  | -                  | -               | 12.90               | -                                  | -                                    | -            | 12.90                                   |
| Total Comprehensive Income for the year                   | -  | -                  | -               | 2,704.31            | -                                  | 1.12                                 | (0.79)       | 2,704.64                                |
| <b>Balance as at March 31, 2022</b>                       | <b>(808.36)</b>                          | <b>17,835.17</b>   | <b>11.92</b>    | <b>12,648.56</b>    | <b>4,183.09</b>                    | <b>0.54</b>                          | <b>44.62</b> | <b>33,915.54</b>                        |

As per our report of even date

For and on behalf of the Board of Directors

### For Chaturvedi & Shah LLP

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

### MUNJAL SHAH

Managing Director  
DIN: 01080863

### SHARAD SHAH

Chairman and Director  
DIN: 00622001

### R. KORIA

Partner  
Membership No. 35629

### HARSH BHANSALI

Chief Financial Officer

### AJIT SHARMA

Company Secretary  
Membership No. F10165

Place: Mumbai

Date: May 20, 2022

# STATEMENT OF CONSOLIDATED CASH FLOWS

for the year ended March 31,2022 (All amounts in Rupees Lakhs, unless otherwise stated)

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |                                      |                                      |
| Profit before Tax as per the Consolidated Statement of Profit and Loss      | <b>3,657.31</b>                      | <b>2,261.01</b>                      |
| <b>ADJUSTED FOR :</b>   |                                      |                                      |
| Depreciation and Amortisation Expense                                       | 1,042.33                             | 965.36                               |
| Interest Income   | (133.89)                             | (24.34)                              |
| Finance Costs   | 783.04                               | 1,240.93                             |
| (Profit)/Loss on sale of Property, Plant and Equipment (Net)                | 5.53                                 | (3.88)                               |
| Impairment loss on Assets held for sale                                     | -                                    | 7.16                                 |
| Bad Debts / Advances written off (Net)                                      | 234.16                               | 13.08                                |
| Provision for Expected Credit Loss  | 147.91                               | 115.30                               |
| Provision for Credit Impaired   | 48.17                                | -                                    |
| Reversal of Provision for Doubtful Advance                                  | -                                    | (50.00)                              |
| Gain on Financial Instruments measured at fair value through profit or loss | (47.05)                              | -                                    |
| Unrealised Loss / (Gain) on Foreign Currency Transactions (net)             | 10.43                                | (7.32)                               |
| Lease Liability Reversal  | -                                    | (0.29)                               |
|   | 2,090.63                             | 2,256.00                             |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                      | <b>5,747.94</b>                      | <b>4,517.01</b>                      |
| <b>ADJUSTMENTS FOR :</b>  |                                      |                                      |
| Trade and Other Receivables   | (4,290.90)                           | (317.69)                             |
| Inventories   | 808.33                               | (1,428.07)                           |
| Trade and Other Payables  | 66.42                                | (1,649.26)                           |
|   | (3,416.15)                           | (3,395.02)                           |
| <b>CASH GENERATED FROM OPERATIONS</b>                                       | <b>2,331.79</b>                      | <b>1,121.99</b>                      |
| Direct Taxes Paid (Including Interest)                                      | (1,180.72)                           | (693.46)                             |
| <b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>                         | <b>1,151.07</b>                      | <b>428.53</b>                        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                                      |                                      |
| Purchase of Property, Plant and Equipment and Capital Work-in-Progress      | (860.46)                             | (532.49)                             |
| Sale of Property, Plant and Equipment & Asset held for Sale                 | 261.43                               | 6.11                                 |
| Proceeds from sale of Investment in Subsidiaries Companies                  | -                                    | 0.85                                 |
| Investment in Associate Company   | (4.33)                               | -                                    |
| Purchase of Investment  | (187.95)                             | (107.58)                             |
| Interest Income   | 59.76                                | 6.72                                 |
| Temporary deposits / Balances of Initial Public Offering Proceeds           | (6,979.04)                           | -                                    |
| <b>NET (CASH USED) IN INVESTING ACTIVITIES</b>                              | <b>(7,710.59)</b>                    | <b>(626.39)</b>                      |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                                      |                                      |
| Proceed from Issue of Fresh Equity Shares                                   | 15,700.16 *                          | 1,797.70                             |
| Proceed from Issue of share to Non Controlling Interest                     | 40.00                                | -                                    |
| Proceed from 0.01% Optionally Convertible Preference Shares                 | -                                    | 2,999.00                             |
| Redemption of 0.01% Optionally Convertible Preference Shares                | (1,397.00)                           | (1,602.00)                           |
| Proceed from Non Current Borrowings (Term Loans)                            | -                                    | 14.22                                |
| Repayment of Non Current Borrowings   | (3,801.07)                           | (527.80)                             |
| Current Borrowings (Net)  | (2,122.29)                           | (789.47)                             |
| Payment related to Initial Public Offering                                  | (1,219.65)*                          | (148.01)                             |
| Lease Liabilities   | -                                    | (7.30)                               |
| Finance Costs   | (912.83)                             | (1,056.79)                           |
| Margin Money (Net)  | 22.44                                | (141.64)                             |
| <b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>             | <b>6,309.76</b>                      | <b>537.91</b>                        |
| <b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>                | <b>(249.76)</b>                      | <b>340.05</b>                        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                       | <b>468.26</b>                        | <b>125.36</b>                        |
| <b>Effect of Exchange rate on Cash and Cash Equivalents</b>                 | <b>(0.53)</b>                        | <b>2.85</b>                          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 10.1)</b>       | <b>217.97</b>                        | <b>468.26</b>                        |

\* Do not include Rs. 3,017.85 Lakhs received towards offer for sale of 17,24,490 equity shares of Rs. 10/- by the Selling Share holders through Initial Public Offering related proportionate expenses for the same.



# STATEMENT OF CONSOLIDATED CASH FLOWS

for the year ended March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Changes in Liabilities arising from financing activities on account of Non-Current and Current Borrowings

| Particulars   | March 31, 2022   | March 31, 2021   |
|---|------------------|------------------|
| <b>OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b> | <b>10,604.87</b> | <b>10,332.35</b> |
| Add : Changes from Cash Flow from Financing Activities (Net)            | (7,320.37)       | 93.95            |
| Add : Change on account of processing fees                              | -                | 2.02             |
| Add : Change in Fair Value  | (176.55)         | 176.55           |
| <b>CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES</b> | <b>3,107.95</b>  | <b>10,604.87</b> |

(i) The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statement of Cash Flows".

(ii) Figures in brackets indicate Outflows.

(iii) Previous Year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date

### For Chaturvedi & Shah LLP

Chartered Accountants  
(Firm Registration No. 101720W/W100355)

### R. KORIA

Partner  
Membership No. 35629

Place: Mumbai

Date: May 20, 2022

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## 1.1 Corporate Information

The consolidated financial statements comprise of Paras Defence & Space Technologies Limited ("the Company" or "Holding Company"), its subsidiaries and associate, as detailed in Note No. 45, for the year ended March 31, 2022. 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. On October 1, 2021, the equity shares of the Holding Company have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The financial statements of the Group for the year ended March 31, 2022 were approved and adopted by board of directors in their meeting held on May 20, 2022.

## 1.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

The Consolidated financial statements have been prepared and presented on going concern basis and historical cost basis, except for the following assets and liabilities, which have been measured as indicated below:

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).
- Employee's Defined Benefit Plans measured as per actuarial valuation report.

These financial statements are presented in Indian Rupees, which is the group's functional and presentation currency and all values are rounded off to the nearest lakhs with two decimals, except when otherwise indicated.

## 1.3 Principles of Consolidation

The consolidated financial statements have been prepared on the following principles of consolidation:

- i) The financial statements of the Holding Company and its subsidiaries/ entity where control exists are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions and any unrealized income and expenses arising from intra Group transactions.
- ii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The difference between the cost of investment in the subsidiaries and the Parent's share of net assets at the time of acquisition of control in the subsidiaries is recognised in the consolidated financial statements as goodwill. However, resultant gain (bargain purchase) is recognized in other comprehensive income on the acquisition date and accumulated to capital reserve in equity.
- iii) The intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.
- iv) In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).
- v) The 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.
- vi) The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.
- vii) For the acquisitions of additional interests in subsidiaries, where there is no change in the control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests, the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in Consolidated Statement of Profit and Loss. Any investment retained is recognised at fair value. The results of subsidiaries acquired or disposed off during the year are included in the Consolidated Statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.
- viii) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

ix) Investment in Associates has been accounted under the Equity Method as per Ind AS 28 – Investments in Associates and Joint Ventures.

## 1.4 Significant Accounting policies

### (A) Property, Plant and Equipment :

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In case of Property, Plant and Equipment, the Group has availed the fair value as deemed cost on the date of Ind AS transition i.e. 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 Consolidated Statement of Profit and Loss in the year of occurrence.

### Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

### Depreciation:

(a) Depreciation on the Property, Plant and Equipment is provided using straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013 except for following assets where the useful life is different as per technical evaluation than those prescribed in Schedule II are mentioned below-

| Particulars                | Useful Life |
|----------------------------|-------------|
| Drone and Charging Station | 2 Years     |

(b) Leasehold land is amortised over the period of lease.

Depreciation on property, plant and equipment which are added / disposed off during the year is provided on pro-rata basis with reference to the date of addition / deletion. Freehold land is not depreciated.

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 Consolidated Statement of Profit and Loss. In case of Intangible Assets, the Group has availed the fair value as deemed cost on the date of transition i.e. 1st April, 2016. The period of amortisation is as under :

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

### (C) Investment Property:

Investment property is held for long term rental income and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes, trade discounts and rebates. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the Consolidated Statement of Profit and Loss when the changes arises.

Though the Group measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Consolidated Statement of Profit and Loss in the period of de-recognition.

## (D) Borrowing Cost:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a year does not exceed the amount of borrowing cost incurred during that year. All other borrowing costs are expensed in the year in which they occur.

## (E) Impairment of Non-Financial Assets - Property, Plant and Equipment & Intangible Assets:

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognised in the Consolidated Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

## (F) Government Grants and Subsidy:

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.

## (G) Taxes on Income:

Tax expense represents the sum of current tax (including income tax for earlier years) and deferred tax. Tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

Current tax provision is computed for Income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

## (H) Inventories:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## (I) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Assets - Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

### Financial assets - Subsequent measurement

For the purpose of subsequent measurement financial assets are classified in two broad categories:-

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the Consolidated Statement of Profit and Loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- a) Business model test: The objective of the Group's business model is to hold the financial asset to collect the contractual cash flow.
- b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- a) Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.
- b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset is measured at fair value through profit or loss.

### Financial assets - Derecognition

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Group has transferred its rights to receive cash flow from the asset.

### Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- a) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Financial Liabilities - Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

## Financial liability - Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

## (J) Fair Value:

The Group measures financial instruments at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the 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.

## (K) Investment in Associate:

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

## (L) Revenue Recognition and Other Income:

### Sales of goods and services:

The Group derives revenues primarily from sale of products comprising of Defence & Space Applications

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## 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 statement of profit or loss.

## (M) Foreign currency transactions and translation:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Consolidated Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair

value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other finance gains / losses are presented in the Consolidated Statement of Profit and Loss on a net basis.

In case of an asset, expense or income where a monetary advance is paid/received, the date of transaction is the date on which the advance was initially recognized. If there were multiple payments or receipts in advance, multiple dates of transactions are determined for each payment or receipt of advance consideration.

## (N) Employee Benefits:

Short term employee benefits are recognized as an expense in the Consolidated Statement of Profit and Loss of the year in which the related services are rendered. Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined based on Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in Consolidated Statement of Profit and Loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

## (O) Lease:

"The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an options to extend the lease if the Group is reasonably certain to exercise that options; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that options. In assessing

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

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 include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from

other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of 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.

## (P) Research and Development:

Revenue expenditure on Research and Development is charged in the year in which it is incurred. Capital Expenditure for Research and Development is capitalised when commissioned and included in the Plant, Property and Equipment and depreciated in accordance with the policies stated for Property, Plant and Equipment.

## (Q) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Consolidated Statement of

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

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 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.

## (R) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

## (S) Cash and cash equivalents:

Cash and cash equivalents in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## (T) Earnings per share:

Basic earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed using the net profit or loss for the year attributable to the shareholders' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

## (U) Current / Non-current classification:

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

The Group has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by Ministry of Corporate Affairs (MCA).

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

## A liability is classified as current when it is:

- Expected to be settled in normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Group has identified twelve months as its operating cycle.

## (V) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable 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.

## (W) Asset Held for Sale:

Non-Current Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

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 financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### a) Depreciation/amortisation and useful lives of property plant and equipment/intangible assets:

Property, plant and equipment/intangible assets are depreciated/amortised over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

### b) Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

### c) Defined benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, expected rate of return on assets and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

### d) Income Tax:

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.

## 1.6 Standards Issued But Not Effective

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2022. This notification has resulted into amendments in the following existing accounting standards which are applicable to Group from April 1, 2022.

Ind AS 101 – First time adoption of Ind AS

Ind AS 103 – Business Combination

Ind AS 109 – Financial Instrument

Ind AS 16 – Property, Plant and Equipment

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Ind AS 41 – Agriculture

Application of above amended standards are not expected to have any significant impact on the Group's financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 2 Property, Plant and Equipment

| Particulars  | Freehold-Land | Leasehold-Land  | Buildings       | Plant and Machinery | Furniture and Fixtures | Vehicles      | Office Equipment | Computer      | Right of Use Assets (Building) | Total            |
|--|---------------|-----------------|-----------------|---------------------|------------------------|---------------|------------------|---------------|--------------------------------|------------------|
| <b>Gross Block</b>                                   |               |                 |                 |                     |                        |               |                  |               |                                |                  |
| <b>Balance as at April 01, 2020</b>                  | <b>377.82</b> | <b>5,463.32</b> | <b>3,708.69</b> | <b>8,041.18</b>     | <b>282.61</b>          | <b>397.76</b> | <b>165.20</b>    | <b>60.74</b>  | <b>19.73</b>                   | <b>18,517.05</b> |
| 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                            | -             | -               | 186.75          | -                   | 7.20                   | -             | 11.12            | -             | -                              | 205.07           |
| <b>Balance as at March 31, 2021</b>                  | <b>377.82</b> | <b>5,463.32</b> | <b>4,179.89</b> | <b>8,295.44</b>     | <b>302.39</b>          | <b>403.76</b> | <b>184.12</b>    | <b>86.26</b>  | <b>13.18</b>                   | <b>19,306.18</b> |
| Additions  | -             | -               | 58.47           | 447.10              | 126.52                 | -             | 87.75            | 35.22         | -                              | 755.06           |
| Disposals / Adjustment                               | -             | -               | -               | 13.56               | 4.30                   | -             | -                | -             | 13.18                          | 31.04            |
| Transfer to investment properties (Refer Note No. 3) | 377.82        | -               | 1,835.34        | -                   | -                      | -             | -                | -             | -                              | 2,213.16         |
| <b>Balance as at March 31, 2022</b>                  | <b>-</b>      | <b>5,463.32</b> | <b>2,403.02</b> | <b>8,728.98</b>     | <b>424.61</b>          | <b>403.76</b> | <b>271.87</b>    | <b>121.48</b> | <b>-</b>                       | <b>17,817.04</b> |
| <b>Depreciation</b>                                  |               |                 |                 |                     |                        |               |                  |               |                                |                  |
| <b>Balance as at April 01, 2020</b>                  | <b>-</b>      | <b>324.68</b>   | <b>630.60</b>   | <b>1,638.47</b>     | <b>74.32</b>           | <b>172.82</b> | <b>68.54</b>     | <b>24.48</b>  | <b>4.38</b>                    | <b>2,938.29</b>  |
| 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            |
| <b>Balance as at March 31, 2021</b>                  | <b>-</b>      | <b>405.85</b>   | <b>767.10</b>   | <b>2,178.69</b>     | <b>97.81</b>           | <b>210.34</b> | <b>88.68</b>     | <b>43.42</b>  | <b>1.10</b>                    | <b>3,792.99</b>  |
| Depreciation for the Year                            | -             | 81.17           | 156.84          | 580.79              | 31.92                  | 44.96         | 33.58            | 22.90         | 6.59                           | 958.75           |
| Disposals / Adjustment                               | -             | -               | -               | 8.20                | 3.69                   | -             | -                | -             | 7.69                           | 19.58            |
| Transfer to investment properties (Refer Note No. 3) | -             | -               | 401.30          | -                   | -                      | -             | -                | -             | -                              | 401.30           |
| <b>Balance as at March 31, 2022</b>                  | <b>-</b>      | <b>487.02</b>   | <b>522.64</b>   | <b>2,751.28</b>     | <b>126.04</b>          | <b>255.30</b> | <b>122.26</b>    | <b>66.32</b>  | <b>-</b>                       | <b>4,330.86</b>  |
| <b>Net Carrying Value</b>                            |               |                 |                 |                     |                        |               |                  |               |                                |                  |
| <b>Balance as at March 31, 2021</b>                  | <b>377.82</b> | <b>5,057.47</b> | <b>3,412.79</b> | <b>6,116.75</b>     | <b>204.58</b>          | <b>193.42</b> | <b>95.44</b>     | <b>42.84</b>  | <b>12.08</b>                   | <b>15,513.19</b> |
| <b>Balance as at March 31, 2022</b>                  | <b>-</b>      | <b>4,976.30</b> | <b>1,880.38</b> | <b>5,977.70</b>     | <b>298.57</b>          | <b>148.46</b> | <b>149.61</b>    | <b>55.16</b>  | <b>-</b>                       | <b>13,486.18</b> |

**2.1** Property, Plant and Equipment include assets pledged / hypothecated as security (Refer note no. 17 and 23).

**2.2** Vehicles, having carrying value of Rs. 121.84 lakhs (March 31, 2021 : Rs. 162.44 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. 37 (B) for contractual commitments for the acquisition of Property, Plant and Equipments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 2 Property, Plant and Equipment (Contd..)

### 2.4 Capital Work in Progress includes

| Particulars                 | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-----------------------------|-------------------------|-------------------------|
| Building under Construction | 2.60                    | 51.12                   |
| Plant and Machinery         | 47.28                   | -                       |
| <b>Total</b>                | <b>49.88</b>            | <b>51.12</b>            |

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

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Employee Benefits Expense  | -                       | 5.14                    |
| Finance Costs  | -                       | 46.21                   |
| Pre-operative Expenses for the year                              | -                       | <b>51.35</b>            |
| Add : Pre-operative Expenses upto Previous Year                  | -                       | 35.31                   |
|  | -                       | <b>86.66</b>            |
| Less: Allocated during the year to Property, Plant and Equipment | -                       | 86.66                   |
| <b>Total</b>   | <b>-</b>                | <b>-</b>                |

### 2.6 Capital Work In Progress ageing schedule as at March 31, 2022 is as follows:

| Particulars                   | Amount in Capital Work in Progress for the period of |           |           |                   | Total        |
|-------------------------------|--|-----------|-----------|-------------------|--------------|
|                               | Less than 1 year                                     | 1-2 years | 2-3 Years | More than 3 years |              |
| Project in progress           | 49.88  | -         | -         | -                 | 49.88        |
| Project temporarily suspended | -  | -         | -         | -                 | -            |
| <b>Total</b>                  | <b>49.88</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>49.88</b> |

### Capital Work In Progress ageing schedule as at March 31, 2021 is as follows:

| Particulars                   | Amount in Capital Work in Progress for the period of |           |           |                   | Total        |
|-------------------------------|--|-----------|-----------|-------------------|--------------|
|                               | Less than 1 year                                     | 1-2 years | 2-3 Years | More than 3 years |              |
| Project in progress           | 51.12  | -         | -         | -                 | 51.12        |
| Project temporarily suspended | -  | -         | -         | -                 | -            |
| <b>Total</b>                  | <b>51.12</b>   | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>51.12</b> |

2.7 The Group does not have any Capital work in progress, whose completion is overdue or exceeded its cost compared to its original plan.

2.8 Building includes cost of shares in Co-operative society of Rs. 750 ( March 31, 2021: Rs. 750) .

2.9 In accordance with the Indian Accounting Standards -36 on "Impairment of Assets", the management during the year carried out an exercise of identifying the assets that may have been impaired in respect of each cash generating unit in accordance with the said Ind AS. On the basis of the review carried out by the management , there was no impairment loss on Property, Plant and Equipment during the year ended March 31, 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 3 Investment property

| Particulars                                    | Land          | Buildings       | Total           |
|--|---------------|-----------------|-----------------|
| <b>Costs:</b>                                  |               |                 |                 |
| As at April 01, 2020                           | -             | -               | -               |
| Addition                                       | -             | -               | -               |
| <b>As at March 31, 2021</b>                    | -             | -               | -               |
| Transferred from property, plant and equipment | 377.82        | 1,835.34        | 2,213.16        |
| Addition                                       | -             | -               | -               |
| <b>As at March 31, 2022</b>                    | <b>377.82</b> | <b>1,835.34</b> | <b>2,213.16</b> |
| <b>Depreciation</b>                            |               |                 |                 |
| As at April 01, 2020                           | -             | -               | -               |
| Depreciation                                   | -             | -               | -               |
| <b>As at March 31, 2021</b>                    | -             | -               | -               |
| Transferred from property, plant and equipment | -             | 401.30          | 401.30          |
| Depreciation                                   | -             | 28.66           | 28.66           |
| <b>As at March 31, 2022</b>                    | -             | <b>429.96</b>   | <b>429.96</b>   |
| <b>Net Carrying Value</b>                      |               |                 |                 |
| <b>Balance as at March 31, 2021</b>            | -             | -               | -               |
| <b>Balance as at March 31, 2022</b>            | <b>377.82</b> | <b>1,405.38</b> | <b>1,783.20</b> |

### 3.1 The Group's Investment Properties as at March 31, 2022 consist of Land and Building

### 3.2 Income /(Loss) from Investment Properties generating Rental Income

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Rental Income derived from investment properties              | 16.00                   | -                       |
| Direct Expenses   | 2.38                    | -                       |
| Income arising from investment properties before depreciation | 13.62                   | -                       |
| Depreciation  | 28.66                   | -                       |
| <b>Loss from Investment properties (Net)</b>                  | <b>(15.04)</b>          | -                       |

### 3.3 Leasing arrangements

The above Investment Properties are given for a term of 10 years with a non-cancellable for a period of 5 years. The future rental income in respect of above lease arrangement are as under:

| Particulars                                       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Within one year                                   | 48.80                   | -                       |
| Later than one year but not later than five years | 200.43                  | -                       |
| <b>Total</b>                                      | <b>249.23</b>           | -                       |

**3.4** The Fair Values of properties are Rs. 2,520.00 Lakhs (March 31, 2021: Rs. NIL). This valuation is based on the valuations performed by a registered valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts. Resulting fair value estimate for investment property are included in level 3 fair value based on the inputs to the valuation techniques used.

**3.5** The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance and enhancement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 4 Intangible Assets

| Particulars                         | Computer Software* | Process Technology / Technical know-How* | Total         |
|-------------------------------------|--------------------|--|---------------|
| <b>Balance as at April 01, 2020</b> | <b>23.41</b>       | <b>309.14</b>                            | <b>332.55</b> |
| Additions                           | 0.16               | -  | 0.16          |
| <b>Balance as at March 31, 2021</b> | <b>23.57</b>       | <b>309.14</b>                            | <b>332.71</b> |
| Additions                           | 2.03               | -  | 2.03          |
| <b>Balance as at March 31, 2022</b> | <b>25.60</b>       | <b>309.14</b>                            | <b>334.74</b> |
| Amortisation                        |                    |  |               |
| <b>Balance as at April 01, 2020</b> | <b>4.06</b>        | <b>124.05</b>                            | <b>128.11</b> |
| Amortisation charge for the Year    | 3.38               | 51.52                                    | 54.90         |
| <b>Balance as at March 31, 2021</b> | <b>7.44</b>        | <b>175.57</b>                            | <b>183.01</b> |
| Amortisation charge for the Year    | 3.40               | 51.52                                    | 54.92         |
| <b>Balance as at March 31, 2022</b> | <b>10.84</b>       | <b>227.09</b>                            | <b>237.93</b> |
| <b>Net Carrying Amount</b>          |                    |  |               |
| <b>Balance As at March 31, 2021</b> | <b>16.13</b>       | <b>133.57</b>                            | <b>149.70</b> |
| <b>Balance As at March 31, 2022</b> | <b>14.76</b>       | <b>82.05</b>                             | <b>96.81</b>  |

\* Other than self generated

## Note: 5 Non Current Investment

| Particulars   | Number of Shares |                | Face Value (In Rs.) | As at          | As at          |
|---|------------------|----------------|---------------------|----------------|----------------|
|   | March 31, 2022   | March 31, 2021 |                     | March 31, 2022 | March 31, 2021 |
| <b>(Unquoted, Fully Paid Up)</b>                                    |                  |                |                     |                |                |
| <b>A. Investment in Equity Instruments</b>                          |                  |                |                     |                |                |
| <b>i) Associate Company (Carried at Cost)</b>                       |                  |                |                     |                |                |
| Krasny Paras Defence Technologies Pvt Ltd                           | 47,500           | -              | 10                  | 4.33           | -              |
| <b>ii) Others (Carried at fair value through Profit &amp; Loss)</b> |                  |                |                     |                |                |
| NKGSB Co- Operative Bank Limited                                    | 50,000           | 50,000         | 10                  | 5.00           | 5.00           |
| Highlander Aviation Limited   | 10,357           | 10,357         | NIS 0.01            | 41.31          | 34.69          |
| <b>B. Investment in 0% Optionally Convertible Security</b>          |                  |                |                     |                |                |
| (Carried at fair value through Profit & Loss)                       |                  |                |                     |                |                |
| Highlander Aviation Limited   | -                | -              | -                   | 301.27         | 72.89          |
| <b>Total</b>  |                  |                |                     | <b>351.91</b>  | <b>112.58</b>  |

| Particulars   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Aggregate Amount of Unquoted Investments                  | 351.91               | 112.58               |
| Aggregate Amount of Quoted Investments and Market Value   | -                    | -                    |
| Investments Carried at fair value through Profit and Loss | 347.58               | 112.58               |
| Investment Carried at Cost                                | 4.33                 | -                    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 6. Other Non-current Financial Assets

| Particulars                                    | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Fixed Deposits with Banks held as Margin Money | 62.88                   | 119.03                  |
| Security Deposits                              | 21.00                   | 70.59                   |
| <b>Total</b>                                   | <b>83.88</b>            | <b>189.62</b>           |

## Note: 7. Other Non-current Assets

| Particulars                         | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, Considered Good)</b> |                         |                         |
| Capital Advances                    | 167.09                  | 48.02                   |
| Prepaid Expenses                    | 4.58                    | 4.35                    |
| <b>Total</b>                        | <b>171.67</b>           | <b>52.37</b>            |

## Note: 8 Inventories

| Particulars                               | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Raw Materials                             | 1,478.86                | 626.27                  |
| Raw Materials In Transit                  | 354.95                  | 1,921.28                |
| Work-in-Progress                          | 4,465.17                | 4,072.33                |
| Finished Goods                            | 95.17                   | 396.82                  |
| Stores, Spares and Consumables            | 266.88                  | 420.02                  |
| Stock In Trade                            | -                       | 34.37                   |
| Stores, Spares and Consumables In Transit | 1.73                    | -                       |
| <b>Total</b>                              | <b>6,662.76</b>         | <b>7,471.09</b>         |

8.1 For basis of valuation Refer Accounting Policy Note No. 1.4 (H)

8.2 For Inventories hypothecated as security (Refer Note No 17 and 23)

## Note: 9 Trade Receivables

| Particulars                              | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>(Unsecured)</b>                       |                         |                         |
| Considered Good                          | 12,973.50               | 9,910.38                |
| Significant Increase in Credit Risk      | 87.01                   | 189.78                  |
| Credit Impaired                          | 48.17                   | -                       |
|  | <b>13,108.68</b>        | <b>10,100.16</b>        |
| Less: Provision for Expected Credit Loss | 762.77                  | 614.70                  |
| Less: Provision for credit impaired      | 48.17                   | -                       |
| <b>Total</b>                             | <b>12,297.74</b>        | <b>9,485.46</b>         |

9.1 For Hypothecated as security (Refer Note No. 17 and 23)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 9 Trade Receivables (Contd.)

Trade Receivables Ageing Schedules as at March 31, 2022 and March 31, 2021 are as below :-

As at March 31, 2022

| Particulars   | Not due         | Outstanding for following periods from due date of payment |                    |               |              |                   | Total            |
|---|-----------------|--|--------------------|---------------|--------------|-------------------|------------------|
|   |                 | Less than 6 months   | 6 Months to 1 year | 1-2 years     | 2-3 Years    | More than 3 years |                  |
| Undisputed Trade receivables – considered good                                | 5,281.64        | 3,682.88   | 3,130.14           | 761.51        | 61.41        | 55.92             | 12,973.50        |
| Undisputed Trade Receivables – which have significant increase in credit risk | -               | -  | 0.16               | 4.69          | 13.08        | 69.08             | 87.01            |
| Undisputed Trade Receivables –credit impaired                                 | -               | -  | -                  | 12.53         | 0.15         | 35.49             | 48.17            |
| Disputed Trade receivables –considered good                                   | -               | -  | -                  | -             | -            | -                 | -                |
| Disputed Trade Receivables –which have significant increase in credit risk    | -               | -  | -                  | -             | -            | -                 | -                |
| Disputed Trade Receivables – credit impaired                                  | -               | -  | -                  | -             | -            | -                 | -                |
| <b>Sub Total</b>  | <b>5,281.64</b> | <b>3,682.88</b>  | <b>3,130.30</b>    | <b>778.73</b> | <b>74.64</b> | <b>160.49</b>     | <b>13,108.68</b> |
| Less: Provision for Credit Impaired   | -               | -  | -                  | 12.53         | 0.15         | 35.49             | 48.17            |
| Less: Provision for Expected Credit Loss                                      | -               | -  | -                  | -             | -            | -                 | 762.77           |
| <b>Total</b>  | <b>5,281.64</b> | <b>3,682.88</b>  | <b>3,130.30</b>    | <b>766.20</b> | <b>74.49</b> | <b>125.00</b>     | <b>12,297.74</b> |

As at March 31, 2021

| Particulars  | Not due         | Outstanding for following periods from due date of payment |                    |               |               |                   | Total            |
|--|-----------------|--|--------------------|---------------|---------------|-------------------|------------------|
|  |                 | Less than 6 months   | 6 Months to 1 year | 1-2 years     | 2-3 Years     | More than 3 years |                  |
| Undisputed Trade receivables –considered good                                | 6,710.78        | 2,100.18   | 507.16             | 294.06        | 214.60        | 83.61             | 9,910.39         |
| Undisputed Trade Receivables –which have significant increase in credit risk | -               | -  | 1.01               | 9.55          | 19.52         | 159.69            | 189.77           |
| Undisputed Trade Receivables –credit impaired                                | -               | -  | -                  | -             | -             | -                 | -                |
| Disputed Trade receivables –considered good                                  | -               | -  | -                  | -             | -             | -                 | -                |
| Disputed Trade Receivables –which have significant increase in credit risk   | -               | -  | -                  | -             | -             | -                 | -                |
| Disputed Trade Receivables – credit impaired                                 | -               | -  | -                  | -             | -             | -                 | -                |
| <b>Sub Total</b>   | <b>6,710.78</b> | <b>2,100.18</b>  | <b>508.17</b>      | <b>303.61</b> | <b>234.12</b> | <b>243.30</b>     | <b>10,100.16</b> |
| Less: Provision for Expected Credit Loss                                     | -               | -  | -                  | -             | -             | -                 | 614.70           |
| <b>Total</b>   | <b>6,710.78</b> | <b>2,100.18</b>  | <b>508.17</b>      | <b>303.61</b> | <b>234.12</b> | <b>243.30</b>     | <b>9,485.46</b>  |

## Note: 10 Cash and Cash Equivalents

| Particulars                             | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| <b>Cash and Cash Equivalents</b>        |                      |                      |
| Balances with Banks in Current Accounts | 199.88               | 465.19               |
| Cash in hand                            | 18.09                | 3.07                 |
| <b>Total</b>                            | <b>217.97</b>        | <b>468.26</b>        |

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

| Particulars                             | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Balances with Banks in Current Accounts | 199.88               | 465.19               |
| Cash on hand                            | 18.09                | 3.07                 |
| <b>Total</b>                            | <b>217.97</b>        | <b>468.26</b>        |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 11 Bank Balances other than Cash and Cash equivalents

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Balances with Bank in Monitoring Agency & Escrow Account | 378.99                  | -                       |
| Fixed Deposits with Bank*                                | 6,701.05                | 100.00                  |
| Fixed Deposits with Banks Pledged as Margin Money        | 296.06                  | 263.35                  |
| <b>Total</b>   | <b>7,376.10</b>         | <b>363.35</b>           |

\*Temporary deposits of IPO Proceeds

## Note: 12 Loans

| Particulars                         | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------------|-------------------------|-------------------------|
| <b>(Unsecured, Considered Good)</b> |                         |                         |
| Loans to Employees                  | 6.63                    | 4.92                    |
| <b>Total</b>                        | <b>6.63</b>             | <b>4.92</b>             |

## Note: 13. Other Current Financial Assets

| Particulars                           | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---------------------------------------|-------------------------|-------------------------|
| <b>( Unsecured, Considered Good )</b> |                         |                         |
| Interest Receivables                  | 106.73                  | 32.61                   |
| Government Grant Receivables          | -                       | 11.00                   |
| Security Deposits                     | 122.54                  | 18.59                   |
| Other Receivables                     | 9.73                    | 0.12                    |
| <b>Total</b>                          | <b>239.00</b>           | <b>62.32</b>            |

## Note: 14 Other Current Assets

| Particulars                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Advances to Suppliers, Considered Good | 2,451.14                | 1,729.15                |
| Balances with Government Authorities   | 230.44                  | 102.82                  |
| Export Incentive Receivables           | 26.47                   | 42.33                   |
| Prepaid Expenses                       | 65.37                   | 64.99                   |
| Others *                               | 16.60                   | 0.06                    |
| <b>Total</b>                           | <b>2,790.02</b>         | <b>1,939.35</b>         |

\* Others includes Export scripts in hand

## Note: 15 Equity Share Capital

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Authorised</b>  |                         |                         |
| 50,920,000 ( March 31, 2021 : 30,510,000) Equity Shares of Rs.10/- each. | 5,092.00                | 3,051.00                |
| 958,000 (March 31, 2021: 2,999,000) Preference Shares of Rs. 100/- each. | 958.00                  | 2,999.00                |
|  | <b>6,050.00</b>         | <b>6,050.00</b>         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 15 Equity Share Capital (Contd.)

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Issued</b>  |                         |                         |
| 39,000,061 (March 31, 2021 : 30,253,177) Equity Shares of Rs.10/- each fully paid up | 3,900.00                | 3,025.31                |
| <b>Subscribed and Paid up</b>  |                         |                         |
| 39,000,061 (March 31, 2021 : 29,853,177) Equity Shares of Rs.10/- each fully paid up | 3,900.00                | 2,985.31                |
| <b>Total</b>   | <b>3,900.00</b>         | <b>2,985.31</b>         |

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

| Particulars  | As at March 31, 2022 |                 | As at March 31, 2021 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | No. of Shares        | Amount          | No. of Shares        | Amount          |
| Shares outstanding at the beginning of the year                          | 29,853,177           | 2,985.31        | 28,412,670           | 2,841.26        |
| Add: Issue of Equity Shares (Refer Note No. 15.2 & 15.3 & 15.4 and 15.5) | 9,146,884            | 914.69          | 1,440,507            | 144.05          |
| <b>Shares outstanding at the end of the year</b>                         | <b>39,000,061</b>    | <b>3,900.00</b> | <b>29,853,177</b>    | <b>2,985.31</b> |

**15.2** On April 26, 2021, the Holding Company allotted 400,000 equity shares, Face Value of Rs.10 each at a premium of Rs.115/- per share on preferential basis. The expenses of Rs. 0.12 lakhs has been adjusted against Securities Premium.

**15.3** On July 9, 2021, the Holding Company allotted 7,12,598 equity shares of face value of Rs. 10 each at a premium of Rs. 150/- per share on preferential basis. The expenses of Rs. 1.35 lakhs has been adjusted against Securities Premium.

**15.4** The Holding Company has completed its Initial Public Offering (IPO) of 9,758,776 equity shares of face value of Rs.10 each for cash at an issue price of Rs. 175 per equity share aggregating to Rs. 17,077.85 Lakhs, consisting of Fresh Issue of 80,34,286 equity shares amounting to Rs. 14,060.00 Lakhs and an offer for sale of 1,724,490 equity shares amounting to Rs. 3,017.85 Lakhs by the Selling Shareholders. The Holding Company has incurred Rs. 1,778.23 Lakhs as IPO related expenses which are proportionately allocated between the Holding Company and Selling Shareholders as per respective offer size. The Holding Company's share of these expenses amounting to Rs. 1,264.18 Lakhs (net of deferred tax) has been adjusted against Securities Premium. On October 1, 2021, the equity shares of the Holding Company have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

As at March 31, 2022, an utilised IPO proceeds amounting to Rs. 6,600.00 Lakhs is temporarily invested in term deposits with scheduled commercial bank and Rs. 325.03 Lakhs are lying with monitoring agency account.

**15.5** During the previous year, the Holding Company allotted 507 and 1,440,000 Equity shares, face value of Rs. 10 each at a premium of Rs. 187 and Rs. 115 per share on preferential basis respectively.

**15.6** 2,53,12,670 (March 31, 2021 : 2,53,12,670) Shares were allotted in last five years pursuant to the schemes of Amalgamation and Bonus issue for the consideration other than cash.

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

| Name of Shareholders   | As at March 31, 2022 |                 | As at March 31, 2021 |                 |
|------------------------|----------------------|-----------------|----------------------|-----------------|
|                        | No of Shares held    | Percentage held | No of Shares held    | Percentage held |
| Mr. Sharad Virji Shah  | 7,274,840            | 18.65%          | 8,524,840            | 28.56%          |
| Mr. Munjal Sharad Shah | 9,858,137            | 25.28%          | 9,742,630            | 32.64%          |
| Mrs. Ami Munjal Shah   | 1,013,008            | 2.60%           | 1,941,580            | 6.50%           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 15 Equity Share Capital (Contd.)

### 15.8 Details of shares held by promoters in the Company.

| Name of Shareholders       | As at March 31, 2022 |                 | As at March 31, 2021 |                 | % Changes From<br>March 31, 2021 to<br>March 31, 2022 |
|----------------------------|----------------------|-----------------|----------------------|-----------------|---|
|                            | No of Shares held    | Percentage held | No of Shares held    | Percentage held |   |
| Mr. Sharad Virji Shah      | 7,274,840            | 18.65%          | 8,524,840            | 28.56%          | -9.90%  |
| Mr. Munjal Sharad Shah     | 9,858,137            | 25.28%          | 9,742,630            | 32.64%          | -7.36%  |
| Mrs. Ami Munjal Shah       | 1,013,008            | 2.60%           | 1,941,580            | 6.50%           | -3.91%  |
| Mr. Anish Hemant Mehta     | 1,420,630            | 3.64%           | 1,420,630            | 4.76%           | -1.12%  |
| Mrs. Kaajal Harsh Bhansali | 1,420,630            | 3.64%           | 1,420,630            | 4.76%           | -1.12%  |
| Ms. Anushka Munjal Shah    | 1,000,000            | 2.56%           | 1,000,000            | 3.35%           | -0.79%  |
| Ms. Jiwanshi Munjal Shah   | 1,000,000            | 2.56%           | 1,000,000            | 3.35%           | -0.79%  |
| Mrs. Niranjana Sharad Shah | 5                    | 0.00%           | 5                    | 0.00%           | 0.00%   |

### 15.9 Rights of Equity Shareholders

The Holding Company has only one class of equity shares having a face value of Rs. 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: 16 Other Equity

| Particulars   | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|---|----------------------|------------------|----------------------|------------------|
| <b>Capital Reserve</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   |                      | (808.36)         |                      | (808.36)         |
| <b>Securities Premium</b>   |                      |                  |                      |                  |
| Balance as per last Balance Sheet   | 4,315.35             |                  | 2,661.70             |                  |
| Add: On Issue of Equity shares (Refer Note No. 15.2 & 15.3 & 15.4 and 15.5) | 14,785.47            |                  | 1,656.95             |                  |
| Less: Expenses incurred for issue of Equity Shares (net of Taxes)*          | (1,265.65)           |                  | (3.30)               |                  |
|   |                      | <b>17,835.17</b> |                      | <b>4,315.35</b>  |
| <b>Revaluation Reserve</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   |                      | 4,183.09         |                      | 4,183.09         |
| <b>General Reserve</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   |                      | 11.92            |                      | 11.92            |
| <b>Retained Earnings</b>  |                      |                  |                      |                  |
| Balance as per last Balance Sheet   | 9,931.35             |                  | 8,358.79             |                  |
| Add: Movement In Non Controlling Interest                                   | 12.90                |                  | -                    |                  |
| Add: Profit after tax for the Year  | 2,704.31             |                  | 1,572.56             |                  |
|   |                      | <b>12,648.56</b> |                      | <b>9,931.35</b>  |
| <b>Other Comprehensive Income ( OCI )</b>                                   |                      |                  |                      |                  |
| Balance as per last Balance Sheet   | 44.83                |                  | 13.89                |                  |
| Add: Movement in OCI (Net) during the Year                                  | 0.33                 |                  | 30.94                |                  |
|   |                      | <b>45.16</b>     |                      | <b>44.83</b>     |
| <b>Total</b>  |                      | <b>33,915.54</b> |                      | <b>17,678.18</b> |

\* Include Rs 35.00 Lakhs paid to auditor (March 31, 2021: Rs. Nil)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 16 Other Equity (Contd.)

### Note No. 16.1 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: 17 Non Current Borrowings

| Particulars                  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------|-------------------------|-------------------------|
| <b>Secured</b>               |                         |                         |
| <b>Term Loans*</b>           |                         |                         |
| - From Banks                 | -                       | 1,889.35                |
| - From Financial Institution | -                       | 663.59                  |
| <b>Total</b>                 | <b>-</b>                | <b>2,552.94</b>         |

\* Net of Processing Fees of Rs. NIL (March 31, 2021 : Rs.5.13 Lakhs)

**17.1** The Term loans from banks by the Holding Company referred to above aggregating to Rs. Nil (March 31,2021 : Rs. 1890.38 Lakhs) and Rs. NIL (March 31,2021 : Rs. 765.17 Lakhs) included in current maturity of long Term Debts in Note No. 23 includes:

- (i) Rs. NIL (March 31, 2021 : Rs. 756.93 lakhs) was 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.
- (ii) Rs. NIL (March 31, 2021 : Rs. 177.50 lakhs) was 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.
- (iii) Rs. NIL (March 31, 2021 :Rs.150.94 lakhs) was secured by Hypothecation of Flow Forming Machine and further secured by collateral security of plant and machinery.
- (iv) Rs. NIL (March 31, 2021 :Rs. 65.91 lakhs) was hypothecated by Vacuume Epoxy Resin and Dosing Machine and further secured by collateral security of plant and machinery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 17 Non Current Borrowings (Contd.)

- (v) Rs. NIL (March 31, 2021 : Rs. 248.63 lakhs) was 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.
- (vi) Rs. NIL (March 31, 2021 : Rs.1140.12 lakhs) was 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.
- (vii) Rs. NIL (March 31, 2021 : Rs.115.52 lakhs) was secured by the way of Hypothecation of specific vehicle financed. 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.

**17.2** The Term loans from financial institution by the Holding Company referred to above aggregating to Rs. NIL ( March 31, 2021 : Rs. 667.69 Lakhs) and Rs. NIL ( March 31, 2021 : Rs. 142.89 Lakhs) included in current maturity in Note No. 23 includes:

- (i) Rs. NIL (March 31, 2021 : Rs.111.79 lakhs) was secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah.
- (ii) Rs. NIL (March 31, 2021 : Rs. 51.53 lakhs) was secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah.
- (iii) Rs. NIL (March 31, 2021 : Rs. 473.50 lakhs) was secured by 396/397A , TTC Industrial Area, Mahape, Navi Mumbai 400710, owned by Mr Sharad Shah.
- (iv) Rs. NIL (March 31, 2021 : Rs. 171.22 lakhs ) was secured by way of hypothecation/exclusive charge on specific Equipment finance.
- (v) Rs. NIL (March 31, 2021 : Rs.2.54 lakhs) was secured by the way of Hypothecation of specific vehicle financed. These vehicle loan accounts were 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.

**17.3** The Term loans from financial institution of Rs. NIL (March 31, 2021 : Rs. 244.79 lakhs ) was 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 Refer Note No. 23.

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

**17.5** During the year, the Holding company has pre- closed and repaid all the Non- current borrowings including current maturities to the banks and financial institutions.

## Note: 18 Lease Liabilities

| Particulars       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------|-------------------------|-------------------------|
| Lease Liabilities | -                       | 5.93                    |
| <b>Total</b>      | <b>-</b>                | <b>5.93</b>             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 18 Lease Liabilities (Contd.)

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

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Opening Balance</b>  | 12.15                   | 16.21                   |
| Add: Addition during the year   | -                       | 13.18                   |
| Add: Finance cost accrued during the year                                 | 1.15                    | 1.59                    |
| Less: Payment of Lease Liabilities  | 7.80                    | 7.30                    |
| Less: Reversal of Lease Liabilities pursuant to cancellation of agreement | 5.50                    | 11.53                   |
| <b>Closing Balance</b>  | <b>-</b>                | <b>12.15</b>            |

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

| Particulars            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------|-------------------------|-------------------------|
| Less than one year     | -                       | 6.22                    |
| One year to Five years | -                       | 5.93                    |
| More than five years   | -                       | -                       |
| <b>Total</b>           | <b>-</b>                | <b>12.15</b>            |

## Note: 19 Other Non-Current Financial Liabilities

| Particulars      | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------|-------------------------|-------------------------|
| Security Deposit | 10.05                   | -                       |
| <b>Total</b>     | <b>10.05</b>            | <b>-</b>                |

## Note: 20 Income Tax

20.1 Current Tax :

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--------------|--------------------------------------|--------------------------------------|
| Current Tax  | 1,009.46                             | 728.57                               |
| <b>Total</b> | <b>1,009.46</b>                      | <b>728.57</b>                        |

20.2 The major components of Tax Expense for the year ended March 31, 2022 & March 31, 2021 are as follows:

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Recognised in the Consolidated Statement of Profit and Loss</b>          |                                      |                                      |
| Current Tax (Refer Note No. 20.1)   | 1,009.46                             | 728.57                               |
| Deferred Tax:-Relating to origination and reversal of temporary differences | (59.88)                              | (46.17)                              |
| <b>Total</b>  | <b>949.58</b>                        | <b>682.40</b>                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 20 Income Tax (Contd.)

### 20.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended March 31, 2022 & March 31, 2021:

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Accounting Profit Before Tax   | 3,657.31                             | 2,261.01                             |
| Applicable tax rate (in %)   | 25.17%                               | 25.17%                               |
| Computed Tax Expenses  | 920.47                               | 569.05                               |
| <b>Tax effect on account of:</b>   |                                      |                                      |
| Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property | 30.99                                | (39.27)                              |
| Expenses not allowed under Income Tax Act  | 40.81                                | 182.77                               |
| Deduction allowed under Income Tax Act   | (38.55)                              | (23.64)                              |
| Brought Forward Loss adjusted in case of Indian Subsidiaries                                   | (1.75)                               | (6.23)                               |
| Others   | (2.39)                               | (0.28)                               |
| <b>Income tax Expenses recognised in the Consolidated Statement of Profit and Loss</b>         | <b>949.58</b>                        | <b>682.40</b>                        |

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

| Particulars  | Balance Sheet           |                         | Statement of Profit and Loss & Other Equity |                                      |
|--|-------------------------|-------------------------|---|--------------------------------------|
|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 | For the year ended<br>March 31, 2022        | For the year ended<br>March 31, 2021 |
| Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property | 2,504.48                | 2,518.83                | (14.35)                                     | (13.61)                              |
| Financial Instrument-assets  | (189.61)                | (154.71)                | (34.90)                                     | (29.02)                              |
| IPO issue expenses   | (141.54)                | -                       | (141.54)                                    | -                                    |
| Items disallowed as per Income Tax Act, 1961   | (61.02)                 | (50.13)                 | (10.89)                                     | 7.00                                 |
| <b>Deferred Tax Liabilities / (Assets)</b>   | <b>2,112.31</b>         | <b>2,313.99</b>         | <b>(201.68)</b>                             | <b>(35.63)</b>                       |

### 20.5 Reconciliation of Deferred Tax Liabilities (Net):

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Opening Balance at the beginning of the year</b>  | 2,313.99                | 2,349.62                |
| Deferred Tax Expenses/(Income) recognised in the Consolidated Statement of Profit and Loss | (59.88)                 | (46.17)                 |
| Deferred Tax Expenses/(Income) recognised in OCI   | (0.26)                  | 10.54                   |
| Deferred Tax Expenses/(Income) recognised in Securities Premium                            | (141.54)                | -                       |
| <b>Closing Balance at the end of the year</b>  | <b>2,112.31</b>         | <b>2,313.99</b>         |

## Note: 21 Non-Current Provision

| Particulars                                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Provision for Gratuity (Refer Note No. 32) | 133.34                  | 119.33                  |
| <b>Total</b>                               | <b>133.34</b>           | <b>119.33</b>           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note 22 Other Non Current liabilities

| Particulars                             | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Unamortised Portion of Security deposit | 12.33                   | -                       |
| <b>Total</b>                            | <b>12.33</b>            | <b>-</b>                |

## Note 23 Current Financial Liabilities - Borrowings

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Secured</b>  |                         |                         |
| Working Capital Rupee Loans from Banks  | 3,044.25                | 4,319.82                |
| Current Maturities of Long Term Debts   | -                       | 1,003.34                |
| Liabilities directly associated with Assets classified as Held for Sale                           | -                       | 244.79                  |
| Buyers Credit   | 58.20                   | -                       |
| <b>Unsecured</b>  |                         |                         |
| NIL (March 31, 2021: 13,97,000)- 0.01% Optionally Convertible Preference Shares of Rs. 100/- each | -                       | 1,573.56                |
| Loans From Related Parties (Refer Note No. 38 )   | 5.50                    | 910.42                  |
|   | <b>5.50</b>             | <b>2,483.98</b>         |
| <b>Total</b>  | <b>3,107.95</b>         | <b>8,051.93</b>         |

**23.1** The working capital Loans from banks includes:

- (i) Rs. 1473.14 Lakhs (March 31, 2021: Rs. 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 Ambarnath Industrial Area, Ambarnath-421506, Maharashtra, India of the Holding Company.
- (ii) Rs. 1439.49 Lakhs (March 31, 2021 Rs. 2810.97 Lakhs) taken by Holding Company, secured by Pari Passu Charge on all existing and future current assets / movable fixed assets and Collateral Security of 1) Premises no. 103, 1st floor, veena industrial premises Co-op soc. Ltd, Plot no. B-61, veera desai road, Andheri W, Mumbai 400058. 2) Unit no. 115, 1st floor, veena Industrial premises Co-op Soc Ltd, Plot no. B 61, 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.
- (iii) Rs.189.82 Lakhs (March 31, 2021: Rs. Nil) is secured by all existing and future current assets of the Subsidiary Company and Property, Plant and Equipment of the Subsidiary Company situated at Navi Mumbai and lien on fixed deposits Rs. 100 lakhs of the Subsidiary Company. The working facilities carries interest rate @ MCLR+0.65.

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

**23.3** During the previous year, the Company issued and allotted 29,99,000, 0.01% Optionally Convertible Preference Shares ("OCPS") having face value of Rs. 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. During the year the Company has redeemed remaining OCPS and major terms and condition were as below.

- 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note 23 Current Financial Liabilities - Borrowings (Contd.)

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 disbursement of funds. The conversion option shall be exercised by the Investor any time after 48 months and/or 60 months after the date of disbursement 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 promoters 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:
- 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").
  - 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").
  - 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.

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

| Name of Shareholders  | As at March 31, 2022 |                 | As at March 31, 2021 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | 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 CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note 23 Current Financial Liabilities - Borrowings (Contd.)

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

| Particulars                                      | As at March 31, 2022 |            | As at March 31, 2021 |                 |
|--|----------------------|------------|----------------------|-----------------|
|  | No. of OCPS          | Amount     | No. of OCPS          | Amount          |
| Shares outstanding at the beginning of the year  | 1,397,000            | 1,397.00   | -                    | -               |
| Add: Issue of Preference Shares                  | -                    | -          | 2,999,000            | 2,999.00        |
| Less: Redemption of Preference Shares*           | (13,97,000)*         | (1,397.00) | (16,02,000)#         | (1,602.00)      |
| <b>Shares outstanding at the end of the year</b> | <b>-</b>             | <b>-</b>   | <b>1,397,000</b>     | <b>1,397.00</b> |

\* During the year, Pursuant to the resolution passed by the Board of Directors in its meeting held on April 26, 2021 & July 29, 2021 and consented by the Preference Shareholders, the Holding Company has redeemed 4,39,000 & 9,58,000 0.01 % Optionally Convertible Preference Shares of Rs. 100 each at a premium of Rs. 14.40 & 19.25 per share out of the proceeds of fresh equity shares of the Holding Company, respectively.

# During the previous year, Pursuant to the resolution passed by the Board of Directors in its meeting held on March 26, 2021 and consented by the Preference Shareholders, the Holding 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 fresh equity shares of the Holding Company.

## Note: 24 Lease Liabilities

| Particulars       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------|-------------------------|-------------------------|
| Lease Liabilities | -                       | 6.22                    |
| <b>Total</b>      | <b>-</b>                | <b>6.22</b>             |

## Note: 25 Trade Payables

| Particulars                         | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|-------------------------------------|-------------------------|-------------------------|
| Micro, Small and Medium Enterprises | 135.92                  | 93.89                   |
| Others                              | 1,391.28                | 1,438.26                |
| <b>Total</b>                        | <b>1,527.20</b>         | <b>1,532.15</b>         |

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

Micro, Small and Medium Enterprises (MSME) under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Company and the required disclosures are given below :

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 135.92                  | 93.89                   |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | 4.40                    | 2.93                    |
| (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  | 4.40                    | 2.93                    |
| (vi) The amount of Further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                       | -                       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 25 Trade Payables (Contd.)

**Trade Payable Ageing Schedules as at March 31, 2022 and March 31, 2021 are as below :-**
**As at March 31, 2022**

| Particulars       | Not due       | Outstanding from due date of payment as at March 31, 2022 |              |              |                   |                 |
|-------------------|---------------|---|--------------|--------------|-------------------|-----------------|
|                   |               | Less than 1 Year  | 1-2 years    | 2-3 Years    | More than 3 years | Total           |
| MSME              | 72.89         | 53.22   | 0.99         | 8.82         | -                 | 135.92          |
| Others            | 609.30        | 605.16  | 59.21        | 75.89        | 41.72             | 1,391.28        |
| Disputed - MSME   | -             | -   | -            | -            | -                 | -               |
| Disputed - Others | -             | -   | -            | -            | -                 | -               |
| <b>Total</b>      | <b>682.19</b> | <b>658.38</b>   | <b>60.20</b> | <b>84.71</b> | <b>41.72</b>      | <b>1,527.20</b> |

**As at March 31, 2021**

| Particulars       | Not due       | Outstanding from due date of payment as at March 31, 2021 |               |              |                   |                 |
|-------------------|---------------|---|---------------|--------------|-------------------|-----------------|
|                   |               | Less than 1 Year  | 1-2 years     | 2-3 Years    | More than 3 years | Total           |
| MSME              | 31.00         | 52.16   | 9.49          | 1.24         | -                 | 93.89           |
| Others            | 627.03        | 483.64  | 222.57        | 25.87        | 79.15             | 1,438.26        |
| Disputed - MSME   | -             | -   | -             | -            | -                 | -               |
| Disputed - Others | -             | -   | -             | -            | -                 | -               |
| <b>Total</b>      | <b>658.03</b> | <b>535.80</b>   | <b>232.06</b> | <b>27.11</b> | <b>79.15</b>      | <b>1,532.15</b> |

## Note 26 Other Current Financial Liabilities

| Particulars                  | As at March 31, 2022 | As at March 31, 2021 |
|------------------------------|----------------------|----------------------|
| Interest Accrued and due     | 4.36                 | 2.93                 |
| Interest Accrued but not due | 43.65                | 62.86                |
| Creditors for Capital Goods  | 51.88                | 37.42                |
| Security Deposit             | 0.50                 | -                    |
| Other Payables *             | 257.54               | 167.89               |
| <b>Total</b>                 | <b>357.93</b>        | <b>271.10</b>        |

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

## Note: 27 Other Current Liabilities

| Particulars             | As at March 31, 2022 | As at March 31, 2021 |
|-------------------------|----------------------|----------------------|
| Advances from Customers | 32.36                | 9.04                 |
| Statutory Liabilities   | 25.16                | 28.71                |
| Others *                | 3.44                 | 23.00                |
| <b>Total</b>            | <b>60.96</b>         | <b>60.75</b>         |

\* Received against Assets classified as Held for Sale and Unamortised portion of Security Deposit.

## Note 28 Current Provision

| Particulars                                | As at March 31, 2022 | As at March 31, 2021 |
|--|----------------------|----------------------|
| Provision for Gratuity (Refer Note No. 32) | 20.65                | 14.80                |
| <b>Total</b>                               | <b>20.65</b>         | <b>14.80</b>         |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 29 Revenue From Operations

| Particulars                        | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------------------------------|--------------------------------------|--------------------------------------|
| Sale of Products                   | 17,629.81                            | 14,186.43                            |
| Sale of Services / Job Work Income | 622.27                               | 146.56                               |
| Other Operating revenue            | 4.16                                 | -                                    |
| <b>Total</b>                       | <b>18,256.24</b>                     | <b>14,332.99</b>                     |

### 29.1 Revenue Disaggregation by type of Products and Services as follows :

| Particulars            | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|------------------------|--------------------------------------|--------------------------------------|
| Heavy Engineering      | 4,185.58                             | 3,777.51                             |
| Defence & Space Optics | 9,237.22                             | 6,493.45                             |
| Defence Electronics    | 4,833.44                             | 4,062.03                             |
| <b>Total</b>           | <b>18,256.24</b>                     | <b>14,332.99</b>                     |

### 29.2 Revenue disaggregation by geography is as follows:

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------|--------------------------------------|--------------------------------------|
| India         | 15,931.96                            | 11,915.47                            |
| Outside India | 2,324.28                             | 2,417.52                             |
| <b>Total</b>  | <b>18,256.24</b>                     | <b>14,332.99</b>                     |

### 29.3 Reconciliation of Revenue from Operations with Contract Price:

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Contract Price   | 18,246.23                            | 14,259.25                            |
| Exchange rate variance linked consideration (Net)      | 10.01                                | 79.33                                |
| Reduction towards variable considerations components * | -                                    | 5.59                                 |
| <b>Total</b>   | <b>18,256.24</b>                     | <b>14,332.99</b>                     |

\*Reduction towards variable considerations components of volume discounts

## Note: 30 Other Income

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest Income from Financial assets measured at amortised cost            |                                      |                                      |
| On Fixed Deposits with Banks  | 132.10                               | 22.19                                |
| On Others   | 1.79                                 | 2.15                                 |
| Rent Income   | 16.50                                | -                                    |
| Export Incentives   | 90.60                                | 47.36                                |
| Reversal of Provision for Doubtful Advance                                  | -                                    | 50.00                                |
| Profit on sale of Property, Plant and Equipment (Net)                       | -                                    | 3.88                                 |
| Gain on Financial Instruments measured at fair value through profit or loss | 47.05                                | -                                    |
| Miscellaneous Income  | 9.13                                 | 1.97                                 |
| <b>Total</b>  | <b>297.17</b>                        | <b>127.55</b>                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 31 Changes In Inventories Of Finished Goods, Work-In-Progress and Stock-In-Trade

| Particulars                                 | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Closing Inventories</b>                  |                                      |                                      |
| Finished Goods                              | 95.17                                | 396.82                               |
| Work-in-Progress                            | 4,465.17                             | 4,072.33                             |
| Stock in Trade                              | -                                    | 34.37                                |
|   | <b>4,560.34</b>                      | <b>4,503.52</b>                      |
| <b>Opening Inventories</b>                  |                                      |                                      |
| Finished Goods                              | 396.82                               | 629.82                               |
| Work-in-Progress                            | 4,072.33                             | 3,060.23                             |
| Stock in Trade                              | 34.37                                | 9.07                                 |
|   | <b>4,503.52</b>                      | <b>3,699.12</b>                      |
| <b>(Increase) / Decrease in Inventories</b> | <b>(56.82)</b>                       | <b>(804.40)</b>                      |

## Note: 32 Employee Benefit Expenses

| Particulars                               | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Salaries, Wages & Allowances              | 1,347.71                             | 1,061.19                             |
| Contribution to Provident and Other Funds | 36.78                                | 37.91                                |
| Welfare and Other Amenities               | 96.80                                | 74.67                                |
| <b>Total</b>                              | <b>1,481.29</b>                      | <b>1,173.77</b>                      |

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

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>(a) Contribution to Defined Contribution Plan, recognised as expense for the year are as under</b> |                                      |                                      |
| Employer's Contribution to Provident Fund and ESIC  | 6.75                                 | 5.88                                 |

### (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<br>March 31, 2022                      | As at<br>March 31, 2021                      |
|------------------------------|--|--|
| <b>Actuarial Assumptions</b> |  |  |
| Mortality Table              | Indian Assured Lives Mortality (2012-14) Ult | Indian Assured Lives Mortality (2012-14) Ult |
| Salary growth                | 9.00%  | 9.00%  |
| Discount rate                | 6.84%  | 6.97%  |
| Withdrawal Rate              | 11.00%                                       | 7.00%  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 32 Employee Benefit Expenses (Contd.)

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>Movement in present value of Defined Benefit Obligation</b>    |                         |                         |
| Defined Benefit Obligations at the beginning of the year          | 134.13                  | 144.96                  |
| Current Service Cost  | 20.37                   | 21.97                   |
| Interest Cost   | 9.54                    | 9.95                    |
| Actuarial Loss / (Gain)   | 1.05                    | (41.87)                 |
| Benefits Paid   | (11.10)                 | (0.88)                  |
| <b>Defined Benefit Obligations at the end of the year</b>         | <b>153.99</b>           | <b>134.13</b>           |
| Non- Current - Rs. 133.34 lakhs (March 31, 2021 Rs. 119.33 Lakhs) |                         |                         |
| Current - Rs. 20.65 lakhs (March 31, 2021 Rs. 14.80 Lakhs)        |                         |                         |
| <b>Expense recognised in the Statement of Profit and Loss</b>     |                         |                         |
| Current Service Cost  | 20.37                   | 21.97                   |
| Interest on Defined Benefit Obligations                           | 9.54                    | 9.95                    |
| <b>Total included in "Remuneration and Benefits to Employees"</b> | <b>29.91</b>            | <b>31.92</b>            |
| <b>Remeasurements (recognised in Other Comprehensive Income)</b>  |                         |                         |
| Effect of changes in financial assumptions                        | 1.26                    | (2.92)                  |
| Effect of changes in demographic assumptions                      | (8.25)                  | -                       |
| Effect of experience adjustments                                  | 8.04                    | (38.95)                 |
| <b>Amount recognised in OCI, at the end of the Year</b>           | <b>1.05</b>             | <b>(41.87)</b>          |

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

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Present Value of Obligations at the end of the year                 | 153.99                  | 134.13                  |
| Less: Fair Value of Plan Assets at the end of the year              | -                       | -                       |
| <b>Net Obligations / (Assets) recognised at the end of the year</b> | <b>153.99</b>           | <b>134.13</b>           |

- (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.

## 32.2 Sensitivity Analysis

| Particulars                               | As at<br>March 31, 2022                        | As at<br>March 31, 2021                        |
|---|--|--|
|   | Effect on Gratuity<br>Increase /<br>(Decrease) | Effect on Gratuity<br>Increase /<br>(Decrease) |
| Discount Rate + 100 basis points          | (9.16)   | (10.29)  |
| Discount Rate - 100 basis points          | 10.37  | 11.90  |
| Salary Escalation Rate + 100 basis points | 11.37  | 7.42   |
| Salary Escalation Rate - 100 basis points | (10.36)  | (6.43)   |
| Withdrawal Rate+100 basis points          | (1.69)   | 0.57   |
| Withdrawal Rate-100 basis points          | 1.86   | (0.74)   |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the Projected Unit Credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 32 Employee Benefit Expenses (Contd.)

### 32.3 Expected payments towards contributions to Gratuity in future years :

| Year Ended                 | Expected Payment |
|----------------------------|------------------|
| 31st March, 2023           | 20.66            |
| 31st March, 2024           | 13.02            |
| 31st March, 2025           | 14.89            |
| 31st March, 2026           | 17.99            |
| 31st March, 2027           | 15.32            |
| 31st March, 2028 and above | 63.07            |

### 32.4 Risk exposures

These plans typically expose the company to actuarial risks as, Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate, Mortality / Disability.

#### Salary Risk

Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

#### Discount rate

In case the yield on the government bonds drops in the future period then it may result in increase in the liability.

#### Employee Turnover rate/Withdrawal rate

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

#### Mortality / Disability

Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

## Note: 33 Finance Costs

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Interest Expenses on Financial Liabilities measured at amortised cost | 651.28                               | 1,175.10                             |
| Interest Expenses on Lease Liabilities                                | 1.15                                 | 1.58                                 |
| Other Borrowing Costs (Refer Note No. 33.1)                           | 130.61                               | 64.25                                |
| <b>Total</b>  | <b>783.04</b>                        | <b>1,240.93</b>                      |

33.1 Above includes, Interest of Rs. 58.12 lakhs ( March 31, 2021: Rs. 50.03 Lakhs) on late payment of Advance Tax.

## Note: 34 Depreciation And Amortisation Expenses

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Depreciation of Property, Plant and Equipment (Refer Note No. 2) | 958.75                               | 910.46                               |
| Depreciation of Investment Property (Refer Note No. 3)           | 28.66                                | -                                    |
| Amortisation of Intangible Assets (Refer Note No. 4)             | 54.92                                | 54.90                                |
| <b>Total</b>   | <b>1,042.33</b>                      | <b>965.36</b>                        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 35 Other Expenses

| Particulars   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Manufacturing Expenses</b>                               |                                      |                                      |
| Consumables, Stores and Spares Consumed                     | 706.68                               | 364.14                               |
| Power and Fuel  | 286.89                               | 247.98                               |
| Labour Charges  | 501.70                               | 388.70                               |
| Repairs and Maintenance - Others                            | 61.21                                | 85.30                                |
| Job Processing charges                                      | 174.63                               | 131.75                               |
| Other Manufacturing Expenses                                | 84.51                                | 49.98                                |
|   | <b>1,815.62</b>                      | <b>1,267.85</b>                      |
| <b>Selling and Distribution Expenses</b>                    |                                      |                                      |
| Advertisement and Business Promotion                        | 55.34                                | 30.76                                |
| Packing & Forwarding Expenses                               | 25.17                                | 15.94                                |
| Freight Outward   | 50.55                                | 24.19                                |
| Others  | 1.59                                 | 2.86                                 |
|   | <b>132.65</b>                        | <b>73.75</b>                         |
| <b>Administrative Expenses</b>                              |                                      |                                      |
| Insurance   | 36.46                                | 36.89                                |
| Rent  | 38.46                                | 33.32                                |
| Rates and Taxes   | 30.00                                | 21.48                                |
| Printing and Stationery                                     | 18.31                                | 11.61                                |
| Communication Expenses                                      | 8.12                                 | 6.45                                 |
| Travelling and Conveyance                                   | 221.20                               | 83.19                                |
| Legal and Professional Charges                              | 115.12                               | 105.37                               |
| Payment to Auditors (Refer Note No. 35.1)                   | 67.40                                | 61.75                                |
| Security Expenses   | 24.55                                | 24.53                                |
| Office Expenses   | 66.65                                | 36.38                                |
| Director Sitting fees                                       | 30.50                                | 21.00                                |
| Postages and Courier  | 36.83                                | 24.41                                |
| Miscellaneous Expenses                                      | 108.28                               | 126.54                               |
|   | <b>801.88</b>                        | <b>592.92</b>                        |
| <b>Other Expenses</b>                                       |                                      |                                      |
| Bank Charges  | 58.30                                | 67.34                                |
| Bad Debts / Advances written off (Net)                      | 234.16                               | 13.08                                |
| Provision for Credit Impaired                               | 48.17                                | -                                    |
| Provision for Expected Credit Loss                          | 147.91                               | 115.30                               |
| Donation  | 5.61                                 | 1.23                                 |
| Corporate Social Responsibility Expenditure (Refer Note 39) | 48.03                                | 53.50                                |
| Impairment loss on Assets held for sale                     | -                                    | 7.16                                 |
| Loss on sale/ discard of Assets                             | 5.53                                 | -                                    |
| Loss on Foreign Currency Fluctuations (Net)                 | 3.07                                 | 21.18                                |
| Late Delivery charges                                       | 113.00                               | 75.13                                |
|   | <b>663.78</b>                        | <b>353.92</b>                        |
| <b>Total</b>  | <b>3,413.93</b>                      | <b>2,288.44</b>                      |

### 35.1 Break-up of Payment to Auditors :

| Particulars                   | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|-------------------------------|--------------------------------------|--------------------------------------|
| For Statutory Audit           | 39.06                                | 35.75                                |
| For Quarterly Review Fees     | 17.50                                | -                                    |
| For Tax Audit                 | 9.00                                 | 6.00                                 |
| For Certification charges     | 1.40                                 | -                                    |
| For Reimbursement of Expenses | 0.44                                 | -                                    |
| For Other Service *           | -                                    | 20.00                                |
| <b>Total</b>                  | <b>67.40</b>                         | <b>61.75</b>                         |

\* Fee for the restated consolidated financial information

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 36 Earnings Per Share

| Particulars                                       | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Basic Earnings Per Share</b>                   |                                      |                                      |
| Profit for the year                               | 2,707.73                             | 1,578.61                             |
| Weighted average number of Equity Shares (Nos.)   | 3,47,95,258                          | 2,84,36,662                          |
| Basic Earnings Per Share of Rs.10/- each          | 7.78                                 | 5.55                                 |
| <b>Diluted Earnings Per Share</b>                 |                                      |                                      |
| Amount available for calculation of Diluted EPS   | 2,707.73                             | 1,578.61                             |
| Weighted average number of Equity Shares (Nos.)   | 3,47,95,258                          | 2,84,36,662                          |
| Add : Potential number of Equity Shares           | -                                    | -                                    |
| No. of shares used for calculation of Diluted EPS | 3,47,95,258                          | 2,84,36,662                          |
| Diluted Earnings Per Share of Rs.10/- each        | 7.78                                 | 5.55                                 |

## Note:37 Contingent Liabilities and Commitments

| Particulars   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>A Contingent Liabilities</b> (to the extend not provided for) Claims against the Company not acknowledged as debts |                         |                         |
| <b>I Disputed Liabilities in Appeal (No Cash outflow is expected in the near future)</b>                              |                         |                         |
| Income Tax*   | 86.44                   | 88.74                   |
| Customs Act   | 12.00                   | 12.00                   |
| <b>II Guarantees</b>  |                         |                         |
| Guarantees given by the Company's Bankers<br>(Bank guarantees are provided under contractual / legal obligation)      | 1,987.03                | 2,122.21                |
| <b>III Letter of Credit Outstanding</b>   |                         |                         |
| Letters of Credit opened in favour of Suppliers   | 392.70                  | 547.99                  |
| <b>B Capital Commitments</b>  |                         |                         |
| Estimated amount of contracts to be executed on capital account not provided for                                      | 232.72                  | 62.34                   |
| Commitment towards EPCG License   | 349.69                  | 349.69                  |

\*During the previous year, Holding company has received the assessment order u/s 143(3) from the Income Tax department, however since there were errors in the said order, the Company has filed the rectification application under section 154 of the Income Tax Act, 1961, accordingly no contingent liability disclosed for the same.

**C** Management is of the view that the above litigation will not impact significantly the financial position of the group.

## Note:38 Related Party Disclosures

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reporting year, are as detailed below:

### List of Related Parties :

#### I Associate

- i Krasny Paras Defence Technologies Private Limited (w.e.f. January 10, 2022)

#### II Key Managerial Personnel

- i Mr. Sharad Shah (Non-Executive Director)
- ii Mr. Munjal Sharad Shah (Managing Director)
- iii Mrs. Shilpa Amit Mahajan (Whole-time Director)
- iv Mr. Harsh Bhansali (Chief Financial Officer)
- v Mr. Ajit Sharma (Company Secretary)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:38 Related Party Disclosures : (Contd.)

### III Key Managerial Personnel Relatives

- i Mrs. Ami Munjal Shah
- ii Mrs. Niranjana Shah
- iii Mrs. Kaajal Bhansali
- iv Mr. Anish Mehta
- v Mr. Amit Mahajan

### IV Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year :

- i Defspace Technologies Private Limited
- ii Drona Studios Private Limited

#### A. Transactions with Related Parties :

| Nature of Transactions                          | Name of the Related Parties                       | 2021-22  | 2020-21 |
|---|---|----------|---------|
| <b>Transactions with Associate:</b>             |   |          |         |
| <b>Purchase of Investment</b>                   | Krasny Paras Defence Technologies Private Limited | 4.75     | -       |
| <b>Transactions with other Related Parties:</b> |   |          |         |
| <b>Director Sitting Fees</b>                    | Mr. Sharad Shah                                   | 6.50     | 5.00    |
| <b>Managerial Remuneration</b>                  | Mr. Munjal Sharad Shah                            | 60.00    | 60.27   |
|   | Mrs. Shilpa Amit Mahajan                          | 16.04    | 13.72   |
|   | Mr. Harsh Bhansali                                | 24.19    | 18.03   |
|   | Mr. Ajit Sharma                                   | 13.50    | 10.58   |
| <b>Salary to relatives</b>                      | Mrs. Kaajal Bhansali                              | 24.85    | 15.43   |
|   | Mrs. Ami Munjal Shah                              | 36.00    | 34.85   |
|   | Mr. Amit Mahajan                                  | 16.40    | 14.15   |
|   | Mr. Anish Mehta                                   | 21.15    | 9.78    |
| <b>Advance to Employee Recovered</b>            | Mr. Anish Mehta                                   | -        | 2.76    |
| <b>Rent Expense</b>                             | Mr. Munjal Sharad Shah                            | 5.10     | 4.80    |
| <b>Lease Rent</b>                               | Defspace Technologies Private Limited             | 0.25     | -       |
| <b>Loans Taken</b>                              | Mr. Munjal Sharad Shah                            | 1,466.35 | 435.79  |
|   | Mr. Sharad Shah                                   | -        | 7.00    |
| <b>Loans Repaid</b>                             | Mr. Munjal Sharad Shah                            | 2,371.27 | 985.52  |
|   | Mr. Sharad Shah                                   | -        | 24.97   |
| <b>Sales</b>                                    | Drona Studios Private Limited                     | 68.30    | -       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:38 Related Party Disclosures : (Contd.)

### B. Balances with Related Parties:

| Name of Related Parties  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Balance with Associate Companies:</b>                           |                         |                         |
| <b>Investment</b>  |                         |                         |
| Krasny Paras Defence Technologies Pvt Ltd                          | 4.75                    | -                       |
| <b>Balance with other Related Parties:</b>                         |                         |                         |
| <b>Current-Borrowings - Loan</b>                                   |                         |                         |
| Mr. Munjal S. Shah   | 5.50                    | 910.42                  |
| <b>Other Payable (Rent Payable)</b>                                |                         |                         |
| Mr. Munjal S. Shah   | 0.45                    | 0.37                    |
| <b>Other Payables (Salary &amp; Director Sitting Fees Payable)</b> |                         |                         |
| Mr. Munjal S. Shah   | 2.24                    | 4.63                    |
| Mrs. Ami Munjal Shah   | 2.40                    | 0.97                    |
| Mrs. Shilpa Mahajan  | 1.30                    | 0.89                    |
| Mr. Harsh Bhansali   | 0.03                    | 0.21                    |
| Mrs. Kaajal Bhansali   | 0.50                    | 2.37                    |
| Mr. Amit Mahajan   | 1.25                    | 1.08                    |
| Mr. Anish Mehta  | 0.15                    | 1.42                    |
| Mr. Ajit Sharma  | 1.03                    | 0.80                    |
| Mr. Sharad Virji Shah  | 0.45                    | -                       |
| <b>Trade Receivable</b>  |                         |                         |
| Drona Studios Private Limited                                      | 54.28                   | -                       |
| <b>Other Receivable</b>  |                         |                         |
| Defespace Technologies Private Limited                             | 0.30                    | -                       |

### C. Compensation to Key Management Personnel of the Company

| Particulars   | 2021-22       | 2020-21      |
|---|---------------|--------------|
| <b>Nature of transaction</b>                          |               |              |
| Short-term employee benefits                          | 113.73        | 102.60       |
| Post-employment benefits                              | 3.76          | (13.22)      |
| <b>Total compensation to Key Management Personnel</b> | <b>117.49</b> | <b>89.38</b> |

## Note:39 Expenditure related to Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 read with Schedule VII.

- 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 Rs. 47.34 lakhs (March 31, 2021 : Rs 53.32 Lakhs)
- Expenditure incurred related to Corporate Social Responsibility is Rs. 48.03 Lakhs (March 31, 2021 : Rs 53.50 Lakhs)
- Amount shortfall Rs Nil (March 31, 2021: Rs Nil)

### Details of Expenditure incurred towards CSR given below:

| Particulars  | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Environmental Sustainability and Animal Welfare                            | 46.76                                | -                                    |
| Health Care, Sanitation and providing Drinking Water (Refer Note no 39.1 ) | 1.27                                 | 53.50                                |
| <b>Total</b>   | <b>48.03</b>                         | <b>53.50</b>                         |

**39.1** During the year, the company has contributed Rs. 46.76 lakhs to a charitable trust which has provided a certificate stating that the unspent amount of Rs. 17.22 lakhs will be utilised towards its objects within 6 months from the year ended March 31, 2022.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:40 Fair Values

### 40.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets and liabilities that are recognised in the financial statements.

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

| Particulars  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Financial Assets designated at Fair Value through profit and loss:-</b> |                         |                         |
| - Investments  | 347.58                  | 112.58                  |

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

| Particulars   | As at March 31, 2022 |                  | As at March 31, 2021 |                  |
|---|----------------------|------------------|----------------------|------------------|
|   | Carrying Value       | Fair Value       | Carrying Value       | Fair Value       |
| <b>Financial Assets :</b>                                   |                      |                  |                      |                  |
| <b>Financial Assets designated at Amortised Cost:-</b>      |                      |                  |                      |                  |
| - Trade Receivables   | 12,297.74            | 12,297.74        | 9,485.46             | 9,485.46         |
| - Cash and cash equivalents                                 | 217.97               | 217.97           | 468.26               | 468.26           |
| - Bank Balance other than Cash and Cash Equivalents         | 7,376.10             | 7,376.10         | 363.35               | 363.35           |
| - Loans   | 6.63                 | 6.63             | 4.92                 | 4.92             |
| - Others  | 322.88               | 322.88           | 251.94               | 251.94           |
| <b>Total</b>  | <b>20,221.32</b>     | <b>20,221.32</b> | <b>10,573.93</b>     | <b>10,573.93</b> |
| <b>Financial Liabilities :</b>                              |                      |                  |                      |                  |
| <b>Financial Liabilities designated at Amortised Cost:-</b> |                      |                  |                      |                  |
| - Borrowings  | 3,107.95             | 3,107.95         | 10,604.87            | 10,604.87        |
| - Lease Liabilities   | -                    | -                | 12.15                | 12.15            |
| - Trade Payable   | 1,527.20             | 1,527.20         | 1,532.15             | 1,532.15         |
| - Other Financial Liabilities                               | 367.98               | 367.98           | 271.10               | 271.10           |
| <b>Total</b>  | <b>5,003.13</b>      | <b>5,003.13</b>  | <b>12,420.27</b>     | <b>12,420.27</b> |

### 40.2 Fair Valuation techniques used to determine Fair Value

The Group maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the Fair Values:

- Fair Value of Cash and Cash Equivalents, Other Bank Balances, Trade Receivable, Trade Payables, Current Loans, Current Borrowings, and other Current Financial Assets and Liabilities are approximate at their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of Non-Current Borrowings and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.
- The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:40 Fair Values (Contd.)

### 40.3 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:-

- i) **Level 1** :- Quoted prices / published Net Assets Value (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the Balance Sheet date and financial instruments like mutual funds for which Net Assets Value is published by mutual fund operators at the Balance Sheet date.
- ii) **Level 2** :- Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Group specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- iii) **Level 3** :- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides hierarchy of the fair value measurement of Group's asset and liabilities, grouped into Level 1 (Quoted prices in active markets), Level 2 (Significant observable inputs) and Level 3 (Significant unobservable inputs) as described below:

| Particulars  | As at March 31, 2022 |         |         |
|--|----------------------|---------|---------|
|  | Level 1              | Level 2 | Level 3 |
| <b>Financial Assets</b>  |                      |         |         |
| <b>Financial Assets designated at Fair Value through profit and loss:-</b> |                      |         |         |
| Investments in Equity of Co-operative Bank                                 | -                    | -       | # 5.00  |
| Investment in Equity Shares & 0% Optionally Convertible Security           | -                    | -       | 342.58  |

| Particulars  | As at March 31, 2021 |         |         |
|--|----------------------|---------|---------|
|  | Level 1              | Level 2 | Level 3 |
| <b>Financial Assets</b>  |                      |         |         |
| <b>Financial Assets designated at Fair Value through profit and loss:-</b> |                      |         |         |
| Investments in Equity of Co-operative Bank                                 | -                    | -       | # 5.00  |
| Investment in Equity Shares & 0% Optionally Convertible Security           | -                    | -       | 107.58  |

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2022 and March 31, 2021

| Particulars   | As at March 31, 2022 | Valuation Technique                        | Input used                                 |
|---|----------------------|--|--|
| <b>Financial Assets designated at fair value through profit and loss:-</b>  |                      |  |  |
| - Investment in unlisted equity shares & 0% Optionally Convertible Security | 342.58               | Based on professional valuer's certificate | Enterprises Value/ revenue Multiple Method |

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

# since the investments under level 3 of the fair value hierarchy as at March 31, 2022 and March 31, 2021 category are not material, therefore the disclosure for the same is not given.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 41 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. 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.

### 41.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis relate to the position as at March 31, 2022 and March 31, 2021.

#### Foreign Currency Exchange Risk and Sensitivity

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Group's operating activities and its Investment. The Group transacts business primarily in USD and Euro. The Group has foreign currency trade payables and receivables and is therefore, exposed to foreign currency exchange risk. The Group regularly reviews and evaluates exchange rate exposure arising from foreign currency transactions.

The following table demonstrates the sensitivity in the USD, GBP, SGD, 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:

| Unhedged Foreign currency exposure As at March 31, 2022 | Currency | Amount in FC | Rs In Lakhs |
|---|----------|--------------|-------------|
| Investment  | USD      | 451,908      | 342.58      |
| Trade Receivable  | USD      | 865,930      | 656.43      |
| Trade Receivable  | EURO     | 413,931      | 350.44      |
| Trade Payable   | USD      | 1,523,924    | 1,155.24    |
| Trade Payable   | EURO     | 47,285       | 40.03       |
| Trade Payable   | GBP      | 17,871       | 17.79       |
| Trade Payable   | SGD      | 10,248       | 5.74        |

| Unhedged Foreign currency exposure As at March 31, 2021 | Currency | Amount in FC | Rs In Lakhs |
|---|----------|--------------|-------------|
| Investment  | USD      | 147,497      | 107.58      |
| Trade Receivable  | USD      | 1,062,620    | 781.08      |
| Trade Receivable  | EURO     | 242,283      | 208.60      |
| Trade Receivable  | AED      | 88,200       | 17.59       |
| Trade Payable   | USD      | 1,009,557    | 742.07      |
| Trade Payable   | EURO     | 61,841       | 53.24       |
| Trade Payable   | GBP      | 9,081        | 9.17        |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:41 Financial Risk Management - Objective and Policies (Contd.)

### (a) Foreign Currency Sensitivity :

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

| Particulars                                       | 2021-22                       |                               | 2020-21                       |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) |
| USD   | (3.12)                        | 3.12                          | 2.93                          | (2.93)                        |
| EURO  | 6.21                          | (6.21)                        | 3.11                          | (3.11)                        |
| GBP   | (0.36)                        | 0.36                          | (0.18)                        | 0.18                          |
| SGD   | (0.11)                        | 0.11                          | -                             | -                             |
| AED   | -                             | -                             | 0.35                          | (0.35)                        |
| <b>Increase / (Decrease) in Profit Before Tax</b> | <b>2.62</b>                   | <b>(2.62)</b>                 | <b>6.21</b>                   | <b>(6.21)</b>                 |

### (b) Interest Rate Risk and Sensitivity :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is having non current borrowings in the form of term loan. Also, the Group is having current borrowings in the form of working capital, 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:

| Particulars                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Term Loan From Banks and Financial Institutions | -                       | 3,421.66                |
| Working Capital Facility                        | 3,044.25                | 4,319.82                |
| <b>Closing Balances</b>                         | <b>3,044.25</b>         | <b>7,741.48</b>         |

The table below illustrates the impact of a 2% increase / decrease in interest rates on interest on financial liabilities assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year.

| Particulars                                       | 2021-22                       |                               | 2020-21                       |                               |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) | 2% increase-<br>Profit/(Loss) | 2% decrease-<br>Profit/(Loss) |
| Term Loan From Banks and Financial Institutions   | -                             | -                             | (68.43)                       | 68.43                         |
| Working Capital Facility                          | 60.89                         | (60.89)                       | (86.40)                       | 86.40                         |
| <b>Increase / (Decrease) in Profit Before Tax</b> | <b>60.89</b>                  | <b>(60.89)</b>                | <b>(154.83)</b>               | <b>154.83</b>                 |

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

### 41.2 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:41 Financial Risk Management - Objective and Policies (Contd.)

### 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 :

| Particulars       | As at March 31, 2022  |                | As at March 31, 2021  |                |
|-------------------|-----------------------|----------------|-----------------------|----------------|
|                   | Gross Carrying Amount | Loss Allowance | Gross Carrying Amount | Loss Allowance |
| Trade Receivables | 13,108.68             | 810.94         | 10,100.16             | 614.70         |

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

| Particulars              | As at March 31, 2022 | As at March 31, 2021 |
|--------------------------|----------------------|----------------------|
| Opening Balances         | 614.70               | 499.40               |
| Provided during the year | 196.08               | 115.30               |
| <b>Closing Balances</b>  | <b>810.78</b>        | <b>614.70</b>        |

### b) Financial Instruments and Cash Deposits :

The Group considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances are maintained. Credit risk from balances with bank is managed by the Group's finance department. Investment of surplus funds are also managed by finance department. The Group does not maintain significant cash in hand. Excess balance of cash other than those required for its day to day operations is deposited into the bank.

For other financial instruments, the finance department assesses and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

### 41.3 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 :

| Particulars                 | Maturity        |                  |              |                   | Total           |
|-----------------------------|-----------------|------------------|--------------|-------------------|-----------------|
|                             | On Demand       | Less than 1 Year | 1 to 5 Years | More than 5 years |                 |
| <b>March 31, 2022</b>       |                 |                  |              |                   |                 |
| Short Term Borrowings       | 3,049.75        | 58.20            | -            | -                 | 3,107.95        |
| Trade Payable               | -               | 1,527.20         | -            | -                 | 1,527.20        |
| Other Financial Liabilities | -               | 357.93           | -            | 10.05             | 367.98          |
| <b>Total</b>                | <b>3,049.75</b> | <b>1,943.33</b>  | <b>-</b>     | <b>10.05</b>      | <b>5,003.13</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note:41 Financial Risk Management - Objective and Policies (Contd.)

| Particulars                 | Maturity        |                  |                 |                   | Total            |
|-----------------------------|-----------------|------------------|-----------------|-------------------|------------------|
|                             | On Demand       | Less than 1 Year | 1 to 5 Years    | More than 5 years |                  |
| <b>March 31, 2021</b>       |                 |                  |                 |                   |                  |
| 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           |
| <b>Total</b>                | <b>5,230.24</b> | <b>4,631.16</b>  | <b>2,051.33</b> | <b>512.68</b>     | <b>12,425.41</b> |

### 41.4 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: 42 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).

| Particulars                              | March 31, 2022    | March 31, 2021   |
|--|-------------------|------------------|
| Total Debt                               | 3,107.95          | 10,610.00        |
| Less: Cash and cash equivalent           | 217.97            | 468.26           |
| Less: Other Bank Balances                | 7,376.10          | 363.35           |
| Less: Non current Bank Deposits          | 62.88             | 119.03           |
| <b>Net Debt</b>                          | <b>(4,549.00)</b> | <b>9,659.36</b>  |
| Equity                                   | 37,815.54         | 20,663.49        |
| <b>Total Capital (Equity + Net Debt)</b> | <b>33,266.54</b>  | <b>30,322.85</b> |
| <b>Gearing ratio</b>                     | <b>-</b>          | <b>31.86%</b>    |

## 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.

- Heavy Engineering
- Defence & Space Optics
- Defence Electronics

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 43 Segment Reporting (Contd.)

### I Segment wise Revenue

| Particulars                                    | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| <b>Segment Revenue</b>                         |                                      |                                      |
| a. Heavy Engineering                           | 4,185.58                             | 3,777.51                             |
| b. Defence & Space Optics                      | 9,237.22                             | 6,493.45                             |
| c. Defence Electronics                         | 4,833.44                             | 4,062.03                             |
| <b>Revenue From Operations</b>                 | <b>18,256.24</b>                     | <b>14,332.99</b>                     |
| <b>Segment Results</b>                         |                                      |                                      |
| a. Heavy Engineering                           | 530.98                               | 565.44                               |
| b. Defence & Space Optics                      | 5,085.32                             | 3,910.27                             |
| c. Defence Electronics                         | 676.26                               | 460.33                               |
| <b>Total</b>                                   | <b>6,292.56</b>                      | <b>4,936.04</b>                      |
| i) Finance Costs                               | (783.04)                             | (1,240.93)                           |
| ii) Other unallocable expenditure              | (2,148.96)                           | (1,561.65)                           |
| iii) Unallocable Income                        | 297.17                               | 127.55                               |
| <b>Profit before exceptional items and Tax</b> | <b>3,657.73</b>                      | <b>2,261.01</b>                      |
| Exceptional items                              | -                                    | -                                    |
| <b>Profit Before Tax</b>                       | <b>3,657.73</b>                      | <b>2,261.01</b>                      |

### II Segment wise Assets and Liabilities:

| Particulars                | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| <b>Segment Assets</b>      |                         |                         |
| a. Heavy Engineering       | 9,806.15                | 11,810.57               |
| b. Defence & Space Optics  | 18,093.46               | 16,630.94               |
| c. Defence Electronics     | 6,293.15                | 3,757.91                |
| d. Unallocable             | 11,574.94               | 4,076.18                |
| <b>Total</b>               | <b>45,767.70</b>        | <b>36,275.60</b>        |
| <b>Segment Liabilities</b> |                         |                         |
| a. Heavy Engineering       | 181.36                  | 248.81                  |
| b. Defence & Space Optics  | 719.00                  | 717.65                  |
| c. Defence Electronics     | 645.77                  | 565.32                  |
| d. Unallocable             | 6,368.61                | 14,073.43               |
| <b>Total</b>               | <b>7,914.74</b>         | <b>15,605.21</b>        |

### III Other Informations

| Particulars                               | For the year ended<br>March 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Capital Expenditure                       | 860.46                               | 532.49                               |
| Depreciation                              | 1,042.33                             | 965.36                               |
| Non-cash Expenses other than Depreciation | 430.24                               | 128.38                               |

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

### a. Reportable Segments:

The chief operating decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the internal reporting system and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in Ind AS.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 43 Segment Reporting (Contd.)

### b. Primary / Secondary Segment Reporting Format:

- i. The risk-return profile of the group's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.
- ii. Revenue disaggregation by geography (Refer Note No. 29.2)
- iii. No Non-Current Assets of the Group is located outside India as on March 31, 2022 and March 31, 2021
- iv. Segment Composition:
  - a. Heavy Engineering segment is engaged in manufacturing and sale of Oxygen Concentrator, 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. Segment revenue, results, assets and liabilities:

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which is related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes Property, Plant and Equipment, trade receivable, inventories and other receivables. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

- vi. Information about major customers:

Revenue from operations include Rs. 6386.51 Lakhs, (March 31, 2021 : 6716.69 Lakhs) from two customers (March 31, 2021: three customers) having more than 10% of the total revenue.

## Note: 44 Assets held for sale

| Particulars                              | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Flat - Guest House                       | -                       | 250.65                  |
| Furniture & Fixtures                     | -                       | 4.49                    |
| Office Equipments                        | -                       | 5.85                    |
| Flat - Guest House (Refer Note No. 44.1) | 151.00                  | 151.00                  |
| <b>Total</b>                             | <b>151.00</b>           | <b>411.99</b>           |

**44.1** During the previous year, the Board of Directors of Holding Company had decided to sell the guest house situated in Kalina and accordingly classified the said asset under the heading of 'Asset Held for Sale'. The Company had received an initial advance of Rs. 2.00 lakh against the sale of the said property, however, due to the global pandemic situation and other financial obligations, the buyer was unable to make the balance payment. It is likely to complete the transaction during the Financial Year 2022-23



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 45 Interests in other entities

### 45.1 The consolidation of financial statements of the Group includes subsidiaries listed in the table below:

| Name   | Principal Place of Business | % Equity interest    |                      |
|--|-----------------------------|----------------------|----------------------|
|  |                             | As at March 31, 2022 | As at March 31, 2021 |
| <b>A. Indian subsidiaries</b>  |                             |                      |                      |
| Paras Aerospace Private Limited (Formerly known as Paras Aerospace Solutions Private Limited)                  | India                       | 60%                  | 60%                  |
| Paras Green Optics Private Limited   | India                       | 100%                 | 100%                 |
| Paras Anti-Drone Technologies Private Limited (Formerly known as Paras Strategic Technologies Private Limited) | India                       | 55%                  | 55%                  |
| <b>B. Overseas Subsidiary</b>  |                             |                      |                      |
| OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)                                 | Singapore                   | 100%                 | 100%                 |

### 45.2 The consolidation of financial statements of the Group includes Associate listed in the table below:

| Name  | Principal Place of Business | % Equity interest    |                      |
|---|-----------------------------|----------------------|----------------------|
|   |                             | As at March 31, 2022 | As at March 31, 2021 |
| Krasny Paras Defence Technologies Private Limited | India                       | 47.50%               | -                    |

The summarised financial information below represents amount shown in associate financial statements prepared as per equity accounting purposes.

| Particulars         | As at March 31, 2022 | As at March 31, 2021 |
|---------------------|----------------------|----------------------|
| Current Assets      | 9.53                 | -                    |
| Current Liabilities | 0.42                 | -                    |

| Particulars                             | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|-----------------------------------|-----------------------------------|
| Revenue                                 | -                                 | -                                 |
| Profit/(Loss) for the Year              | (0.88)                            | -                                 |
| Other Comprehensive Income              | (0.88)                            | -                                 |
| <b>Total Other Comprehensive Income</b> | <b>(0.88)</b>                     | <b>-</b>                          |

Reconciliation of the above summarised financial information to the carrying amount of interest in Krasny Paras Defence Technologies Private Limited recognised in the Consolidated Financial Statements

| Particulars   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|
| Net Assets of the Associate   | 9.12                 | -                    |
| Proportion of the Group's ownership interest in Krasny Paras Defence Technologies Private Limited   | 47.50%               | -                    |
| <b>Carrying amount of the Group's interest in Krasny Paras Defence Technologies Private Limited</b> | <b>4.33</b>          | <b>-</b>             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note: 46 Provision

**Disclosures as required by Ind AS 37 “Provisions, Contingent Liabilities and Contingent Assets”:**
**Movement in provisions:**

| Nature of provision                | Provision for Expected Credit loss on Trade Receivables | Provision for Credit Impaired | Provision for Doubtful Advance | Total         |
|------------------------------------|---|-------------------------------|--------------------------------|---------------|
| <b>As at April 01, 2020</b>        | <b>499.40</b>   | -                             | <b>50.00</b>                   | <b>549.40</b> |
| Provision during the Year          | 115.30  | -                             | -                              | 115.30        |
| Provision reverse during the Year  | -   | -                             | (50.00)                        | (50.00)       |
| <b>As at March 31, 2021</b>        | <b>614.70</b>   | -                             | -                              | <b>614.70</b> |
| Provision during the Year          | 147.91  | 48.17                         | -                              | 196.08        |
| Provision Reversed during the Year | -   | -                             | -                              | -             |
| <b>As at March 31, 2022</b>        | <b>762.61</b>   | <b>48.17</b>                  | -                              | <b>810.78</b> |

## Note : 47 Disclosures Mandated by Schedule III by way of Additional Information - March 31, 2022 and March 31, 2021

| Name of the entity   | As at March 31, 2022                              |                  | For the Year ended March 31, 2022       |                 |   |               |   |                 |
|--|---|------------------|---|-----------------|---|---------------|---|-----------------|
|  | Net assets (Total Assets minus Total Liabilities) |                  | Share in Profit or Loss                 |                 | Other Comprehensive Income              |               | Total Comprehensive Income              |                 |
|  | As % of net consolidated net assets               | Amount           | As % of net consolidated profit or loss | Amount          | As % of net consolidated profit or loss | Amount        | As % of net consolidated profit or loss | Amount          |
| <b>Parent</b>  |   |                  |   |                 |   |               |   |                 |
| Paras Defence and Space Technologies Ltd.  | 99.86%  | 37,761.65        | 99.50%                                  | 2,690.86        | -239.39%                                | 0.79          | 99.46%                                  | 2,690.07        |
| <b>Indian subsidiaries</b>   |   |                  |   |                 |   |               |   |                 |
| Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)                    | 0.23%   | 88.27            | 0.07%                                   | 2.00            | -                                       | -             | 0.07%                                   | 2.00            |
| Paras Green Optics Private Limited   | 0.00%   | 1.88             | 0.00%                                   | 0.08            | -                                       | -             | 0.00%                                   | 0.08            |
| Paras Anti- Drone Technologies Private Limited (formerly known as Paras Strategic Technologies Private Limited ) | 0.01%   | 4.62             | 0.22%                                   | 5.83            | -                                       | -             | 0.22%                                   | 5.83            |
| <b>Indian Associate</b>  |   |                  |   |                 |   |               |   |                 |
| Krasny Paras Defence Technologies Pvt Ltd  |   |                  | -0.02%                                  | (0.42)          | -                                       | -             | -0.02%                                  | (0.42)          |
| <b>Overseas subsidiary</b>   |   |                  |   |                 |   |               |   |                 |
| OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)                                   | 0.16%   | 59.18            | 0.09%                                   | 2.40            | -                                       | -             | 0.09%                                   | 2.40            |
| Non Controlling Interest   | -0.10%  | (37.42)          | -0.13%                                  | (3.42)          | -                                       | -             | -0.13%                                  | (3.42)          |
| Adjustments arising out of Consolidation   | -0.17%  | (62.64)          | 0.26%                                   | 6.98            | 339.39%                                 | (1.12)        | 0.30%                                   | 8.10            |
|  | <b>100.00%</b>                                    | <b>37,815.54</b> | <b>100.00%</b>                          | <b>2,704.31</b> | <b>100.00%</b>                          | <b>(0.33)</b> | <b>100.00%</b>                          | <b>2,704.64</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

## Note : 47 Disclosures Mandated by Schedule III by way of Additional Information - March 31, 2022 and March 31, 2021 (Contd.)

| Name of the entity   | As at March 31, 2021                              |                  | For the Year ended March 31, 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           | As % of net consolidated profit or loss | Amount          | As % of net consolidated profit or loss | Amount       | As % of net consolidated profit or loss | Amount          |
| <b>Parent</b>  |   |                  |   |                 |   |              |   |                 |
| Paras Defence and Space Technologies Ltd.  | 99.87%  | 20,637.07        | 95.90%                                  | 1,508.12        | 101.26%                                 | 31.33        | 96.01%                                  | 1,539.45        |
| <b>Indian subsidiaries</b>   |   |                  |   |                 |   |              |   |                 |
| Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)                    | -0.07%  | (13.72)          | 0.27%                                   | 4.23            | -                                       | -            | 0.26%                                   | 4.23            |
| Paras Green Optics Private Limited   | 0.01%   | 1.79             | 0.74%                                   | 11.57           | -                                       | -            | 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            | -                                       | -            | 0.60%                                   | 9.69            |
| <b>Overseas subsidiary</b>   |   |                  |   |                 |   |              |   |                 |
| OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)                                   | 0.27%   | 55.63            | 3.31%                                   | 51.98           | -                                       | -            | 3.24%                                   | 51.98           |
| Non Controlling Interest   | -0.03%  | (6.90)           | -0.38%                                  | (6.05)          | -                                       | -            | -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)          |
|  | <b>100.00%</b>                                    | <b>20,663.49</b> | <b>100.00%</b>                          | <b>1,572.56</b> | <b>100.00%</b>                          | <b>30.94</b> | <b>100.00%</b>                          | <b>1,603.50</b> |

## Note : 48 Other Statutory Information

- i) There are no balances outstanding on account of any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- iii) The Group does not have any such transaction which is not recorded in the books of account surrendered or disclosed as income during the year in the tax assessments under the Income-tax act, 1961.
- iv) No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- v) The Group is not declared wilful defaulter by any bank or financial institution or other lender.
- vi) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- vii) The Group has not received any fund from any person(s) or entity(s), including entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022 (All amounts in Rupees Lakhs, unless otherwise stated)

### Note: 49

Previous Year's figures have been regrouped / rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date

#### **For Chaturvedi & Shah LLP**

Chartered Accountants

(Firm Registration No. 101720W/W100355)

#### **R. KORIA**

Partner

Membership No. 35629

Place: Mumbai

Date: May 20, 2022

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





**Disclaimer**

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.



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