PROSPECTUS
September 25, 2021
Please read Section 32 of the Companies Act, 2013
Book Built Offer

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Our Company was incorporated as "Paras Flow Form Engineering Limited" under the Companies Act, 1956, at Mumbai, pursuant to a certificate of incorporation dated June 16, 2009, issued by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). Our Company received the certificate for commencement of business on July 24, 2009. Subsequently, the name of our Company was changed to "Paras Flowform Engineering Limited" pursuant to a resolution passed by our Shareholders in an extraordinary general meeting held on September 22, 2009 and a fresh certificate of incorporation, dated September 25, 2009 was issued by the RoC. Further, the name of our Company was changed to "Paras Defence and Space Technologies Limited" pursuant to a resolution passed by our Shareholders in an extraordinary general meeting held on December 2, 2015 and a fresh certificate of incorporation, dated January 29, 2016 was issued by the RoC. For details pertaining to the change in our name and the address of our Registered Office, see "*History and Certain Corporate Matters"* beginning on page 143.

Registered and Corporate Office: D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai 400 706, Maharashtra, India; **Tel:** +91 22 6919 9999
Contact Person: Ajit Sharma, Company Secretary and Compliance Officer**; Tel**: +91 22 6919 9999; **E-mail:** ir@parasdefence.com
Website: www.parasdefence.com; **Corporate Identity Number**: U29253MH2009PLC193352

OUR PROMOTERS: SHARAD VIRJI SHAH AND MUNJAL SHARAD SHAH

INITIAL PUBLIC OFFERING OF 9,758,776* EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 175 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 165 PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING TO ₹ 1,707.78 MILLION ("OFFER") COMPRISING OF A FRESH ISSUE OF 8,034,286* EQUITY SHARES AGGREGATING TO ₹ 1,406.00 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 1,724,490* EQUITY SHARES AGGREGATING TO ₹ 301.78 MILLION ("OFFER FOR SALE"), COMPRISING OF 1,250,000* EQUITY SHARES AGGREGATING TO ₹ 218.75 MILLION BY SHARAD VIRJI SHAH, 50,000* EQUITY SHARES AGGREGATING TO ₹ 8.75 MILLION BY MUNJAL SHARAD SHAH (SHARAD VIRJI SHAH AND MUNJAL SHARAD SHAH COLLECTIVELY REFERRED TO AS THE "PROMOTER SELLING SHAREHOLDERS"), 300,000* EQUITY SHARES AGGREGATING TO ₹ 52.50 MILLION BY AMI MUNJAL SHAH, 62,245* EQUITY SHARES AGGREGATING TO ₹ 10.89 MILLION BY SHILPA AMIT MAHAJAN AND 62,245* EQUITY SHARES AGGREGATING TO ₹ 10.89 MILLION BY AMIT NAVIN MAHAJAN (AMI MUNJAL SHAH, SHILPA AMIT MAHAJAN AND AMIT NAVIN MAHAJAN COLLECTIVELY REFERRED TO AS THE "INDIVIDUAL SELLING SHAREHOLDERS" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, REFERRED TO AS THE "SELLING SHAREHOLDERS", SUCH EQUITY SHARES THE "OFFERED SHARES").

OUR COMPANY HAS UNDERTAKEN THE PRE-IPO PLACEMENT BY WAY OF PRIVATE PLACEMENTS OF 2,552,598 EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING TO ₹ 344.02 MILLION ("PRE-IPO PLACEMENT"). THE SIZE OF THE FRESH ISSUE HAS NOT BEEN REDUCED PURSUANT TO THE PRE-IPO PLACEMENT.

THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS 17.50 TIMES THE FACE VALUE OF THE EQUITY SHARES.

SUBJECT TO FINALISATION OF THE BASIS OF ALLOTMENT.

The Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations. The Offer was made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations, where not more than 50% of the Offer was available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**" and such portion, the "**QIB Portion**"). Our Company and the Selling Shareholders, in consultation with the BRLM, allocated 60% of the QIB Portion to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations ("**Anchor Investor Portion**"), of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) was made available for allocation on a proportionate basis only to Mutual Funds and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer was made available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. All potential Bidders (other than Anchor Investors) mandatorily participated in this Offer through the Application Supported by Blocked Amount ("**ASBA**") process, and provided details of their respective ASBA Accounts (as defined hereinafter), and UPI ID in case of RIBs using UPI Mechanism, if applicable, in which the corresponding Bid Amounts were blocked by the Self-Certified Syndicate Banks ("**SCSBs**") or the Sponsor Bank, as the case may be to the extent of respective Bid Amounts. Anchor Investors were not permitted to participate in the Offer through the ASBA process. For details, see, "*Offer Procedure*" beginning on page 275.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each. The Offer Price as determined and justified by our Company and the Selling Shareholders, in consultation with the BRLM, in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" beginning on page 88 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 19.

ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility for and confirms only the statements made or confirmed by such Selling Shareholder in this Prospectus to the extent of information specifically pertaining to them and/or their respective portions of the Offered Shares and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect. However, each Selling Shareholder, severally and not jointly, does not assume any responsibility for any other statements, including, without limitation, any and all of the statements made by or relating to our Company or the other Selling Shareholders in this Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated March 31, 2021 and May 11, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE. A signed copy of the Red Herring Prospectus has been and this Prospectus shall be delivered to the RoC for filing in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" beginning on page 297.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE OFFER
Anand Rathi Advisors Limited 10th Floor, Trade Tower D, Kamala City Senapati Bapat Marg, Lower Parel Mumbai 400 013 Maharashtra, India Tel: +91 22 6626 6666 E-mail: paras.ipo@rathi.com Investor Grievance E-mail: grievance.ecm@rathi.com Contact Person: Astha Daga/ Shikha Jain Website: www.rathi.com SEBI Registration No.: INM000010478	**Link Intime India Private Limited** C-101, 1st Floor 247 Park, L.B.S Marg, Vikhroli (West) Mumbai 400 083 Maharashtra, India Tel: +91 22 4918 6200 E-mail: Parasdefence.ipo@linkintime.co.in Investor grievance E-mail: Parasdefence.ipo@linkintime.co.in Contact Person: Shanti Gopalkrishnan Website: www.linkintime.co.in SEBI Registration No.: INR000004058

BID/ OFFER PROGRAMME

BID/ OFFER OPENED ON	September 21, 2021*
BID/ OFFER CLOSED ON	September 23, 2021

* *The Anchor Investor Bid/ Offer Period was one Working Day prior to the Bid/ Offer Opening Date i.e. September 20, 2021.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SEBI Act, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies in India", "Restated Financial Statements", "Outstanding Litigation and Material Developments", "Main Provisions of Articles of Association" and "Offer Procedure" beginning on pages 90, 93, 147, 172, 254, 290 and 275, respectively, shall have the meaning ascribed to such terms in these respective sections.

General Terms

Term	Description
"our Company" or "the Company" or "the Issuer"	Paras Defence and Space Technologies Limited
"we" or "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries

Company Related Terms

Term	Description
"Articles of Association" or "AoA"	Articles of association of our Company, as amended
Audit Committee	Audit committee of the Board, as described in "*Our Management – Committees of the Board*" on page 158
"Auditors" or "Statutory Auditors"	Statutory auditors of our Company, namely, Chaturvedi & Shah LLP, Chartered Accountants
"Board" or "Board of Directors"	Board of directors of our Company or a duly constituted committee thereof
Chief Financial Officer	Chief financial officer of our Company
Committee(s)	Duly constituted committee(s) of our Board of Directors
Company Secretary and Compliance Officer	Company secretary and compliance officer of our Company
Compulsorily Convertible Debentures	Compulsorily convertible debentures of our Company
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Company as described in "*Our Management – Committees of the Board*" on page 158
Director(s)	Director(s) on our Board
Equity Shares	Equity shares of our Company of face value of ₹ 10 each
Executive Directors	Executive directors on the Board. For details of the Executive Directors, see "*Our Management – Board of Directors*" on page 152
Frost & Sullivan	Frost and Sullivan (India) Private Limited
F&S Report	Report titled "Defence and Space Industry Report" dated August 6, 2021 prepared by Frost & Sullivan, who was appointed on July 16, 2021, commissioned and paid for by our Company in connection with the Offer
Independent Director(s)	Independent directors on the Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management – Board of Directors*" on page 152
Individual Selling Shareholders	Collectively, Ami Munjal Shah, Shilpa Amit Mahajan and Amit Navin Mahajan
Investor Exit Date	August 12, 2021, being the date on which 507 Equity Shares held by MDAVF have been transferred and the payment for such transfer has been made to MDAVF
IPO Committee	IPO committee of our Board constituted to facilitate the process of the Offer
Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations as disclosed in "*Our Management – Key Managerial Personnel*" on page 165

Term	Description
MDAVF	Maharashtra Defence and Aerospace Venture Fund (through its investment manager IDBI Capital Market & Securities Limited)
Managing Director	Managing director of our Company
Material Subsidiary	Opel Technologies Pte. Ltd.
"Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended
Nomination and Remuneration Committee	Nomination and remuneration committee of our Board, as described in "*Our Management – Committees of the Board*" on page 158
Non-Executive Directors	Non-executive directors on the Board. For details of the Non-Executive Directors, see "*Our Management – Board of Directors*" on page 152
"Optionally Convertible Preference Shares" or "OCPS"	0.01% optionally convertible preference shares of our Company of face value of ₹ 100 each* **The OCPS have been redeemed by our Company pursuant to the Board resolutions dated March 26, 2021, April 26, 2021 and July 29, 2021*
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoters and Promoter Group – Promoter Group*" on page 168
Promoter Selling Shareholders	Collectively, Sharad Virji Shah and Munjal Sharad Shah
Promoter(s)	Promoters of our Company, namely, Sharad Virji Shah and Munjal Sharad Shah. For details, see "*Our Promoters and Promoter Group*" beginning on page 168
"Registered and Corporate Office" or "Registered Office"	Registered and corporate office of our Company located at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai 400 706, Maharashtra, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra at Mumbai
Restated Financial Statements	Our restated consolidated financial information comprising of restated consolidated financial statements of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019 and our restated consolidated statements of profit and loss (including other comprehensive income), restated consolidated statement of changes in equity and restated consolidated statement of cash flow for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, together with the annexures and notes thereto and the examination report, thereon, as prepared and presented in accordance with Ind AS, in each case restated in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "*Reports in Company Prospectuses (Revised 2019)*" issued by ICAI
Selling Shareholders	Collectively, the Promoter Selling Shareholders and Individual Selling Shareholders
Shareholder(s)	Equity shareholders of our Company, from time to time
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Board, as described in "*Our Management – Committees of the Board*" on page 158
SSHA	Subscription cum shareholders agreement dated August 5, 2020 entered amongst our Company, Promoters, certain Shareholders, certain erstwhile Shareholders and MDAVF
Subsidiaries	Subsidiaries of our Company namely, Holland Shielding Systems (India) Private Limited, Paras Aerospace Private Limited, Paras Anti-drone Technologies Private Limited, Paras Green Optics Private Limited and Opel Technologies Pte. Ltd.
Whole-Time Director	Whole-time director of our Company

Offer Related Terms

Term	Description
Acknowledgement Slip	Slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	Successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million

Term	Description
Anchor Investor Allocation Price	₹ 175 per Equity Share
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Anchor Investor Bid/ Offer Period	September 20, 2021, being one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed
Anchor Investor Offer Price	₹ 175 per Equity Share. The Anchor Investor Offer Price was decided by our Company and the Selling Shareholders, in consultation with the BRLM
Anchor Investor Portion	60% of the QIB Portion, or 2,927,485* Equity Shares which were allocated by our Company and the Selling Shareholders in consultation with the BRLM, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations **Subject to finalisation of the Basis of Allotment*
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid by authorizing an SCSB to block the Bid Amount in the ASBA Account and which included applications made by RIIs using UPI Mechanism, where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIIs
ASBA Account	Bank account maintained by an ASBA Bidder with an SCSB and which included a bank account of RIB linked with UPI, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Banker to the Offer	Collectively, the Escrow Collection Bank, Refund Bank, Public Offer Account Bank and Sponsor Bank, as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Procedure*" beginning on page 275
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	Highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and paid by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid
Bid cum Application Form	Anchor Investor Application Form or ASBA Form, as the context requires
Bid Lot	85 Equity Shares and in multiples of 85 Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, September 23, 2021
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, September 21, 2021
Bid/ Offer Period	Except in relation to Anchor Investors, the period between September 21, 2021 and September 23, 2021
Bidder	Any investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries accepted the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer was made
"Book Running Lead Manager" or "BRLM"	Book running lead manager to the Offer namely, Anand Rathi Advisors Limited

Term	Description
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders could have submitted the ASBA Forms to a Registered Broker and in case of RIIs only ASBA Forms with UPI. The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/ Offer Period
Cap Price	₹ 175 per Equity Share
Cash Escrow and Sponsor Bank Agreement	Agreement dated September 13, 2021 entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the BRLM, the Syndicate Member and the Banker to the Offer for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
"Collecting Depository Participant" or "CDP"	Depository participant as defined under the Depositories Act, 1996, registered with SEBI and who was eligible to procure Bids at the Designated CDP Locations in terms of the SEBI circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges, as updated from time to time
Corrigendum	Corrigendum dated April 2, 2021 to the Draft Red Herring Prospectus published in all editions of Business Standard, an English national daily newspaper, all editions of Business Standard, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located
Cut-off Price	Offer Price, being ₹ 175 per Equity Share, finalised by our Company and the Selling Shareholders, in consultation with the BRLM. Only Retail Individual Bidders were entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation and bank account details and UPI ID, wherever applicable
Designated CDP Locations	Such locations of the CDPs where Bidders could have submitted the ASBA Forms and in case of RIIs only ASBA Forms with UPI. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	Date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) and the relevant amounts are transferred from the ASBA Accounts to the Public Offer Account and/ or are unblocked, as the case may be, in terms of the Red Herring Prospectus and this Prospectus, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIIs where the Bid Amount was blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and NIBs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders could have submitted the ASBA Forms to RTAs and in case of RIIs only ASBA Forms with UPI. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms were available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms (other than ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism), a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	BSE
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated March 6, 2021, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, read with the Corrigendum

Term	Description
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Anchor Investors transferred money through direct credit/ NEFT/ RTGS/ NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Accounts have been opened, in this case being Kotak Mahindra Bank Limited
First Bidder	Bidder whose name was mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appeared as the first holder of the beneficiary account held in joint names
Floor Price	₹ 165 per Equity Share
Fresh Issue	Fresh issue of 8,034,286* Equity Shares aggregating to ₹ 1,406.00 million by our Company. Our Company has undertaken the Pre-IPO Placement by way of private placements of 2,552,598 Equity Shares for cash consideration aggregating to ₹ 344.02 million. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. For further details, see "*Capital Structure – Notes to the capital structure*" on page 62 **Subject to finalisation of the Basis of Allotment*
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLM
Monitoring Agency	Kotak Mahindra Bank Limited
Monitoring Agency Agreement	The agreement dated September 13, 2021 entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or 97,596* Equity Shares which was available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids having been received at or above the Offer Price **Subject to finalisation of the Basis of Allotment*
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further information about use of the Offer Proceeds and the Offer related expenses, see "*Objects of the Offer*" beginning on page 75
Net QIB Portion	Portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
"Non-Institutional Bidder" or "Non-Institutional Investor" or "NII(s)" or "NIB(s)"	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Offer being not less than 15% of the Offer consisting of *1,463,817 Equity Shares which was available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids having been received at or above the Offer Price **Subject to finalisation of the Basis of Allotment*
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
Offer	Public issue of 9,758,776* Equity Shares of face value of ₹10 each for cash at a price of ₹ 175 each, aggregating to ₹ 1,707.78 million comprising of the Fresh Issue and the Offer for Sale **Subject to finalisation of the Basis of Allotment*
Offer Agreement	Agreement dated March 6, 2021 amongst our Company, the Selling Shareholders and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	Offer for sale of 1,724,490* Equity Shares by the Selling Shareholders aggregating to ₹ 301.78 million **Subject to finalisation of the Basis of Allotment*
Offered Shares	1,724,490* Equity Shares aggregating to ₹ 301.78 million offered by the Selling Shareholders in the Offer for Sale **Subject to finalisation of the Basis of Allotment*
Offer Price	₹ 175 per Equity Share

Term	Description
	The Offer Price has been decided by our Company and the Selling Shareholders, in consultation with the BRLM on the Pricing Date, in accordance with the Book-Building Process and in terms of the Red Herring Prospectus
Offer Proceeds	Proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 75
Pre-IPO Placement	Private placements of 2,552,598 Equity Shares by our Company for cash consideration aggregating to ₹ 344.02 million. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. For further details, see "*Capital Structure – Notes to the capital structure*" on page 62
Price Band	Price band of a minimum price of ₹ 165 per Equity Share (Floor Price) and the maximum price of ₹ 175 per Equity Share (Cap Price)
Pricing Date	Date on which our Company and the Selling Shareholders in consultation with the BRLM, finalised the Offer Price, being September 25, 2021
Prospectus	This prospectus dated September 25, 2021 filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that was determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	Bank account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Account Bank	Bank with which the Public Offer Account has been opened for collection of Bid Amounts from Escrow Account and ASBA Account on the Designated Date, in this case being Kotak Mahindra Bank Limited
"QIB Category" or "QIB Portion"	Portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of 4,879,387* Equity Shares which was Allotted to QIBs (including Anchor Investors) **Subject to finalisation of the Basis of Allotment*
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	The red herring prospectus dated September 13, 2021 issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer
Refund Account	Account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank	Banker to the Offer with whom the Refund Account has been opened, in this case being Kotak Mahindra Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLM and the Syndicate Member and eligible to procure Bids in terms of the SEBI circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated March 6, 2021 among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the websites of BSE and NSE
"Registrar to the Offer" or "Registrar"	Link Intime India Private Limited
"Retail Individual Bidder(s)" or "Retail Individual Investor(s)" or "RIB(s)" or "RII(s)"	Bidders who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of 3,415,572* Equity Shares which was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price **Subject to finalisation of the Basis of Allotment*
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders were not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could have revised or withdrawn their Bids until Bid/ Offer Closing Date
"Self-Certified Syndicate Bank(s)" or "SCSB(s)"	Banks registered with SEBI, offering services, (i) in relation to ASBA where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at

Term	Description
	www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or such other website as updated from time to time, and (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time. Applications through UPI in the Offer could be made only through mobile applications of SCSBs whose name appears on the SEBI website. A list of SCSBs and mobile applications which are live for applying in public issues using the UPI mechanism is provided as Annexure A to SEBI Circular No. SEBI/HO/CFD/DIL2/PIR/P/2019/85 dated July 26, 2019, which shall be updated on the SEBI website
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, Link Intime India Private Limited
Share Escrow Agreement	Agreement dated September 13, 2021 entered into amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by such Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate could accept ASBA Forms from Bidders and in case of RIIs only ASBA Forms with UPI
Sponsor Bank	Banker to the Offer which is registered with SEBI and is eligible to act as a Sponsor Bank in a public issue in terms of applicable SEBI requirements and has been appointed by the Company and the Selling Shareholders, in consultation with the BRLM to act as a conduit between the Stock Exchanges and NPCI to push the UPI Mandate Request in respect of RIIs as per the UPI Mechanism, in this case being Kotak Mahindra Bank Limited
Syndicate Agreement	Agreement dated September 13, 2021 entered into among our Company, the Selling Shareholders, the BRLM and the Syndicate Member in relation to collection of Bid cum Application Forms by Syndicate
Syndicate Member	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Anand Rathi Share and Stock Brokers Limited
"Syndicate" or "Members of the Syndicate"	Together, the BRLM and the Syndicate Member
"Systemically Important Non-Banking Financial Company" or "NBFC-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	BRLM and Syndicate Member
Underwriting Agreement	Agreement dated September 24, 2021 entered into among the Underwriters, our Company and the Selling Shareholders
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI PIN	Password to authenticate UPI transaction
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	Request initiated by the Sponsor Bank and received by an RII using the UPI Mechanism to authorise blocking of funds on the UPI mobile or other application equivalent to the Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	Mechanism that may be used by an RII in accordance with the UPI Circulars to make an ASBA Bid in the Offer
Working Day	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI

Technical/ Industry Related Terms

Term	Description
C4ISR	Command, control. communications, computers, intelligence, surveillance and reconnaissance
CFRP	Carbon fiber reinforced polymers
CWIP	Capital work in progress
DoS	Department of Space, Government of India
DPSU	Defence Public Sector Undertakings
DRDO	Defence Research and Development Organisation
DSIR	Department of Scientific & Industrial Research
EMDE	Emerging markets and developing economies
EMP	Electromagnetic Pulse
EO	Earth observation
FBIL	Financials Benchmark India Private Limited
IAF	Indian Air Force
IC	Indigenous Content
IDDM	Indigenously Designed Developed and Manufactured
ISR	Intelligence, surveillance, and reconnaissance
ISRO	Indian Space Research Organisation
LEO	Low Earth Orbit
MoD	Ministry of Defence, Government of India
NPNT	No-permission, no-takeoff
NSIL	NewSpace India Limited
OEM	Original equipment manufacturer
PPE	Property, plant and equipment
PSLV	Polar Satellite Launch Vehicle
R&D	Research and Development
SAR	Synthetic Aperture Radar
SSLV	Small-Satellite Launch Vehicle
UAS	Unmanned Aerial Systems
UAV	Unmanned Aerial Vehicle
UCAV	Unmanned Combat Air Vehicle

Conventional and General Terms/ Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupees
AGM	Annual general meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
Air Act	Air (Prevention and Control of Pollution) Act, 1981
"Bn" or "bn"	Billion
BSE	BSE Limited
CAGR	Compound annual growth rate, which is computed by dividing the value of an investment at the year-end by its value at the beginning of that period, raise the result to the power of one divided by the period length, and subtract one from the subsequent result: (End Value/Start Value)^(1/Periods) -1
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
"Civil Code" or "CPC"	Code of Civil Procedure, 1908

Term	Description
"Companies Act" or "Companies Act, 2013"	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder
Companies Act, 1956	The erstwhile Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
CPCB	Central Pollution Control Board
CrPC	Code of Criminal Procedure, 1973
CY	Calendar year
"DAP" or "Defence Acquisition Procedure"	Defence Acquisition Procedure, 2020
Depositories	Together, NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director identification number
DP ID	Depository participant's identification
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion)
EGM	Extraordinary general meeting
Employee State Insurance Corporation	Employees' State Insurance Corporation, Ministry of Labour & Employment, Government of India
EPS	Earnings per share
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal" or "fiscal" or "Fiscal Year" or "FY"	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti-Avoidance Rules
Gazette	Official Gazette of India
GDP	Gross domestic product
"GoI" or "Government"	Government of India
GST	Goods and services tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IDRA	Industries (Development and Regulation) Act, 1951
IMF	International Monetary Fund
IFRS	International Financial Reporting Standards
"Income Tax Act" or "IT Act"	Income Tax Act, 1961
Ind AS	Indian Accounting Standards notified under section 133 of the Companies Act and referred to in the Ind AS Rules
Ind AS Rules	Companies (Indian Accounting Standard) Rules, 2015
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
IPO	Initial public offering

Term	Description
IRDAI	Insurance Regulatory and Development Authority of India
IRR	Internal rate of return
ISO	International Organization for Standardization
IST	Indian Standard Time
IT	Information technology
ITC	Input Tax Credit
KYC	Know Your Customer
MCLR	Marginal cost of funds based lending rate
MCA	Ministry of Corporate Affairs, Government of India
MHA	Ministry of Home Affairs, Government of India
MIDC	Maharashtra Industrial Development Corporation
MPCB	Maharashtra Pollution Control Board
MSME	Micro small and medium enterprises
“Mn” or “mn”	Million
“N.A.” or “NA”	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
Negotiable Instruments Act	Negotiable Instruments Act, 1881
NPCI	National Payments Corporation of India
No.	Number
Notified Sections	Sections of the Companies Act, 2013 that were notified by the Ministry of Corporate Affairs, Government of India
NR	Non-resident
NRI	Person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an ‘Overseas Citizen of India’ cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PCB(s)	Pollution Control Board(s)
Provident Fund	Provident fund for employees managed by the Employee’s Provident Fund Organisation in India
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019

Term	Description
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Ind AS Circular	SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on clarification regarding applicability of Indian Accounting Standards to disclosures in offer documents under the SEBI Regulations
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed by the SEBI AIF Regulations
Stock Exchanges	Together, BSE and NSE
STT	Securities Transaction Tax
Stamp Act	Indian Stamp Act, 1899
State Government	Government of a state in India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	Trade Marks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
"U.S." or "USA" or "United States"	United States of America
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Water Act	Water (Prevention and Control of Pollution) Act, 1974
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Prospectus to "India" are to the Republic of India and all references to the "US", "U.S." "USA" or "United States" are to the United States of America.

Unless otherwise specified, any time mentioned in this Prospectus is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Prospectus are to a calendar year.

Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Prospectus have been derived from our Restated Financial Statements. Certain other financial information pertaining to the Subsidiaries is derived from their respective financial statements. For further information, see the section "*Financial Information*", beginning on page 172.

The Restated Financial Statements have been compiled from the audited consolidated financial statements as at and for the Fiscals 2021, 2020 and 2019, each prepared in accordance with Ind AS.

There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, the Indian GAAP and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Prospectus should accordingly be limited.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Restated Financial Statements have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Unless the context otherwise indicates, any percentage or amounts (excluding certain operational metrics), in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*", beginning on pages 19, 116 and 231, respectively, and elsewhere in this Prospectus have been calculated on the basis of amounts derived from our Restated Financial Statements.

Our Company's financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references in this Prospectus to the terms Fiscal or Fiscal Year or Financial Year are to the 12 months ended March 31 of such year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in this Prospectus are to a calendar year.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results, they may not be used by other companies in a similar industry as us or may not be comparable to similar financial or performance indicators used by other similar businesses and are not measures of operating performance or liquidity defined by Ind-AS. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies in India or elsewhere.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States;

- “EUR” or “€” are to Euro, the official currency of the European Union;
- “GBP” or “£” are to British pound, the official currency of the United Kingdom; and
- “SGD” are to Singapore Dollar, the official currency of Singapore.

Our Company has presented certain numerical information in this Prospectus in “million” units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This Prospectus contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between Rupee and other currencies:

(Amount in ₹, unless otherwise specified)

Currency	As at*		
	March 31, 2021	March 31, 2020	March 29, 2019
1 USD	73.21	75.37	69.44
1 EUR	85.84	83.10	77.92
1 GBP	100.91	93.46	90.57
1 SGD	54.43	52.99	51.24

(Source: www.exchangerates.org.uk)

* *In case March 31 of any of the respective years is a public holiday, the previous working day, not being a public holiday, has been considered.*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Prospectus has been obtained or derived from the report titled “*Defence and Space Industry Report*” dated August 6, 2021 prepared by Frost & Sullivan (“**F&S Report**”), who was appointed on July 16, 2021, commissioned and paid for by our Company in connection with the Offer. Further, Frost & Sullivan, *vide* their letter dated August 25, 2021 (“**Letter**”) has accorded their no objection and consent to use the F&S Report and confirmed that they do not have any relationship with our Company, our Directors, our Promoters, or our management.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risk, uncertainties and assumptions, and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the F&S Report, see “*Risk Factors –10. Third party industry and statistical information in this Prospectus may be incomplete or unreliable”* on page 24.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

Disclaimer of Frost & Sullivan

This Prospectus contains data and statistics from certain reports and the F&S Report, which is subject to the following disclaimer:

This independent market research study on the “Defence and Space Industry Report” dated August 6, 2021 has been prepared for Paras Defence and Space Technologies Limited in relation to its initial public offering in connection with its listing on the stock exchange(s).

This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official *publications and research reports. Frost & Sullivan's estimates and assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.*

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

The report has been prepared for the Company's internal use, submission, and sharing with the relevant partners as well as for inclusion in the RHP, Prospectus or any other document in relation to the Offer, in full or in parts as may be decided by the Company.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "propose", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- loss, shutdown or slowdown of business operations;
- adverse change in the GoI's defence or space related policies;
- termination of agreements executed with third parties;
- delays in delivery or failures to meet contract specifications; and
- failure to protect or enforce certain intellectual property rights.

For further discussion on factors that could cause actual results to differ from expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 19, 116 and 231, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholders, the BRLM nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company and the BRLM will ensure that the Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer.

In accordance with requirements of SEBI and as prescribed under applicable law, each of the Selling Shareholders (severally and not jointly) will ensure that the Bidders in India are informed of material developments in relation to the statements and undertakings specifically undertaken or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its respective portion of the Offered Shares in this Prospectus, from the date hereof, until the date of Allotment. Only statements and undertakings which are specifically confirmed or undertaken by each Selling Shareholder, in relation to itself as a Selling Shareholder and its respective portion of the Offered Shares, as the case may be, in this Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholder.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including "Risk Factors", "Objects of the Offer", "Our Business", "Offer Procedure" and "Main Provisions of Articles of Association" beginning on pages 19, 75, 116, 275 and 290, respectively.

Summary of our primary business

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

Summary of Industry

Global defence spending touched $ 1.93 trillion in 2019, which was an increase of 3.6% over such corresponding spending in 2018, and the largest annual growth since 2010. Further, India's defence budget has grown from $ 46.07 billion for FY 2017 to $ 64.62 billion for FY 2022. The defence optics segment is forecasted to grow from approximately $ 255 million in 2021 to approximately $ 2.1 billion in 2030. Airborne Combat and ISR capability expansion will be a major driver of this segment, along with land forces modernization. *(Source F&S Report)*

Our Promoters

Our Promoters are Sharad Virji Shah and Munjal Sharad Shah.

Offer size

The following table summarizes the details of the Offer size:

Offer(1)(2)	9,758,776* Equity Shares, aggregating to ₹ 1,707.78 million
of which	
Fresh Issue(1)	8,034,286* Equity Shares, aggregating to ₹ 1,406.00 million
Offer for Sale(2)	1,724,490* Equity Shares, aggregating to ₹ 301.78 million by the Selling Shareholders

**Subject to finalisation of the Basis of Allotment.*

Note: Pre-IPO Placement by way of private placements of 2,552,598 Equity Shares for cash consideration aggregating to ₹ 344.02 million has been undertaken by our Company. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. For further details, see "Capital Structure – Notes to the capital structure" on page 62.

(1) The Offer has been authorized our Board pursuant to its resolutions dated March 7, 2020, December 29, 2020, March 2, 2021 and August 25, 2021 and by our Shareholders pursuant to a special resolution passed on March 13, 2020.

(2) The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of the Draft Red Herring Prospectus with SEBI, and are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 260.

Objects of the Offer

The following table sets forth details of the proposed utilisation of the Net Proceeds:

Particulars	Amount (in ₹ million)
Purchase of machinery and equipment	346.57
Funding incremental working capital requirements of our Company	600.00
Repayment or prepayment of all or a portion of certain borrowings/outstanding loan facilities availed by our Company	120.00
General corporate purposes(1)	177.90
Net Proceeds	**1,244.47**

(1) The amount proposed to be utilised for general corporate purposes does not exceed 25% of the Net Proceeds.

Pre-Offer Shareholding of our Promoters, Promoter Group and the Selling Shareholders

The equity shareholding of our Promoters, our Promoter Group and the Selling Shareholders as on the date of this Prospectus is set forth below:

Category of Shareholders	Number of Equity Shares held	Percentage of the pre-Offer paid-up capital (%)
Promoters (also the Promoter Selling Shareholders)	18,432,977	59.53
Promoter Group (other than Promoters)	6,154,273	19.87

Category of Shareholders	Number of Equity Shares held	Percentage of the pre-Offer paid-up capital (%)
Individual Selling Shareholders	2,837,498	9.16

Summary of financial information

(in ₹ million, other than share data)

Particulars	Fiscal		
	2021	2020	2019
Equity Share capital	298.53	284.12	56.82
Net worth	1,724.39	1387.36	1190.79
Revenue from operations	1,433.30	1,470.43	1,543.99
Profit/ (loss) after tax	157.86	196.57	189.70
Earnings per Equity Share of ₹ 10 each (basic)	5.55	6.92	6.75
Earnings per Equity Share of ₹ 10 each (diluted)	5.55	6.92	6.74
Net asset value per equity share	55.23	46.03	38.90
Total borrowings	1,061.01	1,033.95	849.52

Qualifications of the Auditors

There are no auditor qualifications which have not been given effect to in the Restated Financial Statements.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company as on the date of this Prospectus, is provided below:

Type of Proceedings	Number of Cases	Amount (in ₹ million)*
Litigation filed against our Company		
Direct tax matters	10	8.87
Indirect tax matters	2	1.20
Total	**12**	**10.07**

* *To the extent quantifiable.*

For details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" beginning on page 254.

Risk Factors

Investors should see "*Risk Factors*" beginning on page 19 to have an informed view before making an investment decision.

Summary of Contingent Liabilities of our Company

The details of our contingent liabilities (to the extent not provided for) as at March 31, 2021 are set forth in the table below.

(in ₹ million)

S. No.	Particulars	Contingent liabilities as at March 31, 2021
1.	Income tax	8.87
2.	Customs Act	1.20
3.	Guarantees	212.22
4.	Letter of credit outstanding	54.80
	Total	**277.09**

For details of contingent liabilities, see "*Restated Financial Statements – Annexure VI – Notes to Restated Consolidated Financial Information – Note 33: Contingent Liabilities and Commitments*" on page 212.

Summary of Related Party Transactions

(in ₹ million)

Particulars	Fiscal		
	2021	2020	2019
Advance against property	-	-	14.60
Advance return back on cancellation of contract	-	-	14.60
Director sitting fees	0.50	1.30	0.70
Managerial remuneration	10.26	8.55	7.68
Salary to relatives	7.42	7.46	5.28
Advance to employee given	-	1.33	-
Advance to employee recovered	0.28	1.05	-

Particulars	Fiscal		
	2021	2020	2019
Rent expenses	0.48	0.04	-
Loans taken	44.28	256.44	35.66
Loans repaid	101.05	113.65	31.82
Compensation to Key Management Personnel of the Company	8.94	9.37	8.54

For details of the related party transactions and as reported in the Restated Financial Statements, see "*Restated Financial Statements – Annexure VI – Notes to Restated Consolidated Financial Information – Note 34 – Related Party Disclosures*" on page 212.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during a period of six months immediately preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

Weighted average price at which the Equity Shares were acquired by the Promoters and Selling Shareholders in the one year preceding the date of this Prospectus

Our Individual Selling Shareholders have not acquired any Equity Shares in the last one year preceding the date of this Prospectus.

Except as disclosed below, none of our Promoters have acquired any Equity Shares in the one year preceding the date of this Prospectus. The weighted average price at which the Equity Shares were acquired by our Promoters in the one year preceding the date of this Prospectus is set out below:

Name	Number of Equity Shares acquired in the one year preceding the date of this Prospectus	Weighted average price (in ₹)
Promoters (also the Promoter Selling Shareholders)		
Sharad Virji Shah	-	-
Munjal Sharad Shah	165,507	200.11

Average Cost of Acquisition

The average cost of acquisition per Equity Share by our Promoters and the Selling Shareholders, as on the date of this Prospectus is:

Name	Number of Equity Shares held	Average cost of acquisition per Equity Share (in ₹)
Promoters (also the Promoter Selling Shareholders)		
Sharad Virji Shah	8,524,840	1.21
Munjal Sharad Shah	9,908,137	3.36
Individual Selling Shareholders		
Ami Munjal Shah	1,313,008	0.00
Shilpa Amit Mahajan	762,245	0.00
Amit Navin Mahajan	762,245	0.00

Details of Pre-IPO Placement

Our Company has undertaken the Pre-IPO Placement by way of private placements of 2,552,598 Equity Shares for cash consideration aggregating to ₹ 344.02 million. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. For further details, see "*Capital Structure – Notes to the capital structure*" on page 62.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Prospectus.

Split/ Consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Prospectus.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider risks described below as well as other information disclosed in this Prospectus before making an investment in the Equity Shares. Risks described in this section are those that we consider to be the most significant to our business, results of operations and financial condition as of the date of this Prospectus. Risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer, including merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. For further details, see "Our Business" on page 116, "Industry Overview" on page 93, "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 231, as well as the other financial and statistical information contained in this Prospectus.

This Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. For details, see "Forward-Looking Statements" on page 15.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements included in this Prospectus.

INTERNAL RISK FACTORS

1. ***The loss, shutdown or slowdown of our business operations may have a material adverse effect on our business, results of operations and financial condition.***

We have two manufacturing facilities in Maharashtra, located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra and our R&D activities are mainly undertaken at our centres at Nerul in Navi Mumbai, Maharashtra and Bengaluru, Karnataka. While our Ambernath facility is engaged in manufacturing of heavy engineering products, our Nerul facility is engaged in manufacturing of optics, manufacturing and integration of electronics and EMP protection products and solutions. We rely exclusively on each of our two manufacturing facilities to earn revenues, pay our operating expenses and service our debt. Any significant interruption to, or loss or shutdown of, operations at any of our manufacturing facilities or R&D centres would adversely affect our business.

If any of our facilities or centres are harmed or rendered inoperable by factors such as, including the breakdown or failure of equipment, difficulties or delays in obtaining raw materials, spare parts and equipment / machines, raw material shortages, performance below expected levels of output or efficiency, facility obsolescence or disrepair, natural or man-made disasters (including earthquakes, fire, floods, acts of terrorism and power outages) and industrial accidents, it may render it difficult or impossible for us to efficiently operate our business for some time, or require us to shut major part of our operations, which may adversely affect our business, financial condition, result of operations and cash flows. For instance, our business operations were temporarily disrupted from end of March 2020 to July 2020 on account of the temporary shutdown of the manufacturing facilities or R&D centres on account of the lockdown imposed by the central/state authorities to combat the spread of COVID-19. For further details, see "*– 16. The continuing effect of the COVID-19 pandemic on our business and operations is highly uncertain and cannot be predicted.*" on page 26. Additionally, any failure or disruption in power or water supply could affect our daily operations and substantially increase our manufacturing costs.

2. ***Our business is largely dependent on contracts from the Government of India ("GoI") and associated entities including defence public sector undertakings and government organizations involved in space research. A decline or reprioritisation of the Indian defence or space budget, reduction in orders, termination of existing contracts, delay of existing or anticipated contracts or programmes or any adverse change in the GoI's defence or space related policies will have a material adverse impact on our business.***

We are involved in designing, developing, manufacturing and testing of a wide range of engineering products and solutions for defence and space applications. Consequently, our business is highly dependent on projects and programmes undertaken by GoI and associated entities, such as defence public sector undertakings and government organizations involved in space research (collectively, the "**GoI Entities**"). For the Fiscals ended 2021, 2020 and 2019, we derived revenue of ₹728.64 million, ₹422.73 million, and ₹ 549.91 million, respectively, from sales made to the GoI Entities, which is equivalent to 50.84%, 28.75% and 35.62% of our total consolidated sales for the respective Fiscals. Further, as at June 30, 2021, our order book from the GoI Entities, was ₹1,305.96 million. We expect to derive most of our revenues under our contracts with the GoI Entities.

Further, our contracts depend upon the continuing availability of budgets extended to the MoD and the DoS. The cumulative Indian defence market in the time frame for Financial Year 2022-2031 is expected to be ~ $ 99.4 billion. (*Source: F&S report*) ISRO revenue expenditure has also been increasing since 2015-2016 from $ 1,086.11 million to $ 1,865.82 million in 2020-2021 and is forecasted to grow to $ 2,160.61 million by 2026-2027. (*Source: F&S report*) While there is an increase in the total defence and space allocations over a period of time, the level of defence and space spending and changes in the tax policies by the GoI in the future is difficult to predict and may be impacted by numerous factors such as the evolving nature of the national security concerns, foreign policy, domestic political environment and macroeconomic conditions. A decline or reprioritisation of the Indian defence or space budget, changes in GoI Entities defence or space requirements and geo-political circumstances, reduction in orders, termination of existing contracts, delay of existing contracts or programmes will have a material adverse impact on our business.

Moreover, the MoD has promulgated the Defence Acquisition Procedure which has been aligned with the vision of the Government's Aatmanirbhar Bharat (self-reliant India) initiative to empower the Indian domestic defence industry through 'Make in India' projects. These policies of the GoI may have increased competition and we cannot assure you that we will be as competitive as we have been in the past and we will continue to be successfully awarded contracts by the GoI. Further, our products are well suited to be classified as IDDM, the highest category in the priority of categorization under DAP since most of our products and solutions are designed, developed and manufactured by us in India, however, there can be no assurance that we will continue to be selected for such contracts. There is no assurance that GoI Entities will continue to engage us and that we will continue to sustain the general level of revenue that we have secured in the past. Further, any adverse change in the GoI policy may lead to cancellation or slowdown of our orders and could have a material adverse effect on our business, results of operations and financial conditions.

3. ***Our Company has executed various agreements with third parties, including in relation to securing contracts and manufacturing of products, which may impose certain obligations on us and the termination of which may adversely affect our business, results of operations, financial condition and prospects.***

From time to time, our Company enters into contracts with third parties in India and outside India for partnering in relation to development of certain products or sourcing components. For instance, our Company has entered into teaming agreements with companies such as HPS Gmbh, Invent Gmbh, and Kley France for securing contracts and manufacturing of products in accordance with the terms of such agreements. These agreements are typically short term and are entered for a period of one or two years. Further, our Company has also entered into a partnership agreement with S-TEC Corporation on May 5, 2020 ("**S-TEC Agreement**") for collaboration in relation to offering products and solutions for aircraft component manufacturing. As part of such partnerships or collaborations, our Company may take certain steps such as making investment in R&D for the products which are the subject matter of such partnerships or may commit to orders based on arrangements agreed to in such contracts. We cannot assure you that these agreements will be renewed or extended at the end of their respective terms. A delay in or failure to do so may have an impact on our business, financial condition and results of operations. Further, the success of our business collaborations depends significantly on the satisfactory performance by our partners of their contractual and other obligations. In addition, the agreements and memorandum of undertakings entered by Company for collaboration or partnership were executed outside India or on emails and are not stamped. In the event such agreements are to be enforced in India, we will be required to pay requisite stamp duty along with any applicable penalty, if any, at time of enforcement.

Further, in certain cases, the terms of such agreements may be onerous for the Company. For instance, under the S-TEC Agreement, in the event of breach and/or wilful misconduct or negligence on our part, our Company will be required to indemnify S-TEC Corporation from any direct costs or damages to the extent that they arise from the breach of the agreement. This may result in an adverse impact on our business, prospects, financial condition and results of operations. We cannot assure you that we have or will be able to comply with all such restrictive conditions in a timely manner or at all or that we will be able to comply with all such restrictive covenants in the future.

4. ***We design, develop and manufacture products and solutions that incorporate advanced technologies. Many of our contracts contain performance obligations that require innovative design capabilities, are technologically complex or involve developmental costs. Further, developing customised products and solutions and other research and development ("R&D") activities involve risks and we may not realize the degree of benefits initially anticipated or in a timely manner or at all. Further, such activities may not lead to satisfactory returns, including in relation to our unmanned aerial vehicle ("UAV") integration solutions.***

We design, develop and manufacture technologically advanced and innovative products and solutions applied by our customers in a variety of environments. Problems and delays in development or delivery as a result of issues with respect to design, technology, concurrent engineering, licensing, labour, learning curve assumptions or raw materials could prevent us from achieving contractual requirements.

The business environment in many of our principal operating activities requires extensive design and development expenses. We devote substantial resources to our design and engineering functions and also make investments in R&D, in particular, to create new products and solutions which are customised to meet customer expectations and end-user preferences and to also improve our production processes and quality of our existing products and solutions, which we believe are factors crucial for our future growth and prospects. As on June 30, 2021, our R&D team comprise of 31 engineers and officers. Our ability to realize the anticipated benefits of our R&D capabilities depends on a variety of factors, including meeting development, production, certification and regulatory approval schedules, execution of internal and external performances plans, availability of supplier and internally-produced parts and materials, performance of suppliers and sub-contractors, hiring and training of qualified personnel, achieving cost and production efficiencies, identification of emerging technological trends in our target end markets, validation of technologies, level of customer interest in new technologies and products, and customer acceptance of our products and products that incorporate technologies we develop. In addition, due to the design complexity of our products, we may in the future experience delays in completing the development and introduction of new products.

We may incur substantial R&D costs as part of our efforts to design, develop and commercialise new products and solutions and enhance existing products and solutions portfolio. However, there is no guarantee that our R&D initiatives will be successful or be completed within the anticipated time frame or budget. Furthermore, there is no assurance that our newly developed or improvised products and solutions will yield desired results, can be used for our commercial operations or will generate any revenue. For instance, we have developed products and solutions in the past such as control and display unit for a radar program, control system for a tank program and high-power embedded computer for naval applications. Even if such products can be successfully developed and manufactured, there is no guarantee that they will be cost effective, accepted by our customers and achieve anticipated returns. Our ongoing investments in various R&D initiatives could result in higher costs without a proportionate increase in revenues. If we fail to design, develop and manufacture customised products and solutions for our customers at competitive price, this may affect our ability to win bids and/or contracts and our business profitability and financial condition may be materially and adversely affected.

Further, as part of our growth strategy, we seek to expand into the UAV integration solutions and services segment. Factors such as our lack of experience in this segment compared to our competitors in India and outside India, demand for such products and additional R&D costs may impact our ability to grow our market share in this segment. As a part of our current strategy for growth by expanding into opportunistic areas and partnerships, our Subsidiary, Paras Aerospace Private Limited aims to offer UAV integration solutions and UAV services for a wide range of applications such as agriculture, power transmission, oil and gas, mining and construction. The flagship product of Paras Aerospace Private Limited will be a Cloud based NPNT Solution (offered as software-as-a-service) and Indigenous Multispectral Camera for various applications including agriculture. Further, our Subsidiary, Paras Anti-drone Technologies will design sub modules and we will be involved in integrating the solution. Paras Anti drone Technologies will create its own intellectual property and technical know-how in collaboration with our Company. However, there can be no assurance that we will be able to successfully implement our strategy. Further, the process of foraying into such new segments requires that we make long-term investments and commit significant resources before knowing whether these investments will eventually result in businesses that achieve customer acceptance and generate the revenues required to provide desired returns. We may experience difficulties that could delay or hinder the successful development, introduction and marketing of products in such segments. There can be no assurance that such products will be readily accepted in the market, become commercially successful or that our competitors will not be able to produce similar products at a lower price than we can, which would have an adverse effect on our products' competitive position. If we are unable to achieve the anticipated returns in such new growth areas, it could have a material adverse effect on our business, results of operations and financial condition.

5. ***Any failure to protect or enforce our rights to own or use trademarks and brand name and identity could have an adverse effect on our business and competitive position. Further, the application for registering our corporate logo as trademark has been made and is currently pending.***

We have been issued 4 trademarks in India as at June 30, 2021 which have been registered with the Registrar of Trademarks under various classes of the Trademarks Act. Our Company has also made an application for the trademark registration of our corporate logo i.e. under classes 6, 7 and 9 and these are yet to be registered. The application under class 6 has been "Objected", whereas the applications under classes 7 and 9 have been assigned the status "Opposed". Further, our applications for the registration of the trademarks (a) in relation to our logo under classes 8 and 37 have been assigned the status "Objected" and "Opposed" respectively, and (b) TechCARE under class 10 has been assigned the status "Opposed". We have also applied for designs under the Designs Act, 2000. For further information, see "*Our Business – Intellectual Property*" on page 135. If we are unable to register our trademark for various reasons including our inability to remove objections to any trademark application, or if any of our unregistered trademark are registered in favour of or used by a third party in India or abroad, we may not be able to claim registered ownership of such trademark and consequently, we may not be able to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities, causing damage to our business prospects, reputation and goodwill in India and abroad. Apart from this, any failure to register or renew registration of our registered trademark may affect our right to use such trademark in future. Further, our efforts to protect our intellectual property in India and abroad may not be adequate and any third party claim on any of our unprotected intellectual property may lead to erosion of our business value and our reputation, which could adversely affect our operations. Third parties may also infringe or copy our registered brand name in India and abroad which has been registered by us in India. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our trademarks in India and abroad.

Further, if we do not maintain our brand name and identity, which we believe is a principal factor that differentiates us from our competitors, or if we fail to provide high quality products on a timely basis, we may not be able to maintain our competitive edge in India and abroad. If we are unable to compete successfully, we could lose our customers, which would negatively affect our financial performance and profitability. Moreover, our ability to protect, enforce or utilize our brand name is subject to risks, including general litigation risks. Furthermore, we cannot assure you that such brand name will not be adversely affected in the future by actions that are beyond our control, including customer complaints or adverse publicity from any other source in India and abroad. Any damage to our brand name, if not immediately and sufficiently remedied, could have an adverse effect on our business and competitive position in India and abroad.

Finally, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights, which may force us to alter our product offerings or modify our manufacturing processes established in our production facilities. Further, our Company has entered into license agreements with Council of Scientific and Industrial Research -National Aerospace Laboratories, Bangalore for technology transfer *inter alia* of Bi Level Positive Airway System and UV disinfectant retro-fit systems. For further details, see "*Our Business – Intellectual Property*" on page 135. We may also be susceptible to claims from third parties asserting infringement and other related claims in India and abroad.

6. ***We have sustained negative cash flows from operating and investing activities in the past and may experience earnings declines or operating losses or negative cash flows from investing activities in the future.***

We have sustained negative cash flows from operating activities for the Fiscals 2020 and 2019 and investing activities for the Fiscals 2021, 2020 and 2019, largely due to working capital changes and the negative cash flows from investing activities are majorly due to investment in PPE and CWIP. The cash flows, both positive and negative, experienced for operating and investing activities are set below:

(in ₹ million)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Net cash flow from/(used in) operating activities	42.85	(26.00)	(120.52)
Net cash flow from/(used in) investing activities	(62.64)	(48.75)	(95.52)

For details, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on page 231. There can be no assurances that cash flows will be positive in the future.

7. ***We could incur losses under our fixed price contracts as a result of cost overruns, delays in delivery or failures to meet contract specifications which may have an adverse effect on our business, financial condition and results of operations.***

Most of our contracts are fixed-price contracts. All costs including labour and raw materials costs are forecasted by us when we enter such fixed-price contracts. In case of cost variances from such estimates, we are permitted to retain all cost savings on completed contracts but are liable for the full amount of all cost overruns. In the past, we have witnessed cost overruns in the case of some of our contracts and we may also continue to witness the same in the future. The actual costs incurred on a fixed-price contract may vary from our estimates due to factors such as:

- unanticipated variations in labour and equipment productivity over the term of a contract;
- unanticipated increases in labour, raw material, sub-contracting and overhead costs;
- delivery delays and corrective measures for poor workmanship;
- equipment failures;
- changes in the specifications provided by our customers;
- obsolescence of any components; and
- changes in testing requirements.

We cannot assure you that these contracts, if secured, can be completed profitably. Significant cost overruns on our fixed price contracts could have a material adverse effect on our business, financial condition, results of operations and prospects. For instance, while we did not incur any losses in this regard during Fiscal 2019, we incurred loss during Fiscal 2020 in relation to a project for development of high end computing system for naval applications, amounting to ₹ 2.20 million which is equivalent to 0.15% of our revenue from operations for Fiscal 2020.

Depending on the size of the project, variations from estimated contract performance could significantly reduce our earnings, and could result in losses, during any quarter of a fiscal or entire fiscal. All of our fixed price contracts provide for liquidated damages for late delivery. In the past, we have been required to re-negotiate some of the terms, such as price, date of delivery, scope of work, due to a delay in delivery of the products owing to a combination of internal as well as external factors beyond our control. We have also had to pay liquidated damages for delay in delivery and for quality issues. For details see "- *12. Any failure to comply with the provisions of the contracts entered with our customers, especially the Government of India ("**GoI**") Entities, could have an adverse effect on our business operations, financial conditions and results of our operations. Additionally, imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future*." on page 24. There can be no assurance that our customers in future will not rescind their contracts with us if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our contracts. This may have an impact on our reputation, which could have a material adverse effect on our financial condition, results of operations and prospects.

8. *Our statutory auditor's reports on financial statements for Fiscals 2019, 2020 and 2021 include certain matters required under the Companies (Auditors Report) Order, 2016 ("CARO") and the Statutory Auditor's reports on the financial statements for the Fiscals 2020 and 2021 include certain emphasis of matters.*

Our statutory auditor's reports on the financial statements for Fiscals 2019, 2020 and 2021 include certain matters as required under the CARO, in terms of Section 143(11) of the Companies Act, 2013. For instance, the Auditor's reports for Fiscals 2021, 2020 and 2019 identifies matters such as undisputed amounts of ₹ 22.11 million due outstanding towards income tax for more than six months as of March 31, 2021, ₹ 20.25 million due outstanding towards income tax for more than six months as of March 31, 2020, ₹ 23.98 million due outstanding towards advance income tax for more than six months as of March 31, 2019 and delays in deposit of statutory dues such as provident fund, employees state insurance and income tax. Further, our Statutory Auditors have included emphasis of matters in their reports on the audited financial statements for Fiscals 2020 and 2021, which describes the uncertainty relating to the COVID-19 pandemic and its consequential effects on the affairs of the Company. For further details in this regard, see "*Restated Financial Statements - Annexure VI – Notes to the Restated Consolidated Financial Information - Note 44: Non-adjusting items*". There can be no assurance that our auditor's observations for any future fiscal periods will not contain similar remarks, emphasis of matters or that matters, prescribed under CARO will not form part of our financial statements for the future fiscal periods and that such matters will not otherwise affect our results of operations in such future periods. For further details, see "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" beginning on pages 172 and 231, respectively.

9. *Our Registered Office and manufacturing facilities are located on leased premises. If we are unable to renew these leases or relocate on commercially suitable terms, it may have a material adverse effect on our business, results of operation and financial condition.*

Our Registered Office and our manufacturing facilities situated at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra are located on premises leased from the MIDC. The lease for the manufacturing facility at Nerul has been transferred to us pursuant to amalgamation of our Company with Mechvac India Limited. Though we have entered into long-term lease agreements with respect to these lands, such lease agreements may be terminated early in the event of a default or upon the expiry of their tenure and may not be renewed. For details, see "*Our Business – Property*" on page 135. Additionally, the lease agreements require our Company to comply with certain conditions including prior consent of the lessor for certain actions such as making significant structural alterations, subletting, transferring or assigning the leased premises. If we fail to meet any such conditions, we may be required to incur additional liability. For instance, our Company has not sought the consent from MIDC in relation to subletting a portion of the premises leased from MIDC at Nerul in Navi Mumbai, Maharashtra, to our Subsidiaries.

In addition, our guesthouses or residential properties have been obtained through leave and license agreements. However, these agreements are not registered with the concerned authority. If these agreements are terminated or revoked or if we are unable to renew these agreements on commercially reasonable terms or at all, we may suffer significant disruptions to our operations and incur considerable costs to relocate and move our operations elsewhere. In the event we are required to vacate the premises, we may need to do with short or no notice. Any inability on our part to timely identify a suitable location for a relocated premise could have an adverse impact on our business.

Further, our customers generally have the right to inspect and audit our facilities, processes and products after reasonable notice to ensure that our services are meeting their internal standards. Most of our customers routinely inspect and audit our facilities. If we fail to perform our services in accordance with best practices stipulated by our customers and/or our customers are dissatisfied with the quality of our facilities in any manner, our reputation could be harmed and our customers may terminate/modify their contractual arrangements and/ or refuse to renew their contractual arrangements or purchase orders. This may have an adverse impact on our business, financial condition, results of operations and future prospects.

10. ***Third party industry and statistical information in this Prospectus may be incomplete or unreliable.***

The information in the sections entitled "*Our Business*", "*Industry Overview*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", beginning on pages 116, 93 and 231, respectively, includes information that is derived from the "*Defence and Space Industry Report*" dated August 6, 2021, prepared by Frost & Sullivan, commissioned and paid for by our Company in connection with the Offer. We commissioned this report for the purpose of confirming our understanding of the industry in connection with the Offer. Discussions of matters relating to India, its economy or the industries in which we operate in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Prospectus. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere. We cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Prospectus. For more details, see "*Industry Overview*" on page 93.

11. ***If we fail to keep our technical knowledge and process know-how confidential, we may suffer a loss of our competitive advantage or it may negatively impact the overall implementation of the programmes being worked on.***

We possess extensive technical knowledge about our products. We have gained such technical knowledge through our own experiences, R&D initiatives undertaken by us and our collaboration with overseas technological companies, over the years. Our technical knowledge is a significant independent asset. While our employees are subject to strict confidentiality, non-disclosure and non-compete obligations under the respective agreements entered with them, such technical knowledge is not protected by intellectual property rights such as patent registration or design registration. As a result, we cannot assure that our technical knowledge will remain confidential.

Even if all reasonable precautions, whether contractual or otherwise, are taken to protect our confidential technical knowledge of our products and business, there is a risk that certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. We operate in highly sensitive areas and such leakage could adversely affect such critical programmes and our goodwill as well as future prospects with key agencies in the sector. Moreover, our employees may leave us and join other vendors manufacturing products similar to ours. Although we enter non-disclosure and non-compete agreements with our employees, we cannot guarantee that we will be able to successfully enforce such agreements. While we enter into confidentiality and non-disclosure agreements with our suppliers and business partners, we cannot assure you that parties will not breach their confidentiality obligations under such arrangements. The potential damage from such breach of any confidentiality obligations is heightened as our designs and products are not patented, and thus we may have no recourse against copies of our products and designs that enter the market subsequent to such leakages.

In the event that the confidential information in respect of our products or business becomes available to third parties or to the public, any competitive advantage we may have over our competitors could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

12. ***Any failure to comply with the provisions of the contracts entered with our customers, especially the Government of India ("GoI") Entities, could have an adverse effect on our business operations, financial conditions and results of our operations. Additionally, imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future.***

The contracts entered with our customers, especially GoI Entities, contain onerous obligations and are subject to laws which give them certain rights and remedies including without limitation the following:

- terminate existing contracts for default, delays or force majeure conditions;
- demand encashment of warranty indemnity bonds;

- reduce orders under, or otherwise modify, contracts or sub-contracts;
- claim intellectual property rights in products and systems produced by us;
- control or prohibit the export of our products and services; and
- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable.

In the event that our customers enforce any of the above provisions, it could have an adverse effect on our business operations, financial conditions and results of our operations. Further, the loss of anticipated funding or the termination of multiple or large programmes by the GoI Entities could have an adverse effect on our future revenues and earnings.

Apart from the above, most of the contracts with our customers require our Company to pay liquidated damages in the event of delay in delivery of products. The value of the liquidated damages typically ranges from 5% to 10% of the value of the contract. Additionally, under few of these contracts we are required to secure performance bond in the form of bank guarantee from nationalised / scheduled commercial banks for approximately 10% of the total order value towards performance of the equipment until completion of warranty period indicated in such contracts. In the event, we are unable to comply with the terms of the contract with the customer, they may invoke such bank guarantees. For the Fiscals ended 2021, 2020 and 2019, we have paid late delivery charges amounting to ₹ 7.51 million, ₹ 8.96 million, ₹ 6.28 million, respectively, to our customers, which is equivalent to 0.52%, 0.61% and 0.41%, of the revenue from operations for the respective Fiscals.

We cannot assure you that in future such contracts can be completed profitably or on terms that are not commercially acceptable to us. Any time and/or cost overruns on our contract could have a material adverse effect on our business, results of operations and financial condition. The incurring of such liabilities pursuant to the imposition of liquidated damages or the invocation of such performance bank guarantees and indemnity bonds in relation to our contracts could have an adverse effect on our business, results of operation, and financial condition.

13. ***Availability and cost of raw materials could adversely affect our business, financial condition, results of operations and prospects.***

Our operations are impacted by the availability and cost of raw materials utilised in our production process. We purchase our raw materials from domestic as well as international markets and any change in cost and availability of such raw materials for any reason, including change in the approved suppliers, change in law or applicable governmental policies relating to imports, would adversely affect our business, financial condition, results of operations and prospects.

Our raw material suppliers may fail to deliver products of acceptable quality and within stipulated schedules or at all. We may be required to replace a supplier if the products provided or supplied, do not meet our quality or performance standards. Further, increase in competition may lead to our competitors establishing exclusive arrangements with our suppliers due to which we may be unable to secure an adequate supply of raw materials or which may increase our overall cost of raw materials, which we may not be able to determine from our customers.

While we are not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, economic and political conditions, transportation and labour costs, disruption during transportation, labour unrest, natural disasters, import duties, tariffs and currency exchange rates. This volatility in commodity prices can significantly affect our raw material costs. Further, any volatility in fuel prices can also affect commodity prices worldwide, which in turn may significantly increase our raw material costs.

14. ***We have significant power, and fuel requirements and any disruption to power or water sources could increase our production costs and adversely affect our results of operations.***

We require substantial power and fuel for our manufacturing facilities, and energy costs represents a significant portion of the production costs for our operations. For Fiscals 2021, 2020 and 2019, our power, and fuel costs were ₹24.80 million, ₹24.45 million, ₹21.83 million, constituting ₹ 1.73%, 1.66% and 1.41%, respectively, of our total revenue from operations. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profits could decline.

We source most of our electricity requirements for our manufacturing facilities from state electricity boards and to a lesser extent, third-party suppliers. If supply is not available for any reason, we will need to rely on captive generators, which may not be able to consistently meet our requirements. The cost of electricity from state electricity boards could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available, we may need to shut down our plants until an adequate supply of electricity is restored.

Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. In addition, we source most of our water requirements from state utilities, but there is no assurance that we will be able to obtain a sufficient supply of water from sources in these areas, some of which are prone to drought. Therefore, we are subject to price risk and if supply or access is not available for any reason, our production may be disrupted and profitability could be adversely affected. We may also be forced to shut down or scale down our production if the drought worsens and we cannot access water in sufficient amounts.

15. ***Cyber-attacks or other security breaches could have a material adverse effect on our business, results of operation or financial condition.***

We face cyber threats, threats to the physical security of our facilities and employees, and terrorist acts, as well as the potential for business disruptions associated with IT failures, natural disasters, or public health crises. We have experienced cyber security threats, threats to our IT infrastructure and attempts to gain access to our Company's sensitive information. In October 2019, our emails were tapped because of which our Company was defrauded for an amount of 23,376 pounds (equivalent to ₹ 2.04 million) in relation to the sourcing of certain motherboards. We have installed anti-virus software to prevent our systems and infrastructure from being infected and crippled by computer viruses. All our internet facing servers installed at all our data centres as well as at all our offices are also secured with firewalls and intrusion preventions systems to prevent hacking, however we may experience similar security threats at customer sites that we operate and manage as a contractual requirement. Prior cyber-attacks directed at us have not had a material impact on our financial results, and we believe our threat detection and mitigation processes and procedures are adequate. The threats we face vary from attacks common to most industries to more advanced and persistent, highly organised adversaries who target us because we protect national security information. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted.

Although we work cooperatively with our customers, suppliers, sub-contractors, joint venture partners, and acquisitions to seek to minimise the impact of cyber threats, other security threats or business disruptions, we must rely on the safeguards put in place by these entities, which may affect the security of our information. These entities have varying levels of cyber security expertise and safeguards and their relationships with government contractors may increase the likelihood that they are targeted by the same cyber threats we face.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, early obsolescence of our products and services, our future financial results, our reputation or our stock price.

16. ***The continuing effect of the COVID-19 pandemic on our business and operations is highly uncertain and cannot be predicted.***

In late calendar 2019, the disease caused by the "novel coronavirus", commonly known as COVID-19 was first reported in Wuhan, China. Since then, the virus has progressively spread globally to many countries. The World Health Organization declared the COVID-19 outbreak as a health emergency of international concern on January 30, 2020 and thereafter categorised the outbreak as a pandemic on March 11, 2020.

In order to contain the spread of the COVID-19 pandemic, the GoI along with state governments declared a lockdown of the country, including severe travel and transport restrictions and a directive to all citizens to shelter in place, unless essential. The COVID-19 pandemic and associated responses have adversely affected, among other things, workforces, consumer sentiment, liquidity, economies, trade and financial markets around the world, including in India. The lockdown required private, commercial and industrial establishments to remain closed. As a result, our business operations were temporarily disrupted on account of the temporary shutdown of our offices with effect from March 21, 2020 to April 21, 2020 and our manufacturing facilities and R&D centres from March 21, 2020 to August 1, 2020, pursuant to the directives from the central/local authorities which has impacted our ability to maintain continued operations resulting in some loss of production and cash flows. Further, since we do not maintain business interruption insurance (other than any interruptions caused due to fire), we will not be covered for any claims or damages arising out of such disruptions. We have intimated our customers about the force majeure conditions for all our existing orders and will accordingly re-negotiate the contract dates with our customers, post analysing the impact on such orders.

Due to COVID-19, in the first half of Fiscal 2021 our Company's operations and revenue were impacted leading to a decrease in overall revenue from operations by 2.53% to ₹ 1,433.30 million for Fiscal 2021 compared to ₹ 1,470.43 million for Fiscal 2020. Further, we anticipate short term cash flow crunch and accordingly in order to maintain our existing cash flows, we have taken certain measures such as moderation of allowances incidental to work for our executives to control our costs. For details, see "*Restated Financial Statements*" and "*Management's Discussion and*

Analysis of Financial Condition and Results of Operation – Impact of Covid-19 on our operations and financial condition" beginning on pages 172 and 235, respectively.

Approximately 7% i.e. 25 of our employees were working remotely as of June 30, 2021. Heightened cybersecurity, information security and operational risks may result from these remote working arrangements. While we have already implemented a business continuity plan and we shall be implementing other such plans for minimising delays in production, we cannot assure you that such plans and safeguards will be effective during the ongoing COVID-19 pandemic. During the COVID-19 pandemic there has been an increased propagation of malware that could expose our employees and system to increased cybersecurity threats through phishing and other means. Further, we could be adversely affected if key personnel or a significant number of employees were to become unavailable due to the effects and restrictions imposed as a result of the COVID-19 pandemic. If any of our employees were suspected of contracting COVID-19 or any other contagious disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations (including implementation of work from home regime for key executives, to the extent possible) and cancellation of physical participation in meetings, events and conferences) and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

Further, our Statutory Auditors have included emphasis of matters in their report on the financial statements for the fiscal years ended March 31, 2021 and March 31, 2020, which describes the uncertainty relating to COVID-19 pandemic and its consequential effects on the affairs of the Company. For further details, see "*Restated Financial Statements*" beginning on page 172. The ultimate impact will depend on a number of factors, many of which are outside our control, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activities in India and globally, the eventual level of infections in India or in the regions in which we operate, and the impact of any actions taken by governmental bodies or health organisations (whether mandatory or advisory) to combat the spread of the virus. These risks could have an adverse effect on our business, results of operations and financial condition.

Further, in the event the number of infected cases of COVID-19 in India begins to rise again, there is no certainty if additional restrictions will be put back in place or if another lockdown would be re-imposed to control the spread of the pandemic. Further, there is uncertainty regarding the availability of a vaccine against COVID-19 to the general population in India or the scope, duration and efficacy of the GoI's and state governments' measures to prevent the spread of COVID-19 or the economic disruption caused as a result. We cannot assure you that we will not face any difficulty in our operations due to such restrictions and such prolonged instances of lockdown may adversely affect our business, results of operations, financial condition, cash flows, reputation and prospects. As on the date of this Prospectus, there is significant uncertainty on the impact of COVID-19 on the global and Indian economy and we may not be able to accurately predict its near term or long term impact on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in "- *51. A slowdown in economic growth in India could cause our business to suffer. Further, unforeseeable business interruptions, including war, pandemic, terrorist activities, political and social unrest, epidemics and natural disasters, such as earthquakes, could have a negative effect on the Indian economy and adversely affect our business*" on page 41.

17. ***We may not qualify for or win bids to further expand our business, which may have an adverse effect our business, financial condition, results of operations and prospects.***

Our business and growth depend on our ability to qualify for and win bids undertaken by GoI Entities for awarding contracts. Our Company obtains a majority of its business through a competitive bidding process in which it competes for project awards based on, among other things, pricing, technical and technological expertise, reputation for quality, financing capabilities and track record. The bidding and selection process is affected by a number of factors, including factors which may be beyond our control, such as market conditions, project delays, scope adjustments, external economic or political factors. Any increase in competition during the bidding process or reduction in our competitive capabilities could have a material adverse effect on our market share. There can be no assurance that our current or potential competitors will not offer products and solutions comparable or superior to those that we offer at the same or lower prices, adapt more quickly to industry challenges, or expand their operations at a faster pace than we do. Increased competition may result in price reductions, reduced profit margins and loss of market share, thereby causing an adverse effect on our operations, prospects and financial condition.

In addition to meeting bid capacity requirements, we may also be required to pre-qualify for the orders involving GoI Entities such as in relation to background checks and prior experience of the bidders. However, we cannot assure that we shall always maintain our bid capacity and our pre-qualification capabilities, and that we shall be able to continually secure projects so as to enhance our business operations, financial performance and results of operations. Further, such pre-qualification criteria may also change from time to time. Our inability to fulfil and maintain the bid and pre-qualification capabilities may materially impact our operating revenue and profitability.

18. ***We have not been able to obtain certain records of the educational qualifications of Sharad Virji Shah and our KMPs namely, Harsh Dhirendra Bhansali and Anish Mehta, and have relied on declarations and undertakings furnished by them for details of their profiles included in this Prospectus.***

Our Promoter, Sharad Virji Shah and our KMPs namely, Harsh Dhirendra Bhansali and Anish Mehta, have been unable to trace copies of documents pertaining to certain of their educational qualifications. Accordingly, reliance has been placed on declarations, undertakings and affidavits furnished by them to us and the BRLM to disclose details of their respective educational qualifications in this Prospectus. We and the BRLM have been unable to independently verify these details prior to inclusion in this Prospectus. Further, there can be no assurances that they will be able to trace the relevant documents pertaining to their respective qualifications in the future, or at all.

19. ***We have entered, and may continue to enter, related party transactions which may not always enable us to achieve the most favourable terms.***

We have, in the ordinary course of our business, entered into transactions with certain related parties. We have in the past and may in the future purchase goods and samples from and sell goods to related parties.

(*in ₹ million*)

Particulars	Fiscal		
	2021	2020	2019
Advance against property	-	-	14.60
Advance return back on cancellation of contract	-	-	14.60
Director sitting fees	0.50	1.30	0.70
Managerial remuneration	10.26	8.55	7.68
Salary to relatives	7.42	7.46	5.28
Advance to employee given	-	1.33	-
Advance to employee recovered	0.28	1.05	-
Rent expenses	0.48	0.04	-
Loans taken	44.28	256.44	35.66
Loans repaid	101.05	113.65	31.82
Compensation to Key Management Personnel of the Company	8.94	9.37	8.54

We cannot assure you that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. For more information regarding our related party transactions, see "*Restated Financial Statements – Annexure VI – Notes to Restated Consolidated Financial Information – Note 34 - Related Party Disclosures*" on page 212.

20. ***During the last 12 months preceding the date of this Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer Price.***

We have, in the last 12 months prior to filing this Prospectus, issued Equity Shares at a price that could be lower than the Offer Price. For details, see "*Capital Structure – Issue of Equity Shares at a price lower than the Offer Price in the last year*" on page 67. The prices at which Equity Shares have been issued by us in the last one year should not be taken to be indicative of the Price Band, Offer Price and the trading price of our Equity Shares after listing.

21. ***We depend on a limited number of customers for a significant portion of our revenue. The loss of any of our major customers due to any adverse development or significant reduction in business from our major customers may adversely affect our business, financial condition, results of operations and future prospects.***

We have in the past derived a significant portion of our revenue from limited number of customers and we may continue to derive a significant portion of our revenue from such customers. As per our Restated Financial Statements, our revenue from our top five customers on a consolidated basis for the Fiscals ended 2021, 2020 and 2019 amounting to ₹854.65 million, ₹1,062.69 million, ₹905.48 million, respectively, which constituted 59.63%, 72.27% and 58.65% of our total consolidated revenue for the respective Fiscals. As our business is currently concentrated to a select number of customers, any adverse development with such customers, including as a result of a dispute with or disqualification by such major customers, may result in us experiencing significant reduction in our cash flows and liquidity. If our customers are able to fulfil their requirements through any of our existing or new competitors, providing products with better quality and / or cheaper cost, we may lose significant portion of our business. Additionally, consolidation of any of our customers may also adversely affect our existing relationships and arrangements with such customers, and any of our customers that are acquired may cease to continue the businesses that require products manufactured by us.

Further, in the event our major customers face any form of adverse effect due to exigent circumstances, resulting in a sustained decline in the demand for their products, including due to macroeconomic or geo-political factors affecting the economy in general, could prompt them to reduce their production volumes, in turn affecting their demand for our products. The volume and timing of sales to our major customers may also adversely vary due to variation in: (i) delay in or cancellation of projects; (ii) niche choices of raw materials for our products manufactured; (iii) bespoke requirements; (iv) management of inventory levels; (v) manufacturing strategy; and (vi) growth strategy. Furthermore, we do not have firm commitment in the form of long-term supply agreements with our customers and instead rely on purchase orders and contracts for manufacture of specific products on a project basis to govern the volume and other terms of our sales of products. There can be no assurance that upon expiry of the contracts, our customers will re-enter into such agreements with us in a timely manner and at terms favourable to us or at all. Consequently, there is no commitment on the part of our major customers to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. Further, we may not find any other customers for the surplus or excess capacity, in which case we may be forced to incur a loss.

22. ***We are subject to strict quality requirements, customer inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and future prospects.***

We specialize in designing, developing, manufacturing and testing of a wide range of engineering products and solutions for defence and space applications. We design, develop and manufacture complex and specialised components for customers in defence and space sector based on specific requirements stipulated by them. Given the nature of our products and solutions, and the sector in which we operate, we believe that our customers have high standards for product quality and delivery schedules as adherence to quality standards is a critical factor for our products. A defect in products and solutions manufactured by our Company or failure to comply with the specifications of our customers may, in turn, lead to the manufacture of faulty end-products by our customer. Any failure to make timely deliveries of products and solutions as per our customers' requirements, failure to perform our services in accordance with best practices stipulated by our customers and/or if our customers are dissatisfied with the quality of our facilities in any manner, our reputation could be harmed and our customers may terminate/modify their contractual arrangements and/ or refuse to renew their contractual arrangements or purchase orders and in certain instances may result in additional financial exposure.

While we have put in place quality control procedures, we cannot assure you that our products will always be able to satisfy our customers' quality standards, including due to our quality control procedures failing to test for all possible conditions of use or identify all defects in the design, engineering or specifications of the components. Any such failure to identify defects could require us to undertake service actions or component recalls, could result in customer claims for damages and negative publicity.

We typically extend a warranty period of 12 months to our customers for new products from the date of delivery. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. We cannot assure that our warranty provisions will be sufficient to cover the costs incurred for defects. Further, to ensure minimal defects, we may be required to incur significant expenses to maintain our quality assurance systems, which may affect our financial condition.

Further, our customers generally have the right to inspect and audit our facilities, processes and products after reasonable notice to ensure that our services are meeting their internal standards. Most of our customers routinely inspect and audit our facilities. If we fail to perform our services in accordance with best practices stipulated by our customers and/or our customers are dissatisfied with the quality of our facilities in any manner, our reputation could be harmed and our customers may terminate/modify their contractual arrangements and/or refuse to renew their contractual arrangements or purchase orders. This may have an adverse impact on our business, financial condition, results of operations and future prospects.

23. ***We may be unable to detect, deter and prevent all instances of fraud or negligence or other misconduct committed by our employees, customers or other third parties, which may have a material adverse effect on our business, results of operations and financial condition.***

Many of our contract involve projects that are critical to the operations of our customer's business. Further, as our operations are linked to the Indian defence and space sector, certain documents and information are confidential because of national security related concerns. Any instances of fraud, theft or other misconduct in our Company can be difficult to detect, deter and prevent, and could subject us to financial losses and harm our reputation. Although we have controls in place with respect to the handling of such cases, we may be unable to prevent, detect or deter all such instances of misconduct. Further, we may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. Any such misconduct committed against our interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our business, results of operations and financial condition. See "- *17. Cyber-attacks or other security breaches could have a material adverse effect on our business, results of operation or financial condition*" on page 27.

24. ***We are subject to government regulations and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected. Further, our Company has filed an application with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT") for issuance of an industrial licence under the Insurance Regulatory and Development Authority of India ("Licence") for certain of its existing and planned products. There is no assurance that we will receive the Licence in a timely manner or at all. Further, there is no assurance that in the absence of such Licence we will not be subject to regulatory actions and/or penalties or we will be able to continue or begin the production of such products.***

We are required to obtain and maintain a number of statutory and regulatory licences, registrations, permits and approvals under central, state and local government rules in India, generally for carrying out our business and for our manufacturing facilities. In addition, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek new approvals, licenses, registrations and permits from time to time, as and when required in the ordinary course of our business. The following licences and approvals held by our Company will expire within a period of three years from the date of this Prospectus, unless renewed:

Sr No.	Particulars of the licence / approval	Issuing authority	Period of validity
1.	Factory licence (Ambernath facility)	Director of Industrial Safety and Health (Labour Dept.), Maharashtra	Up to December 31, 2021
2.	Factory licence (Nerul facility)	Director of Industrial Safety and Health (Labour Dept.), Maharashtra	Up to December 31, 2021
3.	ISO 14001:2015	RIR Certification Private Limited	Up to September 9, 2022
4.	ISO 45001:2018	RIR Certification Private Limited	Up to September 9, 2022
5.	Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970	Assistant Commissioner of Labour, Thane-2	Up to December 31, 2021
6.	ISO 9001:2015	RIR Certification Private Limited	Up to April 3, 2023

Obtaining licences, registrations, permits and approvals or their renewals are time consuming processes and subject to frequent delays. While we have obtained a significant number of licences, registrations, permits and approvals from the relevant authorities, we are yet to receive or apply for certain licences, registrations, permits and approvals or renewals. For instance, while we have applied provisional fire no-objection certificate from the MIDC in relation to our Nerul facility, we are yet to receive the same. There is no assurance that such licences, registrations, permits and approvals or renewals will be issued or granted to us in a timely manner, or at all. If we do not receive such licences, registrations, permits and approvals or renewals in a timely manner, it could result in cost and time overrun or our business and operations may be adversely affected. Moreover, certain approvals granted to us by statutory authorities may be revoked at any point of time due to circumstances which may or may not be within our control and this could have an adverse impact on our business and operations. For further details, see "*Key Regulations and Policies in India*" and "*Government and Other Approvals*" on pages 137 and 257, respectively.

Apart from the above, in relation to our Ambernath facility, the consent to operate issued by the MPCB under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 on March 1, 2017, had expired on October 31, 2017. Subsequently, pursuant to the notification dated March 7, 2016 issued by the CPCB and the notification dated March 19, 2019 issued by the MPCB, the activity undertaken by our Company was classified under the white category with effect from June 3, 2016 and accordingly, our Company was not required to obtain / renew the aforementioned consent. In terms of such notifications, our Company submitted an undertaking for classification under the white category to the MPCB on December 30, 2019. Accordingly, our Company did not possess a valid consent to operate for our Ambernath facility for the period between October 31, 2017 and December 30, 2019. Further, our Company did not possess the consent to establish or operate under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 for our Nerul facility prior to the submission of an undertaking for classification under the white category to the MPCB on December 14, 2019. Given the above, the relevant authority may initiate actions against us, restrain our operations, impose fines or penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all. Further, the regulator may order closure of our unit where it is found to be non-compliant with the applicable norm. These requirements may become more stringent over time and there can be no assurance that we will not incur significant environmental costs or liabilities in the future.

Our licences, registrations, permits and approvals are also subject to certain conditions, some of which may be onerous and require us to incur expenditure. We may also not be aware of certain approvals or permissions, which we may be required to maintain or acquire for undertaking our operations, under any new regulation or amended regulation made by any local or State Government. An inability to obtain, maintain or renew licences, registrations, permits and approvals required for our operations may adversely affect continuity of our operations.

Further, in order to sell our products, our products must be approved by government agencies in the countries in which we do business. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, it may reduce our revenues, increase costs, adversely affect our business, financial condition and results of operations.

We are an Indian private sector company engaged in designing, developing, manufacturing and testing of a wide range of defence and space engineering products and solutions. Pursuant to recent correspondence with the DPIIT initiated by us, we understand that certain of the products we manufacture and propose to manufacture require the Licence, in terms of Press Note 1 of 2019 dated January 1, 2019 read with Press Note 2 of 2019 dated September 11, 2019, as issued by the DPIIT ("**Identified Products**"). Of the Identified Products, the revenue from products already being manufactured by the Company constituted ₹65.98 million, ₹46.05 million and ₹5.71 million for the Fiscals 2021, 2020 and 2019, respectively, which contributed approximately 4.60%, 3.13% and 0.37% to the total revenue of the Company for the respective fiscals.

Accordingly, on February 5, 2021, our Company has made an application to the DPIIT seeking the Licence. However, there is no assurance that we will receive the Licence in a timely manner, or at all. Further, for the period where we have been undertaking the production of the Identified Products, being since 2006, there is no assurance that we will not be subject to regulatory actions and/or penalties (including imprisonment up to six months, or fine which may extend to ₹ 5,000, or both, and, in the case of a continuing contravention, an additional fine which may extend to ₹ 500 for every day during which such contravention continues after conviction for the first such contravention), which could have an adverse effect on our financial condition, reputation and business. Further, we cannot assure you that the DPIIT will not seek more information in relation to the Identified Products or our other products in the future and that we will be able to provide satisfactory answers and information for all such queries from the DPIIT within the timelines prescribed by the DPIIT or at all. In the event the License is not received, our Company may be required to cease production of the Identified Products presently being manufactured and will not be in a position to commence manufacture of Identified Products which are not yet being manufactured. Any regulatory actions and/or penalties against our Company may adversely affect our business, financial condition and reputation.

25. ***We have significant working capital requirements. If we experience insufficient cash flows from our operations or are unable to borrow to meet our working capital requirements, it may materially and adversely affect our business, cash flows and results of operations.***

Our business requires significant working capital including in connection with our manufacturing operations, financing our inventory, purchase of raw materials and our development of new products which may be adversely affected by changes in terms of credit and payment. We are required to maintain a high level of working capital because our business activities are characterised by long product development periods and production cycles. Our working capital requirements for the Fiscals 2021, 2020 and 2019 were ₹ 1,617.09, ₹ 1,319.95 million and ₹ 913.30 million, which is equivalent to 112.82%, 89.77% and 59.15% of our revenue from operations for the respective Fiscals. Delays in payment under on-going contracts or reduction of advance payments due to lower order intake or inventory and work in progress increases and/or accelerated payments to suppliers, could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital to be funded through external debt financings.

We may also be unable to adequately finance our working capital requirements on account of various factors, including extraneous factors such as delay in disbursements under our financing arrangements, increased interest rates, insurance or other costs, or borrowing and lending restrictions or finance our working capital requirements on commercially acceptable terms or at all, each of which may have a material adverse effect on our business, financial condition, prospects and results of operations. These factors may result, or have resulted, in increase in the amount of our receivables and short-term borrowings. Continued increase in our working capital requirements may have an adverse effect on our financial condition and results of operations.

The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, technological changes and additional market developments. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

26. ***The number of orders we have received in the past, our current order book and our growth rate may not be indicative of the number of orders we will receive in the future.***

As at June 30, 2021, our order book amounted to ₹ 3,049.92 million. We prepare our order book on the basis of the work completed, the outstanding work and the time expected to complete the bids and contracts forming part of the order book. The order book may be materially impacted if the time taken or amount payable for completion of any ongoing order of our Company changes. The growth of our order book is a cumulative indication of the revenues that we expect to recognise in future periods in relation to signed contracts. Further, we cannot guarantee that the income anticipated in our order book will be realised, or, if realised, will be realised on time or result in profits. In addition, our order book depends on continued growth of the defence and space sector in India and our ability to remain competitive. Our existing order book and our growth rate may not be indicative of the number of orders we will receive or our growth in the future.

Our order book only represents business that is considered firm, although this is subject to, among other things, cancellation or early termination or because of any breach of our contractual obligations, non-payment by our customers, delays in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our and our customers' control or change in budget appropriations which affect our customers. For instance, amount of defaults by customers for payment for Fiscals 2021, 2020 and 2019 were ₹ 1.20 million, ₹ 0.13 million and ₹ 4.08 million, which is equivalent to ₹ 0.08%, 0.01% and 0.26% of our revenue from operations for the respective Fiscals. Accordingly, we cannot predict with certainty the extent to which a project forming part of our order book will be performed. Further, such delays in the completion of a project or cancellation of a project may lead to delays or refusal in payment of the applicable amount that we expect to be paid in respect of such project. Our clients may also be entitled to terminate the agreement in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions. In addition, where a project is concluded as scheduled, our client may delay, default or otherwise fail to pay amounts owed to us. Such payments often represent an important portion of the margin we expect to earn on a project. Further, any delay in execution of ongoing projects leading to extended timelines would also adversely impact our ability to undertake additional projects in future and the outlook of our order book. Moreover, if any of our projects are cancelled or terminated prematurely, there can be no assurance that our Company will receive any applicable termination payments in time or at all or that the amount paid will be adequate to enable our Company to recover its investments in the prematurely cancelled project. In such events, we may have to bear the actual costs for project activities incurred by us which may exceed the agreed work as a result of which, our future earnings may be lower from the amount of the order book and if any of the forgoing risks materialize, our cash flow position, revenues and earnings may be adversely affected.

27. ***If we are unable to manage our growth effectively or raise additional capital, our business, future financial performance and results of operations could be materially and adversely affected.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. As part of our growth strategy, we aim to, among other things, continue to grow our businesses as and when opportunities exist including by expanding our production capacity, strengthening our foothold in India's expanding market, continue to focus on R&D, diversify our product and solutions, increasing our reach in the international markets and by expansion into opportunistic areas and partnerships. For details, see "*Our Business – Our Business Strategy*" on page 120.

This could place significant demands on our operational, credit, financial and other internal risk controls. In pursuing our growth strategy, we will require additional capital investments and cash outlays, which may have a material impact on our cash flows and results of operations. As our product portfolio and product pipeline grow, we may require additional personnel on our project management, in-house quality assurance and R&D teams to work with our partners on quality assurance, regulatory affairs and product development. As a result, our operating expenses and capital requirements may increase significantly. Our ability to manage our growth effectively requires us to forecast accurately our sales, growth and manufacturing capacity and to expend funds to improve our operational, financial and management controls, reporting systems and procedures. We may also be exposed to certain other risks, including difficulties arising from operating a larger and more complex organisation; the failure to (i) efficiently and optimally allocate management, technology and other resources across our organisation, (ii) compete effectively with competitors and (iii) increase our production capacity; the inability to control our costs; and unforeseen legal, regulatory, property, labour or other issues.

Further, our future business plan is dependent on our ability raise funds through debt or equity and we may have difficulty obtaining funding on acceptable terms or at all. Adverse developments in the Indian credit markets may significantly increase our debt service costs and the overall cost of our funds. Moreover, even if we secure the required funding, there is no assurance that we will be able to successfully expand our production capacity or diversify our product and solutions portfolio. We may also face difficulties in effectively implementing new technologies required in designing, developing and manufacturing new products and solutions and may not be able to recover our investments. An inability to implement our future business plan, manage our growth effectively or failure to secure the required funding on favourable terms or at all could have a material and adverse effect on our business, future financial performance and results of operations. See "- *4. We design, develop and manufacture products and solutions that incorporate advanced technologies. Many of our contracts contain performance obligations that require innovative design capabilities, are technologically complex or involve developmental costs. Further, developing customised products and solutions and other research and development ("**R&D**") activities involve risks and we may not realize the degree of benefits initially anticipated or in a timely manner or at all. Further, such activities may not lead to satisfactory returns, including in relation to our unmanned aerial vehicle ("**UAV**") integration solutions*." on page 20.

28. ***Our success depends significantly on our Promoters, Key Management Personnel and other senior management and skilled personnel. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.***

Our performance depends largely on the efforts and abilities of our Promoters, Key Management Personnel, and other senior management and skilled personnel. We believe that their inputs and experience in the fields of, *inter alia*, design and development, project management, operations management and manufacturing technologies along with their past experience in the defence sector are valuable for the development of business and operations and the strategic steps taken by our Company.

Sharad Virji Shah, our Chairman, and Munjal Sharad Shah, our Managing Director, have 41 years and 23 years of experience, respectively, in engineering products and solutions for defence application. We are highly dependent on our Promoters to manage our current operations and to meet future business challenges. The active involvement of our Promoters in our operations, including the strategy, direction and customer relationships have been integral to our development and business. We cannot assure you that their services will continue to be available to us, or that we will be able to find a suitable replacement if required. The attrition rate of our Company for Fiscal 2021 was 15.83% for our staff and officers and 8.03% for our workers. Further, the successful completion of our projects, the day-to-day operations and the planning and execution of our business strategy depends significantly on our Key Management Personnel and other senior management and skilled personnel. Although we have implemented a succession policy approved by the Board as well as initiated a structured training programme for the middle management executives, we cannot assure you that we will be able to adequately replace such skilled and experienced personnel. This may lead to a lack of domain expertise for key positions in our Company which may adversely affect our business.

Moreover, our ability to execute projects depends on our ability to attract, train, motivate and retain senior management and highly skilled personnel due to the complex nature of our products. We cannot assure you that we will be able to retain these professionals or find adequate replacements in a timely manner, or at all. To the extent we lose such skilled personnel, we will be required to find ways to successfully manage the transfer of confidential information from them to their replacements. An inability to retain any key managerial personnel may impair our ability to bid on and obtain new projects and therefore will have an adverse effect on our operations.

Furthermore, the loss of any of the members of our Key Management Personnel and other senior management and skilled personnel or an inability on our part to manage the attrition levels, may lead to loss of technical knowledge which may materially and adversely impact our business, results of operations, and financial condition.

29. ***Our financing agreements impose certain restrictions on our operations, and our failure to comply with operational and financial covenants may adversely affect our reputation, business and financial condition.***

As of July 31, 2021, our aggregate outstanding indebtedness was ₹ 1,158.27 million. Some debt financing agreements entered into by our Company contain restrictive covenants, and/or events of default that limit our ability to undertake certain types of transactions, which may adversely affect our business and financial condition. We are required to obtain prior consent from some of our lenders for, among other matters, to effect any change in the shareholding pattern of the Company and alter the constitutional documents. Moreover, our manufacturing facilities and some of our plant and machinery at such facilities have been offered as a collateral for some of our loans and our Promoters have also provided a personal guarantee in relation to our borrowings. Our financing agreements also require us to maintain certain financial ratios and it can be recalled by lenders in certain circumstances. If the lenders exercise their right to recall a loan, it could have an adverse effect on our or these companies' reputation, business and financial position. For further details of the restrictive covenants under our financing documents, see "*Financial Indebtedness*" beginning on page 229.

We cannot assure you that we will have or will be able to comply with all such restrictive covenants in a timely manner or at all, or that we will be able to comply with all such restrictive covenants in the future. Any failure to comply with the conditions and covenants in our financing agreements that is not waived by our lenders or guarantors or otherwise cured could lead to discontinuation of our credit facilities or acceleration of all amounts due under such facilities, which could adversely affect our financial condition and our ability to conduct and implement our business plans.

If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations or our contractual obligations, or to fund our other liquidity needs, we may be forced to sell assets or attempt to restructure or refinance our existing indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets, our financial condition at such time and the terms of our other outstanding debt instruments. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness or credit rating, which could harm our ability to incur additional indebtedness on acceptable terms. The credit ratings received by our Company during the last three financial years are as follows:

Sr No.	Rating agency	Date of rating	Long term rating	Short term rating
1.	CRISIL Ratings Limited	November 19, 2018	CRISIL BBB+/Stable (Assigned)	CRISIL A2 (Assigned)
2.	CRISIL Ratings Limited	January 22, 2020	CRISIL BBB+/Stable (Reaffirmed)	CRISIL A2 (Reaffirmed)
3.	CRISIL Ratings Limited	March 1, 2021	CRISIL BBB+/Negative (Reaffirmed and outlook revised to 'Negative')	CRISIL A2 (Reaffirmed)

Additionally, pursuant to the Offer, our Company proposes to utilise a part of the Net Proceeds to carry out scheduled repayment or pre-payment of its existing indebtedness and in the event our Company pre-pays certain loans, it may be required to bear additional interest or additional bank fees or may require the consent of such lenders. For further details, see "*Objects of the Offer*" beginning on page 75.

30. ***We intend to utilise a portion of the Net Proceeds for our capital expenditure requirements. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates have not been appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control. Further, we have not yet placed orders for certain of the machinery and equipment to be purchased and set up as part of our proposed expansion of our manufacturing facilities at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra.***

We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements which includes, inter alia, purchase of machinery and equipment for the proposed expansion of our Nerul and Ambernath facilities, and for meeting our incremental working capital requirements. For details, see "*Our Business - Our Business Strategy - Expansion of our production capacity*" on page 121. The purposes for which our Net Proceeds will be utilised have not been appraised by any independent entity and are based on our estimates and third-party quotations (which are subject to change in the future). Our management will have broad discretion to use the Net Proceeds and you will be relying on the judgment of our management regarding the application of these Net Proceeds. Our capital expenditure plans are subject to a number of variables, some of which may be beyond our control, including the changes in costs, our financial condition, business and strategy or external circumstances such as market conditions, competitive environment, interest or exchange rate fluctuations and finance charges.

Further, as on the date of this Prospectus, we have not placed orders or entered into any definitive agreements for the purchase of certain of the machinery and equipment we propose to set up as part of the expansion of our manufacturing facilities at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra. Accordingly, we are yet to place orders worth ₹ 279.32 million which constitutes 80.59% of the total estimated cost in relation to the purchase of machinery and equipment. While we have obtained the quotations from various vendors in relation to such capital expenditure, most of these quotations are valid for a limited period of time and may be subject to revisions, and other commercial and technical factors. The cost of such machinery and equipment may escalate due to changes in import duties, foreign exchange fluctuations, shortage of such machines, or increase in the cost of raw material. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. For details, see "*Objects of the Offer - Details of the Objects of the Offer*" on page 76.

31. ***If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected. Lack of monitoring each element of cost may result into cost overruns which in turn may lead to losses in case of fixed contracts.***

We manage regulatory compliance by monitoring and evaluating our internal controls and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation. While we did not incur any losses in this regard during Fiscals 2021 and 2019, we incurred loss during Fiscal 2020 (i) in relation to a project for development of high end computing system for naval applications, amounting to ₹ 2.20 million; and (ii) due to a cyber fraud for an amount of 23,376 GBP (equivalent to ₹ 2.04 million), where the aggregate amount of losses were ₹ 4.24 million which is equivalent to 0.29% of our revenue from operations for Fiscal 2020.

Our Company has a monitoring system to monitor our progress against the terms and conditions as laid down in our customer agreements, identify any issues and take necessary corrective and preventive actions for monitoring compliance guaranteed service levels as per the required parameters. We have a dedicated team involved in resource planning and workforce management that, on a regular basis, monitor the costs incurred for various works performed by us and provide feedback for corrective actions required in order to effectively meet the commitments in our customer agreements.

Our efforts have various cost elements such as labour and material overhead, facility hire, sub-contract, direct expenses (i.e. expenses towards salary of executives), logistics, raw materials etc. Our Company does not have a mechanism in place for monitoring and controlling each element of cost with regard to yard efforts. Further, our Statutory Auditors, in their reports on internal financial control over financial reporting, as part of the report on the consolidated and standalone financial statements for Fiscals 2020 and 2019, have made certain observations in relation to the need to strengthen internal financial controls in relation to allocation of overheads for determination of the costs of products and KYC related to alteration of details of customers and vendors. In the absence of comprehensive monitoring of each cost element, there may be incidences of cost overruns, which may lead to losses in case of fixed contracts that have been entered into by our Company.

32. ***Our ability to complete our projects in a timely manner and maintain its quality standards is subject to performance of our sub-contractors.***

From time to time, we sub-contract certain activities or 'main works' to be undertaken for our projects to other parties depending on various factors, including, manpower availability and complexity required for execution of projects. As on June 30, 2021, 53.37% of our total workforce was hired on contractual basis. Further, for the Fiscals 2021 and 2020, we have incurred expenses amounting to ₹ 13.18 million and ₹ 15.23 million, respectively, towards job processing charges, which is equivalent to 0.92% and 1.04% of our revenue from operations for the Fiscals 2021 and 2020, respectively. We did not make payments towards job processing charges in the Fiscal 2019. Although our sub-contractors are qualified, we do not have control over their day to day performance. We cannot ensure that there will be no delay in performance of duties by our sub-contractors, which may cause a delay in completion of our projects. We may also be exposed to risks relating to the quality of their services, equipment and supplies. In the event that our cost and work estimates are not in line with our budgets or there is an increase in the price of materials, the fixed price sub-contract may adversely affect our profit margins. Further, there is a risk that we may have disputes with our sub-contractors arising from, inter alia, quality and timely execution of work performed by our sub-contractors, payments to be made to sub-contractors under our arrangement with them or our failure to extend existing work order to or issue a new work order to a sub-contractor under our arrangement with such sub-contractor. We cannot assure you that these disputes will be amicably resolved or will not culminate into arbitration, litigation or other dispute resolution proceedings.

33. ***Failure or disruption of our information and technology ("IT") and/ or enterprise resources planning systems may adversely affect our business, financial condition, results of operations and future prospects.***

The efficient operation of our business depends on our IT infrastructure and our enterprise resources planning systems established at our manufacturing facilities. Our IT infrastructure comprises of third-party solutions and applications maintained internally. Since we operate multiple IT platforms, the failure of our IT infrastructure and/ or our enterprise resources planning systems could disrupt our business and adversely affect our results of operation. In addition, our IT infrastructure and/or our enterprise resources planning systems are vulnerable to damage or interruption from, amongst others, natural or man-made disasters, terrorist attacks, computer viruses or hackers, power loss, other computer systems, internet telecommunications or data network failures. Any such interruption could adversely affect our business and results of operations.

While we have deployed IT disaster management systems including data backup and retrieval mechanisms, we cannot assure you that such IT disaster management systems including data backup would be able to ensure sufficient safeguards to prevent significant disruption of our IT systems. However, any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error) or our inability to access the back-up information critical for our business on a timely basis, may affect our ability to plan, track, record and analyse work / projects in progress, R&D initiatives and revenue, process financial information, manage our creditors, debtors and hedging positions, or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition, results of operations and future prospects.

34. ***Our Company is involved in certain legal proceedings, which, if determined adversely, may adversely affect our business and financial condition.***

Our Company is involved in certain legal proceedings at different levels of adjudication before various courts, tribunals and appellate authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties by other statutory authorities, our Company may need to make payments or make provisions for future payments, which may increase expenses and current or contingent liabilities and also adversely affect our reputation. A summary of the proceedings involving our Company is provided below:

Type of Proceedings	Number of Cases	Amount (in ₹ million)*
Litigation filed against our Company		
Direct tax matters	10	8.87
Indirect tax matters	2	1.20
Total	**12**	**10.07**

* *To the extent quantifiable.*

If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions that could increase our expenses and current liabilities. Further, such legal proceedings could divert our management's time and attention and cause us to incur significant expenses. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition. For details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" beginning on page 254.

35. ***We operate in a competitive business environment. Failure to compete effectively against our competitors and new entrants to the industry in any of our business activities may adversely affect our business, financial condition and results of operations.***

The manufacturing of products and solutions for defence and space applications is competitive, and it experiences rapid technological developments and changes in customer requirements. For further details on our competitors, see "*Our Business – Competition"* on page 132. Our ability to meet the qualification criteria in our various business areas is critical to being considered for any project. We compete on the basis of our ability to fulfil our contractual obligations including the quality of products and the timely delivery of the products. Additionally, while these are important considerations, price is a major factor in most tender / bid awards and our business is subject to intense price competition. Our competitors may have substantially greater financial, management, research and marketing resources than we have as a result of which they may be able to utilise their resources and economies of scale to develop improved products, divert sales away from us by winning broader contracts or hire our employees by offering more lucrative compensation packages. Our competitors may be able to provide our customers, including the GoI Entities, with different or greater capabilities or benefits than we can provide in areas such as technology, technical qualifications, post contract performance, price and availability of key professional personnel. In addition, larger diversified competitors serving as primary suppliers may be able to supply underlying products and services from affiliated entities or new joint ventures with private Indian companies, which would prevent us from competing for sub-contracting or licencing opportunities on these contracts. Our failure to compete effectively with respect to any of these or other factors could have a material adverse effect on our business, prospects, financial condition or operating results. In such a scenario, we may find difficulties in maintaining our position in the market.

Going forward and with the liberalisation of the Indian defence and space sector to allow private and/or foreign companies to participate in defence and space contracts, as the case may be, we will be required to participate in competitive bidding. The competitive bidding process entails managerial time to prepare bids and proposals for contracts and may require us to resort to price cuts in order to win contracts which may not be awarded to us or may be split with our competitors. Following an award, we may encounter significant expenses, delays, contract modifications, or even loss of such contract if our competitors protest or challenge contracts that are awarded to us. In addition, our customers may face budget constraints, availability of more affordable solutions, and reducing product and technology development cycles. To remain competitive, we must consistently provide products with superior performance and capability to our customers, advanced technology solutions and service at an affordable cost and with the agility that our customers require to satisfy their mission objectives. Our inability to successfully do so could have a material adverse effect on our business, prospects, financial condition and/ or operating results. In addition, the MoD has formulated the Defence Production and Export Promotion Policy, 2020 ("**Draft DPEPP**"). The Draft DPEPP is envisaged as an overarching guiding document of MoD to provide a focused, structured and significant thrust to defence production capabilities of the country for self-reliance and exports. These policies of the GoI, while providing opportunities for our Company, have also increased competition and we cannot assure you that we will be as competitive as we have been in the past and that we will continue to be successfully awarded contracts by the GoI. These and other developments, such as the DAP and the increase in the cap for FDI, may increase the competition we face in the defence industry in India.

Moreover, if we are not able to further develop our proximity to our customers and make our vendor-supplier ecosystem more efficient or as efficient as our competitors, there can be no assurance we will be able to grow or effectively compete in the industry.

There can be no assurance that we will be able to compete successfully against our competitors as well as new entrants in our industry in the future. Further, most of our customers follow competitive bidding processes due to which we may not be able to effectively bid for future projects. Accordingly, our business, financial condition, results of operations and prospects would be adversely and materially affected if we are unable to maintain our competitive advantage and compete successfully against our competitors and any new entrants in the industry.

36. ***The insurance coverage taken by us may not be adequate to protect against certain business risks and this may have an adverse effect on the business operations.***

Our operations are subject to risks inherent to the engineering and manufacturing industry, such as work accidents, storm, fire, tempest, earthquake, flood, inundation, explosions including hazards that may cause severe damage, including the physical destruction of property, breakdown of machinery and other force majeure events. We are subject to losses resulting from defects or damages arising during transit of our products. We maintain insurance coverage, in amounts which we believe are commercially appropriate, including insurance in relation to directors' and officers' liability, storm, fire, tempest and other special perils, all industrial risks, such as leakage and contamination, spontaneous combustion and breakdown of machinery. Our insurance cover as a percentage of our total assets was 72.52% as on March 31, 2021, while our total assets as on March 31, 2021 were ₹ 3,627.58 million. We also maintain coverage under a marine cargo policy insuring our products during transit. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance.

Notwithstanding the insurance coverage that we carry, the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events not covered by insurance policies, could materially harm our financial condition and future results of operations. Additionally, there may be various other risks and losses for which we are not insured, either because such risks are uninsurable or not insurable on commercially acceptable terms. In addition, in the future, we may not be able to maintain insurance of all types which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business, reputation, results of operations, financial condition and cash flows. There may also be certain types of risks (including but not limited to business disruptions) for which we are not covered. For instance, we do not have insurance policies that cover the losses incurred due to COVID- 19 pandemic, or any such instances.

Although we have obtained insurance for our employees as required by Indian laws and regulations, as well as our important properties and assets, our insurance may not be adequate to cover all potential liabilities. We cannot assure you that insurance will be generally available in the future or, if available, that the premiums will not increase or remain commercially justifiable. If we incur substantial liability and the insurance does not, or is insufficient to, cover the damages, our business, financial condition, results of operations and prospects may be materially adversely affected.

37. ***If additional stringent labour laws, involve additional compliance requirements or other industry standards in India become applicable to us, our business, profitability and results of operations may be adversely affected. Any labour disputes or unrests could lead to lost production, increased costs or delays which could lead to penalties.***

We are subject to a number of stringent labour legislation that protects the interests of workers and defines our duties and obligations towards them in the capacity of principal employers, including legislations that sets forth detailed procedures for employee removal and dispute resolution and impose financial obligations on us. We are also subject to state and local laws and regulations. If labour laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

Any organizational changes, including changes in salaries and wages and other employee benefits that are, or are perceived to be negative, could result in an increased attrition rate. Any further increase in minimum wage requirements or changes in labour regulations in India having a similar impact would increase our labor costs, which could adversely affect our business, results of operations, financial condition and profitability. For instance, the Indian Parliament has recently approved the Code on Social Security, 2020 (the "**Code on Social Security**") which would impact the contributions we make towards provident fund and gratuity. The effective date from which most of the changes will be applicable is yet to be notified and the rules are yet to be finalized, but the Company will carry out an evaluation of the impact of the Code on Social Security and reflect the same in our financial statements in the period in which the Code of Social Security becomes effective and the related rules are published.

We cannot assure you that there may not be incidences of labour unrest and absenteeism from work by some of our employees. Labour shortages could increase the cost of labour and hinder our productivity and ability to adhere to our delivery schedules for our projects, which would materially and adversely affect our business, financial condition, results of operations and prospects.

38. ***We appoint contract labours for carrying out certain operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.***

In order to retain flexibility and control costs, our Company has entered into contract with independent contractors who in turn engage on-site contract labour for performance of certain operations of the company. For the Fiscals 2021, 2020 and 2019, we have incurred expenses amounting to ₹ 52.05 million, ₹ 53.58 million and ₹ 30.85 million, respectively, towards independent contractors' charges i.e. job processing and labour charges, which is equivalent to 3.63%, 3.64% and 2.00% of our revenue from operations for the respective Fiscals. Although our Company does not engage these contract labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition and we may also be subject to legal proceedings in this regard. In the event any regulatory body or court passes orders which require us to regularise any of the casual or contract labourers as regular employees, it may have an adverse effect on our business, results of operations and financial condition due to the various factors including increase in wages.

39. ***Our Promoters, certain Directors and Key Managerial Personnel are interested in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred. Additionally, our Promoters and certain of our Directors are interested in land acquired by the Company.***

Our Promoters, certain of our Directors and Key Managerial Personnel may be regarded as having an interest in our Company in addition to their normal remuneration or benefits and reimbursement of expenses incurred. Our Promoters, certain Directors and Key Managerial Personnel are deemed to be interested to the extent of Equity Shares held by them as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. Our Directors are also interested to the extent of fees payable to them for attending meetings of our Board of Directors or committees thereof.

Pursuant to the amalgamation of Concept Shapers and Electronics Private Limited, wherein Sharad Virji Shah, Munjal Sharad Shah and Shilpa Amit Mahajan were the directors, with our Company, our Company has acquired all its properties. Further, our Company has also entered into a leave and license agreement with our Promoter, Munjal Sharad Shah, in relation to our guest house at Navi Mumbai, for which he receives monthly rent from our Company. For further details, see "*Capital Structure*", "*Our Promoters and Promoter Group*" and "*Our Management*" on pages 62, 168 and 152, respectively.

40. ***Our business, results of operation and financial conditions could be materially and adversely affected if any fault of ours causes any accidents at our customers' units.***

The products we manufacture are highly complex, require technically advanced and costly equipment and involve hazardous materials. The components and systems we manufacture may involve risks, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment and industrial accidents. In addition, defects in or malfunctioning of our products could cause severe damage to property and death or serious injury to our customers' personnel, which could expose us to litigation and damages. Under most of our contracts, warranty period is for a period of 12 months only for any manufacturing defects in the products.

Our operations expose us to potential liabilities for personal injury or death or property damage as a result of the failure or malfunction of manufacturing equipment or of any products that have been designed, manufactured or serviced by us. An accident caused by our fault or negligence during testing or delivery could also damage our reputation for quality products.

41. ***Our Company has availed certain unsecured loans that may be recalled by the lenders at any time.***

Our Company has currently availed unsecured loans which may be recalled by the lenders at any time. As of July 31, 2021, our Company had availed unsecured loans amounting to ₹ 73.19 million, comprising 6.32% of the total borrowings of our Company. In the event that any lender seeks a repayment of any such loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. We may not have adequate working capital to undertake new assignments of our customers. As a result, any such demand may affect our business, cash flows, financial condition and results of operations. For details in relation to the indebtedness of our Company, see "*Financial Indebtedness*" beginning on page 229.

42. ***Any write-down of intangible assets may harm our results of operations and financial condition***.

Our balance sheet includes amounts recorded as intangible assets, in particular with respect to computer software and technical knowhow. As of March 31, 2021, we had intangible assets (net of amortisation) of ₹ 14.98 million (which represented 0.41% of our total assets). Assets of indefinite life are subject to an "impairment test" at least once a year. These evaluations are based on estimates of future cash flows and applicable discount rates. Any significant discrepancies between the estimates and actual developments and any change to expected future cash flows may have a materially adverse effect on our results of operations and financial condition.

43. ***Given that we have not entered into any foreign exchange hedging arrangement, we face foreign exchange risks, primarily in our export and procurement operations that could adversely affect our results of operations.***

We have foreign currency trade payables and receivables and are accordingly, exposed to foreign currency exchange risk. Changes in currency exchange rates may influence our results of operations. Depreciation of Rupee versus USD and EUR will result in lower revenues in Rupee terms, which could adversely affect our profitability. As and when outflows are incurred, the required foreign exchange is bought from market at the then prevailing exchange rate. Further, we have not entered into any foreign exchange hedging arrangements.

Our future capital expenditures, including raw materials, equipment and machinery, may be denominated in currencies other than Rupee. Therefore, declines in the value of the Rupee against the USD or other foreign currencies would increase the Rupee cost of servicing and repaying those borrowings and their value in our balance sheet. The exchange rates between Rupee and USD and between Rupee and EUR have changed substantially in recent years and may continue to fluctuate significantly in the future.

Accordingly, any decline in the value of the Rupee against the U.S. Dollar and Euro or any other foreign currency would increase the Rupee cost of such raw materials. Although we closely follow our exposure to foreign currencies in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations.

44. ***Our proposed plan of enhancing our manufacturing facilities at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra by expanding their production capacity and installation of new equipment is subject to the risk of unanticipated delays in implementation and cost overruns, which may be beyond our control.***

Our Company intends to utilize ₹ 346.57 million from the Net Proceeds for funding purchase of machinery and equipment for the proposed expansion of our Nerul and Ambernath facilities. We have made and intend to continue making investments to expand the capacity of our manufacturing facilities to aid our growth efforts. For further details, see "*Objects of the Offer – Purchase of machinery and equipment*" and "*Our Business – Expansion of our facilities*" on pages 76 and 129. Our expansion plans remain subject to uncertainties including labour shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed in our manufacturing facilities, delays in completion, force majeure events, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, time and cost overruns, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management.

In view of the above, there can be no assurance that the proposed expansions will be completed as planned or in a timely manner or at all. In addition, our budgeted costs may be insufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

45. ***Restrictions on the export of our products and other regulations could adversely affect our business, results of operations and financial condition.***

We design and manufacture many defence and space products considered to be of national strategic interest. Limitation or withdrawal, if any (in the case, for example, of embargoes or geopolitical conflicts), of the authorisation to export the products might have a negative impact on our operations and financial situation. Further, failure to comply with the regulations and requirements could result in contract modifications or termination and the imposition of penalties, fines and withdrawal of authorisations, which could negatively affect our business, results of operations and financial condition. Authorisations can be revoked and general export controls may change in response to international conflicts or other political or geopolitical factors.

46. ***There have been some instances of delays or incorrect filings with certain statutory or regulatory authorities.***

Our Company has in the past inadvertently delayed making the prescribed statutory filings with RoC and RBI for few corporate actions *viz.* allotment of shares and passing of special resolutions. While we have paid the requisite fine as prescribed under the law at the time of the delayed filing, there can be no assurance that such delayed filings in the past will not expose our Company to further fines and proceedings by regulatory bodies. Further, there can be no assurance that delay in statutory reporting will not happen in the future.

Further, our Company has in the past inadvertently made few erroneous filings with the RoC including filing of forms pertaining to our capital structure. Such filings may expose us and our then directors to action by competent regulatory authorities including but not limited to pecuniary liability. While we strive to avoid such errors, there can be no assurance that such delays in reporting will not occur in the future.

47. ***There may be significant independent press coverage about our Company and this Offer, and we strongly caution you not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information, and any statements that are inconsistent with the information contained in this Prospectus.***

There may be significant press coverage about our Company and this Offer, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this Prospectus. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward-looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this Prospectus, included in or referred to by the media.

EXTERNAL RISK FACTORS

48. ***Significant differences exist between Indian Accounting Standards 38 ("Ind AS") and Indian GAAP on one hand and other accounting principles, such as Generally Accepted Accounting Principles in the United States of America ("US GAAP") and International Financial Reporting Standards ("IFRS") on the other, which may be material to investors' assessments of our financial condition.***

Our Company prepares its annual and interim financial statements under Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per SEBI ICDR Regulations included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

49. ***Currency exchange rate fluctuations could have an adverse effect on our reporting of results of operations.***

We report our consolidated results of operations in Indian Rupees. In accordance with "Accounting Standard 21 – Consolidated Financial Statements" issued by Institute of Chartered Accountants of India, at the time of conversion of the financial statements of the foreign subsidiary during the consolidation process, line items of the profit and loss account are converted using an average exchange rate for the period or year under consideration except for opening and closing stock, which are converted at the opening and closing exchange rate respectively, whereas items of the balance sheet are converted using the closing exchange rate for the period or calendar year under consideration. Exchange rate fluctuations may have an adverse effect on our reported revenues and financial results as a result of variations in the exchange rate compare to exchange rate prevailing in the previous comparative period.

In the past, we have also recognized losses on account of foreign exchange positions. We cannot guarantee that we will not experience losses going forward and such losses may continue to have an adverse effect on our business, results of operations and financial condition.

50. ***The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares upon listing on the Stock Exchanges.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and the Selling Shareholders in consultation with the BRLM. Furthermore, the Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholders in consultation with the BRLM through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" on page 88 and may not be indicative of the market price of the Equity Shares upon listing on the Stock Exchanges. The price of our Equity Shares upon listing on the Stock Exchanges will be determined by the market and may be influenced by many factors outside of our control. For further details, see " *– 61. Our Equity Shares have never been publicly traded and we cannot be certain that an active trading market for the Equity Shares will develop or be* *sustained after this offering. Following the offering, the price of the Equity Shares may fluctuate significantly, which could cause you to suffer substantial losses.*" on page 46.

51. ***A slowdown in economic growth in India could cause our business to suffer. Further, unforeseeable business interruptions, including war, pandemic, terrorist activities, political and social unrest, epidemics and natural disasters, such as earthquakes, could have a negative effect on the Indian economy and adversely affect our business.***

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. As a result, a slowdown in the Indian economy could adversely affect our business. India has experienced natural calamities such as earthquakes, tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. In addition, India has witnessed local civil disturbances in recent years, in particular communal violence across ethnic or communal lines involving conflicts, riots and other forms of violence between communities of different religious faith or ethnic origins, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares. Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in loss of business confidence. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares and the equity markets in general. India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November, 2008 and July, 2011, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares

The outbreak, or threatened outbreak, of any severe communicable disease could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. One such instance of an unforeseen event having a significantly deleterious impact on the stock market and investor confidence across the world including in India is the spread of COVID-19. COVID-19, which has been termed as a "pandemic" by the World Health Organization, is a highly infectious disease which was first detected in Wuhan in China's Hubei province and has spread to over 100 countries across the world, including India. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding COVID-19 and no government-certified treatment or vaccine is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general. The outbreak has significantly increased economic uncertainty and it is likely that the current outbreak or continued spread of COVID-19 will cause an economic slowdown and it is possible that it could cause a global recession. In case the lockdown is reimplemented, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

We generally bear the risk of loss of raw materials or equipment and components in transit after our raw material suppliers ship the supplies to us, in terms of the import purchases. We may face the risk of loss or damage to our properties, machinery and inventories due to natural disasters, such as snow storms, typhoons and flooding. Acts of war, political unrest, epidemics and terrorist attacks may also cause damage or disruption to us, our employees, our facilities and our markets, any of which could materially and adversely affect our sales, costs, overall operating results and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. In addition, certain Asian countries, including Hong Kong, China, Singapore and Thailand, have encountered epidemics such as severe acute respiratory syndrome, or SARS and incidents of avian influenza, or H5N1 bird flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. A recurrence of an outbreak of SARS, avian influenza or any other similar epidemic could cause a slowdown in the levels of economic activity generally, which may adversely affect our business, financial condition and results of operations. In the event any loss exceeds our insurance coverage or is not covered by our insurance policies, we will bear the shortfall. In such an event, our business, financial condition and results of operations could be materially and adversely affected.

Further, acts of violence or war in and outside India, including those involving the United States, the United Kingdom or other countries, may adversely affect worldwide financial markets and could adversely affect the world economic environment, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among other neighbouring countries. For instance, in June 2020 a confrontation occurred between Indian and Chinese military forces. Any degradation in India-China political relations or any future military confrontations could lead to political or economic instability in India which may adversely affect markets and economic growth both globally and in India in particular. This could have a material adverse effect on the trading price of the Equity Shares.

52. ***It may not be possible for you to enforce any judgment obtained outside India, including in the United States, against our Company or any of our directors and officers that are resident in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and all of our Directors reside in India. Furthermore, all of our Company's assets are located in India. As a result, you may be unable to:

- effect service of process in jurisdictions outside India, including in the United States, upon our Company; or
- enforce in Indian courts judgments obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Indian Code of Civil Procedure, 1908 ("**CPC**"). Section 13 of the CPC provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, between the same parties or between the parties whom they or any of them claim are litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India. Section 44A of the CPC provides that where a foreign judgment has been rendered by a court in any country or territory outside India, which the GoI has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, Singapore, United Arab Emirates and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the **CPC**. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI, to repatriate any amount recovered pursuant to the execution of the judgment. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

53. ***Regulation of foreign ownership of Indian securities by the Government of India ("GoI") may have an adverse effect on the price of the Equity Shares. Further, our ability to raise foreign capital may be constrained by Indian law.***

Foreign ownership of Indian securities is subject to GoI regulation. Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with inter alia, the pricing guidelines specified by the RBI, sectoral caps and reporting requirements specified under the Indian foreign exchange regulations. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI or the competent authority under the FEMA Rules and the FDI Policy, as applicable, will be required. In accordance with foreign exchange regulations currently in effect in India, under certain circumstances the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India or vice-versa if the sale does not meet certain requirements specified by the RBI. Additionally, any person who seeks to convert the Rupee proceeds from any such sale into foreign currency and repatriate that foreign currency from India is required to obtain a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure you that any required approval from the RBI or any other government agency can be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realising gains during periods of price increase or limiting losses during periods of price decline.

Further, the GoI on April 22, 2020 amended the FEMA Rules pursuant to which any investment into India by an entity of a country which shares a land border with India, or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, shall require the approval of the GoI.

Additionally, our Company has applied for the industrial licence under the IDRA for the Identified Products ("**IL Application**"). In terms of the FDI Policy and Schedule I of the FEMA Rules, a company seeking an industrial licence shall be permitted to have FDI upto 74% under the automatic route and above 74% under approval route, on case-to-case basis, wherever it is likely to result in access to modern technology in India or for other reasons to be recorded.

Additionally, in terms of the FDI Policy and Schedule I of the FEMA Rules, infusion of fresh foreign investment up to 49%, in a company not seeking industrial license under the IDRA or which already has Government approval for FDI in the defence sector, is required to submit a declaration with the MoD in cases of change in equity/shareholding pattern or transfer of stake by an existing investor to new foreign investor, for FDI up to 49%, within a period of 30 days of such change and any proposal for raising FDI beyond 49% from such companies shall require Government approval. Further, in terms of the FDI Policy and Schedule I of the FEMA Rules, foreign investment in the defence sector is subject to security clearance by the Ministry of Home Affairs and as per the guidelines prescribed by the MoD and shall be subject to scrutiny on grounds of national security and the Government reserves the right to review any foreign investment in the defence sector that affects or may affect national security. As part of the IL Application, our Company has also sought for the relaxation of the requirement under Schedule I of the FEMA Rules to obtain security clearance in relation to the FDI in the IPO since our Company would not know the identity of such investors at the time of making the IL Application and has accordingly provided details of the existing Directors and Shareholders in this regard. As on date of this Prospectus, the IL Application is still pending. We cannot assure you that the IL Application or relaxation from the requirement of security clearance under Schedule I of the FEMA Rules or any other required approval or clearance from any other governmental agency or RBI can be obtained in a timely manner or at all.

In light of the above, in terms of the FEMA Rules and the FDI Policy, participation by non-residents in the Offer is restricted to participation by (i) FPIs under Schedule II of the FEMA Rules, in the Offer subject to limit of the individual holding of an FPI below 10% of the post-Offer paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 49% of the post-Offer paid-up capital of our Company; and (ii) Eligible NRIs only on non-repatriation basis under Schedule IV of the FEMA Rules. Further, other non-residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer. As per the existing policy of the Government, OCBs cannot participate in this Offer. For more information on bids by FPIs and Eligible NRIs, see "*Offer Procedure*" on page 275. For details, including in relation to the restriction on foreign investment while issuance of fresh equity shares, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 289.

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all.

Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

54. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and economy is influenced by economic and market conditions in other countries, including, but not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. In Europe, the exit of the United Kingdom from the European Union, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets. These could include further falls in stock exchange indices and/or greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. Such factors might also result in a slowdown in India's export growth momentum.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilising effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares. Adverse economic developments overseas in countries where we have operations could have a material adverse impact on us and the trading price of the Equity Shares.

55. ***You may be subject to Indian taxes arising out of capital gains on sale of the Equity Shares or arising in relation to dividends being declared by our Company, which will adversely affect any gains made upon sale of Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Under the IT Act long-term capital gains (i.e. gain realized on the sale of shares held for more than 12 months) exceeding ₹100,000 arising from sale of equity shares listed on a recognized stock exchange, are taxed at the rate of 10% (plus applicable surcharge and cess). This beneficial rate is subject to payment of Securities Transaction Tax ("**STT**"). Further, any gain realized on the sale of Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits or 20% (plus applicable surcharge and cess) with indexation benefits.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company's business and operations.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Such gains will be subject to tax at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

In cases where the seller is a non-resident, the aforementioned rates would be subject to the beneficial provisions of the tax treaty between India and the country of which the seller is resident, read with Multilateral Instruments ("**MLI**") (if and to the extent applicable).

Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares subject to relief that may be available under the applicable tax treaty read with MLI (if and to the extent applicable) or under the laws of their own jurisdiction.

56. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. The government of India ("**GoI**") may implement new laws or other regulations and policies that could affect the defence industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements. Any changes to such laws, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

For instance, as per the amended IT Act to provide an option to the domestic companies to pay a reduced statutory corporate income tax of 22%, plus applicable surcharge and cess (as compared to a normal corporate tax of 25% or 30%), provided such companies do not claim certain specified deduction or exemptions. Further, where a company has opted to pay the reduced corporate tax rate of 22%, the minimum alternate tax provisions would not be applicable.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax ("**DDT**"), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and health and education cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, GOI has amended the IT Act to abolish the DDT regime. Accordingly, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the company is required to withhold tax on such dividends distributed at the applicable rate.

Further, the General Anti-Avoidance Rules ("**GAAR**") provisions have been introduced to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights or obligations which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the IT Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit, amongst other consequences. As the GAAR provisions are relatively untested, the consequential effects on the Company cannot be determined as of now. If the GAAR provisions are made applicable to us, they may have an adverse tax impact on the Company.

As such, there is no certainty on the impact that the aforementioned provisions may have on our Company's business and operations. Further, our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect the Company's business, results of operations and financial condition.

57. ***Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board of Directors, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

58. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act, 2002, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India and was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India ("**CCI**") to prevent such practices. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly: (i) involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services; (ii) shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market; or (iii) directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the GoI notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. The CCI, has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. Further, if it is proved that any contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished. It is unclear as to how the Competition Act and the CCI will affect the business environment in India.

The applicability or interpretation of the Competition Act to any merger, amalgamation or acquisition proposed or undertaken by us, or any enforcement proceedings initiated by CCI for alleged violation of provisions of the Competition Act may adversely affect our business, financial condition or results of operation. Consequently, all agreements entered into by us may be subject to the provisions of the Competition Act and we are unable to predict the impact of the provisions of the Competition Act on such agreements. We cannot assure you that we will be able to obtain approval for any future acquisitions on satisfactory terms, or at all. If we are affected directly or indirectly by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the CCI or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our reputation may also be materially and adversely affected. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us.

59. ***Any future issuance of Equity Shares may dilute your shareholding and sale of our Equity Shares by our Promoters may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by our Company, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future issuances of Equity Shares or the disposal of Equity Shares by our Promoters may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising debt-financing. In addition, any perception by investors that such issuances or sales might occur may also affect the trading price of our Equity Shares As disclosed in "*Capital Structure*" on page 62, an aggregate of 20% of our fully diluted post-Offer capital held by our Promoters shall be considered as minimum Promoters' contribution and locked in for a period of three years, and balance Equity Shares held by the Promoters following the Offer (assuming all of the Offered Shares are sold in the Offer) will be locked-in for one year from the date of Allotment. Except for the customary lock-in on our ability to issue equity or equity-linked securities discussed in "*Capital Structure*" on page 62, there is no restriction on our ability to issue Equity Shares. As such, there can be no assurance that we will not issue additional Equity Shares after the lock-in period expires or that the Promoters will not sell, pledge or encumber our Equity Shares after the lock-in periods expire. Future issuances of Equity Shares or convertible securities and sale of the underlying Equity Shares could dilute the holdings of our shareholders and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then trading price of our Equity Shares or the Offer Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of our Equity Shares.

60. ***We will incur increased costs as a result of becoming a listed public company.***

As a listed public company, we will incur legal, accounting, insurance and other expenses that we have not incurred as an unlisted public company, including costs associated with listed company reporting and corporate governance requirements. We expect that rules and regulations will increase our legal and financial compliance costs and make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. Laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. Laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our senior management. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting, fines, sanctions and other regulatory action and potentially civil litigation.

61. ***Our Equity Shares have never been publicly traded and we cannot be certain that an active trading market for the Equity Shares will develop or be sustained after this offering. Following the offering, the price of the Equity Shares may fluctuate significantly, which could cause you to suffer substantial losses.***

Prior to this Offer, there has been no public market for our Equity Shares and an active public market for our Equity Shares may not develop or be sustained after this Offer. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Offer. We cannot guarantee that an active trading market will develop or be sustained after the offering. Nor can we predict the prices at which the Equity Shares may trade after the offering. If an active trading market is not developed or sustained, the liquidity and trading price of our Equity Shares could be materially and adversely affected. While we will obtain in-principle listing approval from the Stock Exchanges to have our Equity Shares listed and quoted on the Stock Exchanges, listing and quotation does not, however, guarantee that a trading market for our Equity Shares will develop or, if a market does develop, the liquidity of that market for the Equity Shares. Although we currently intend that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Equity Shares.

Our initial public offering price will be determined through negotiation between us and the underwriters and may not be indicative of the market price for the Equity Shares after this offering. If you purchase the Equity Shares in our initial public offering, you may not be able to resell them at or above the initial public offering price. We cannot assure you that the initial public offering price of the Equity Shares, or the market price following our initial public offering, will equal or exceed prices in privately negotiated transactions of our Equity Shares that may have occurred from time to time prior to our initial public offering, such as the subscription of Equity Shares by the Maharashtra Defence and Aerospace Venture Fund pursuant to the SSHA. The market price of the Equity Shares may decline or fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- announcements about our earnings that are not in line with analyst expectations;
- the public's reaction to our press releases, other public announcements and filings with the regulator;
- significant liability claims, complaints from our customers, shortages or interruptions in the availability of raw materials or other supplies;
- changes in senior management or key personnel;
- macroeconomic conditions in India;
- fluctuations of exchange rates;
- the operating and stock price performance of comparable companies;
- changes in our shareholder base;
- changes in our dividend policy;
- issuances, exchanges or sales, or expected issuances, exchanges or sales;
- changes in accounting standards, policies, guidance, interpretations or principles; and
- changes in the regulatory and legal environment in which we operate; or market conditions in the defence and space industry and the domestic and worldwide economies as a whole.

Any of these factors may result in large and sudden changes in the volume and trading price of the Equity Shares. In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted securities class action litigation against that company. If we were involved in a class action suit, it could divert the attention of management, and, if adversely determined, have a material adverse effect on our business, results of operations and financial condition.

62. ***Substantial future sales or perceived potential sales of the Equity Shares or equity linked securities in the public market could cause the price of the Equity Shares to decline significantly.***

Sales of the Equity Shares or equity linked securities in the public market after this offering, or the perception that these sales could occur, could cause the market price of the Equity Shares to decline significantly. All Equity Shares sold in this offering will be freely transferable subject to applicable law and subject to expiration of lock-in periods, if applicable. The Equity Shares outstanding prior to the Offer will be available for sale, upon the expiration of the lock-in periods described elsewhere in this Prospectus (if applicable to such holder), subject to applicable law. To the extent of the Equity Shares sold into the market, the market price of the Equity Shares could decline significantly.

63. ***You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Offer.***

The Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Upon receipt of final approval from the Designated Stock Exchange, trading in the Equity Shares is required to commence within six working days of the date of closure of the Offer. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods prescribed under law.

64. ***Our Company's ability to pay dividends in the future will depend upon future earnings, financial conditions, cash flows, working capital requirements and capital expenditures.***

Any dividends to be declared and paid in the future are required to be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The ability of our Company to pay dividends in the future will depend on a number of factors, including but not limited to the earnings, capital requirements, capital expenditure requirement, the overall financial position of our Company, past dividend declaration trends and other factors considered relevant by the Board of Directors, including as set out in the dividend policy adopted by the Board of Directors. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to the Shareholders in the future consistent with our past practices, or at all. For details pertaining to dividend declared by us in the past, see "*Dividend Policy*" on page 171. We have not declared any dividends for Fiscals 2021, 2020 and 2019.

Under Indian laws, dividends may be paid out of profits earned during the year or out of accumulated profits earned by a company in previous years and transferred by it to its reserves (subject to certain conditions). Any accumulated profits that are not distributed in a given year are retained and may be available for distribution in subsequent years.

65. ***Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under section 62 of the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by our Company.

However, if the laws of the jurisdiction the investors are located in do not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If our Company elects not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

66. ***QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and RIBs are permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) only till the Bid/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. As a result, QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, or otherwise, between the dates of the submission of their Bids and the Allotment.

While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

SECTION III: INTRODUCTION

THE OFFER

The following table summarizes the Offer details:

Offer(1)(2)	9,758,776* Equity Shares, aggregating to ₹ 1,707.78 million
of which:	
Fresh Issue(1)	8,034,286* Equity Shares, aggregating to ₹ 1,406.00 million
Offer for Sale(2)	1,724,490* Equity Shares, aggregating to ₹ 301.78 million by the Selling Shareholders
The Offer comprises:	
A) QIB Portion(3)(4)	Not more than 4,879,387* Equity Shares
of which:	
Anchor Investor Portion	2,927,485* Equity Shares
of which:	
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	1,951,902* Equity Shares
of which:	
Available for allocation to Mutual Funds only (5% of the Net QIB Portion)(3)	97,596* Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	1,854,306* Equity Shares
B) Non-Institutional Portion(3)	Not less than 1,463,817* Equity Shares
C) Retail Portion(3)(4)	Not less than 3,415,572* Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer	30,965,775 Equity Shares
Equity Shares outstanding after the Offer*	39,000,061* Equity Shares
Utilisation of Net Proceeds	See "*Objects of the Offer*" beginning on page 75 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale

**Subject to finalisation of the Basis of Allotment.*

Note:Pre-IPO Placement by way of private placements of 2,552,598 Equity Shares for cash consideration aggregating to ₹ 344.02 million has been undertaken by our Company. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. The outstanding OCPS have been redeemed from the proceeds of the Pre-IPO Placement and internal accruals, in accordance with applicable laws. For further details, see "Capital Structure – Notes to the capital structure" and "History and Certain Corporate Matters – Summary of key agreements" on pages 62 and 143, respectively.

(1) *The Offer has been authorized by our Board pursuant to resolutions passed on March 7, 2020, December 29, 2020, March 2, 2021 and August 25, 2021 and by our Shareholders pursuant to a special resolution passed on March 13, 2020.*

(2) *Each of the Selling Shareholders have confirmed and authorized their participation in the Offer for Sale as set out below.*

S. No.	*Name of Selling Shareholders*	*Maximum number of Offered Shares*	*Date of consent letter*
Promoter Selling Shareholders			
1.	*Sharad Virji Shah*	*1,250,000 Equity Shares*	*December 26, 2020*
2.	*Munjal Sharad Shah*	*50,000 Equity Shares*	*December 26, 2020*
Individual Selling Shareholders			
1.	*Ami Munjal Shah*	*300,000 Equity Shares*	*December 26, 2020*
2.	*Shilpa Amit Mahajan*	*62,245 Equity Shares*	*December 26, 2020*
3.	*Amit Navin Mahajan*	*62,245 Equity Shares*	*December 26, 2020*

(3) *Subject to valid Bids having been received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, is allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLM and the Designated Stock Exchange. In the event of under-subscription in the Offer, Equity Shares could be allocated in the manner specified in the section "Terms of the Offer" beginning on page 268. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories in accordance with the SEBI ICDR Regulations.*

(4) *Our Company and the Selling Shareholders have, in consultation with the BRLM, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion was accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares were available to be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. In the event the aggregate demand from Mutual Funds was less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion could be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" beginning on page 275.*

Allocation to Bidders in all categories, except the Anchor Investor Portion and the Retail Portion, was made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, were made available for allocation on a proportionate basis. For details, see "*Offer Procedure*" beginning on page 275. For details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 268.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information as derived from the Restated Financial Statements. The summary financial information presented below should be read in conjunction with "Restated Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 172 and 231, *respectively.*

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PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
ANNEXURE-I
RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(All amounts in INR Millions unless otherwise stated)

	PARTICULARS	Annexure VI, Note No.	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
I.	**ASSETS**							
1)	**Non Current Assets**							
(a)	Property, Plant and Equipment	1	1,551.33		1,557.88		1,658.88	
(b)	Capital Work in Progress	1	5.11		49.05		26.30	
(c)	Intangible Assets	2	14.98		20.45		24.05	
(d)	Financial Assets							
	i) Investments	3	11.26		0.50		0.50	
	ii) Other Financial Assets	4	11.90		2.81		4.24	
(e)	Non Current Tax Assets		0.03		-		-	
(f)	Other Non Current Assets	5	12.30	**1,606.91**	14.09	**1,644.78**	8.71	**1,722.68**
2)	**Current Assets**							
(a)	Inventories	6	747.11		604.30		645.27	
(b)	Financial Assets							
	i) Trade Receivables	7	948.55		975.99		832.27	
	ii) Cash and Cash Equivalents	8	46.83		12.54		1.79	
	iii) Bank Balances other than (ii) above	9	36.33		31.26		16.78	
	iv) Loans	10	0.49		0.33		1.51	
	v) Other Financial Assets	11	4.83		6.36		5.14	
(c)	Other Current Assets	12	195.33		123.23		72.04	
			1,979.47		**1,754.01**		**1,574.80**	
(d)	Assets held for Sale	40	41.20	**2,020.67**	25.07	**1,779.08**	-	**1,574.80**
	TOTAL ASSETS			**3,627.58**		**3,423.86**		**3,297.48**
II.	**EQUITY AND LIABILITIES**							
	EQUITY							
(a)	Equity Share Capital	13	298.53		284.12		56.82	
(b)	Other Equity	14	1,767.82		1,442.10		1,466.84	
	Equity attributable to Owners			**2,066.35**		**1,726.22**		**1,523.66**
	Non Controlling Interest			0.69		-		-
	TOTAL EQUITY			**2,067.04**		**1,726.22**		**1,523.66**
	LIABILITIES							
1)	**Non Current Liabilities**							
(a)	Financial Liabilities							
	i) Borrowings	15	255.30		367.50		381.99	
	ii) Lease Liabilities	16	0.59		1.01		-	
(b)	Provisions	17	11.93		12.96		16.88	
(c)	Deferred Tax Liabilities (Net)	18	231.40	**499.22**	234.96	**616.43**	277.82	**676.69**
2)	**Current Liabilities**							
(a)	Financial Liabilities							
	i) Borrowings	19	680.38		601.97		379.26	
	ii) Lease Liabilities	20	0.62		0.61		-	
	iii) Trade Payables	21						
	Total Outstanding dues of Micro enterprises and small enterprises		9.34		69.87		72.70	
	Total Outstanding dues of creditors other than Micro enterprises and small enterprises		143.88		200.56		459.83	
	iii) Other Financial Liabilities	22	151.93		88.52		111.61	
(b)	Other Current Liabilities	23	6.08		60.46		16.08	
(c)	Provisions	24	1.48		1.53		1.51	
(d)	Current Tax Liabilities (Net)		67.61	**1,061.32**	57.69	**1,081.21**	56.14	**1,097.13**
	TOTAL EQUITY AND LIABILITIES			**3,627.58**		**3,423.86**		**3,297.48**

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
ANNEXURE-II
RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in INR Millions unless otherwise stated)

	PARTICULARS	Annexure VI, Note No.	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
1	Revenue From Operations	25	1,433.30	1,470.43	1,543.99
2	Other Income	26	12.77	20.08	27.70
3	**Total Income (1+2)**		**1,446.07**	**1,490.51**	**1,571.69**
4	**Expenses**				
	Cost of Materials Consumed		598.67	739.75	955.23
	Purchases of Stock In Trade		134.87	4.31	-
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	27	(80.44)	(15.81)	(116.39)
	Employee Benefits Expense	28	117.38	109.64	89.77
	Finance Costs	29	124.10	97.73	93.86
	Depreciation and Amortisation Expense	30	96.54	97.13	94.06
	Other Expenses	31	228.84	239.84	187.05
	Total Expenses		**1,219.96**	**1,272.59**	**1,303.58**
5	**Profit Before Exceptional Items and Tax (3-4)**		226.11	217.92	268.11
6	Exceptional Items		-	-	-
7	**Profit Before Tax (5-6)**		**226.11**	**217.92**	**268.11**
8	**Tax Expenses :**	18			
	Current Tax		72.86	66.19	68.84
	Deferred Tax		(4.61)	(44.88)	9.58
	Income Tax for Earlier Years		-	0.04	(0.01)
			68.25	**21.35**	**78.41**
9	**Profit for the Year (7-8)**		**157.86**	**196.57**	**189.70**
10	**Other Comprehensive Income**				
(i)	**Items that will not be reclassified to profit or loss**				
	Remeasurement Losses / (Gains) on Defined Benefit Plans		(4.19)	(8.03)	6.17
	Tax Effect on above		1.05	2.02	(1.80)
(ii)	**Items that will be reclassified to Profit or Loss**				
	Exchange differences in translating the financial statement of a foreign operation		0.04	0.02	-
	Total Other Comprehensive Income		**(3.10)**	**(5.99)**	**4.37**
11	**Total Comprehensive Income for the Year (9-10)**		**160.96**	**202.56**	**185.33**
12	**Profit attributable to**				
	Equity Holders of the Parent		157.25	196.57	189.70
	Non-Controlling Interest		0.61	-	-
13	**Other Comprehensive Income attributable to**				
	Equity Holders of the Parent		(3.10)	(5.99)	4.37
	Non-Controlling Interest		-	-	-
14	**Total comprehensive income attributable to**				
	Equity Holders of the Parent		160.35	202.56	185.33
	Non-Controlling Interest		0.61	-	-
15	**Earnings per Equity Share of Rs. 10/- each**	32			
	Basic (Rs.)		5.55	6.92	6.75
	Diluted (Rs.)		5.55	6.92	6.74

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
ANNEXURE-IV
RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(Rs. in Millions)

	PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before Tax as per the Restated Consolidated Statement of Profit and Loss	226.11	217.92	268.11
	ADJUSTED FOR :			
	Depreciation and Amortisation Expense	96.54	97.13	94.06
	Dividend on Non Current Investments	-	(0.05)	(0.05)
	Interest Income	(2.43)	(2.36)	(1.61)
	Finance Costs	124.10	97.73	93.86
	Loss / (Profit) on Sale of Property, Plant and Equipment (Net)	(0.39)	0.79	0.54
	Impairment loss on Assets held for sale	0.72		
	Initial Public Offering Related Expenses	-	4.50	-
	Account Written Back (Net)	-	(9.33)	-
	Bad Debts / Advances written off (Net)	1.31	-	4.22
	Provision for Expected Credit Loss	11.53	13.49	6.68
	Provision for Doubtful Advance	-	5.00	-
	Provision for Doubtful Advance written back	(5.00)	-	-
	Unrealised Foreign Exchange differences	(0.73)	3.82	(2.84)
	Lease Liability Reversal	(0.03)	-	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**451.73**	**428.64**	**462.97**
	ADJUSTMENTS FOR :			
	Trade and Other Receivables	(31.77)	(211.42)	(567.18)
	Inventories	(142.81)	40.97	(207.33)
	Trade and Other Payables	(164.95)	(213.79)	261.00
	CASH GENERATED FROM / (USED IN) OPERATIONS	**112.20**	**44.40**	**(50.54)**
	Direct Taxes Paid (Including Interest)	(69.35)	(70.40)	(69.98)
	NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**42.85**	**(26.00)**	**(120.52)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Property, Plant and Equipment and Capital Work-in-Progress	(53.25)	(40.51)	(96.56)
	Sale of Property, Plant and Equipment	0.61	0.18	-
	Purchase of Investment	(10.76)		
	Sale of Investment	0.09	-	-
	Fixed Deposits	-	(10.00)	-
	Interest Income	0.67	1.53	0.99
	Dividend Income	-	0.05	0.05
	NET CASH USED IN INVESTING ACTIVITIES	**(62.64)**	**(48.75)**	**(95.52)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceed from Issue of Equity Shares (Net of Expenses)	179.77	-	-
	Proceed from 0.01% Optionally Convertible Preference Shares	299.90	-	-
	Redemption of 0.01% Optionally Convertible Preference Shares	(160.20)		
	Proceed from Issue of Compulsorily Convertible Debentures	-	-	100.00
	Proceed from Non Current Borrowings (Term Loans)	1.42	51.10	77.30
	Repayment of Non Current Borrowings	(52.78)	(89.38)	(60.87)
	Current Borrowings (Net)	(78.95)	226.94	168.73
	Payment related to Initial Public Offering	(14.80)	(4.50)	-
	Lease Liabilities	(0.73)	(0.35)	-
	Finance Costs	(105.68)	(95.25)	(80.85)
	Margin Money (Net)	(14.16)	(3.05)	9.79
	NET CASH GENERATED FROM FINANCING ACTIVITIES	**53.79**	**85.51**	**214.10**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**34.00**	**10.76**	**(1.94)**
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)	12.54	1.79	3.73
	Effect of Exchange rate on Cash and Cash Equivalents	0.29	(0.01)	-
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	**46.83**	**12.54**	**1.79**

GENERAL INFORMATION

Our Company was incorporated as "Paras Flow Form Engineering Limited" under the Companies Act, 1956, at Mumbai, pursuant to a certificate of incorporation dated June 16, 2009, issued by the RoC. Our Company received the certificate for commencement of business on July 24, 2009. Subsequently, the name of our Company was changed to "Paras Flowform Engineering Limited" pursuant to a resolution passed by our Shareholders in an extraordinary general meeting held on September 22, 2009 to rectify the name of our Company, and a fresh certificate of incorporation, dated September 25, 2009 was issued by the RoC. Further, the name of our Company was changed to "Paras Defence and Space Technologies Limited" pursuant to a resolution passed by our Shareholders in an extraordinary general meeting held on December 2, 2015 to reflect the business of our Company as stated in the MoA, and a fresh certificate of incorporation, dated January 29, 2016 was issued by the RoC.

Company Registration Number: 193352

Corporate Identity Number: U29253MH2009PLC193352

Registered and Corporate Office
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area
MIDC, Nerul
Navi Mumbai 400 706
Maharashtra, India
Telephone: +91 22 6919 9999
Website: https://www.parasdefence.com

For details of change in the Registered and Corporate Office of the Company, see "*History and Certain Corporate Matters – Changes in the Registered Office"* on page 143.

Filing of the Draft Red Herring Prospectus

A copy of the Draft Red Herring Prospectus was filed electronically on the SEBI's online portal and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD".

A physical copy of the Draft Red Herring Prospectus was filed at:

Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Maharashtra, India

Our Company is registered with the Registrar of Companies, Maharashtra at Mumbai. A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act has been filed with the RoC and a copy of the Prospectus will be filed under Section 26 of the Companies Act with the RoC at:

Registrar of Companies, Mumbai
100, Everest
Marine Drive
Mumbai 400 002
Maharashtra, India
Tel: +91 22 2281 2627/ 2202 0295/ 2284 6954

Board of Directors

The Board of Directors of our Company comprises of the following:

Name	Designation	DIN	Address
Sharad Virji Shah	Chairman and Non-Executive Director	00622001	A-1301, Kalinga, Nirmal Nagar, Mulund Goregaon Link Road, Mulund (West), Mumbai 400 080, Maharashtra, India
Munjal Sharad Shah	Managing Director	01080863	A-1301, Kalinga, Nirmal Nagar, Mulund Goregaon Link Road, Mulund (West), Mumbai 400 080, Maharashtra, India

Name	Designation	DIN	Address
Shilpa Amit Mahajan	Whole-Time Director	01087912	Hrushikesh, C/101, Swami Samarth Nagar, Lokhandwala Complex, Azad Nagar, Andheri West, Mumbai 400 053, Maharashtra, India
Sunil Kumar Sharma	Independent Director	03614952	33, D-Block, Near Ganesha Temple, CQAL Layout, Sahakar Nagar, Bangalore North, Bengaluru 560 092, Karnataka, India
Manmohan Handa	Independent Director	06942720	B 304, BEL White Square Apartments, Vidyaranyapura Main Road, Vidyaranyapura, Bangalore North, Bengaluru 560 097, Karnataka, India
Hina Gokhale	Independent Director	08712659	B-101, White House, Lakeview Road, IIT Bombay, Powai, Mumbai 400 076, Maharashtra, India
Suresh Katyal	Independent Director	08979402	House No. 822, Phase-7, Mohali, S.A.S. Nagar, Sector 62, Mohali 160 062, Punjab, India

For further details in relation to our Directors, see "*Our Management*" beginning on page 152.

Company Secretary and Compliance Officer

Ajit Sharma is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Ajit Sharma
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area
MIDC, Nerul,
Navi Mumbai 400 706
Maharashtra, India
Tel: +91 22 6919 9999
E-mail: ir@parasdefence.com

Statutory Auditors to our Company

Chaturvedi & Shah LLP
Chartered Accountants
714-715, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 22 3021 8500
E-mail: cas@cas.ind.in
Firm Registration Number: 101720W/ W100355
Peer Review Number: 012140

Changes in the auditors

Except as disclosed below, there have been no changes in the auditors of our Company during the three years preceding the date of this Prospectus:

Name of the Auditor(s)	Date of Change	Reason for Change
Nitin Maru and Associates 103/104, Flora Point, S.N Road Mulund (W) Mumbai 400 080 Maharashtra, India E-mail: nmmaru@gmail.com Firm Registration No.: 114022W	September 25, 2018	Unwillingness to continue as the statutory auditors of the Company
Chaturvedi & Shah LLP Chartered Accountants 714-715, Tulsiani Chambers 212, Nariman Point Mumbai 400 021 Maharashtra, India E-mail: cas@cas.ind.in Firm Registration Number: 101720W/ W100355 Peer Review Number: 012140	September 28, 2018	Appointment as Statutory Auditors

Book Running Lead Manager

Anand Rathi Advisors Limited
10th Floor, Trade Tower D, Kamala City
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6626 6666
E-mail: paras.ipo@rathi.com
Investor Grievance E-mail: grievance.ecm@rathi.com
Contact Person: Astha Daga/ Shikha Jain
Website: www.rathi.com
SEBI Registration No.: INM000010478

Syndicate Member

Anand Rathi Share and Stock Brokers Limited
Express Zone, A Wing, 10th Floor
Western Express Highway, Goregaon (East)
Mumbai 400 063
Maharashtra, India
Tel: +91 22 6281 7000
E-mail: shekharmargaje1@rathi.com
Investor Grievance E-mail: Grievance@rathi.com
Contact Person: Shekhar Margaje/ Harmeet Matta
Website: www.anandrathi.com
SEBI Registration No.: INZ000170832

Indian Legal Counsel to our Company

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 2496 4455

Indian Legal Counsel to the Book Running Lead Manager

L&L Partners*
20th Floor, Tower 2
Unit A2, One International Centre
Elphinstone Road
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6630 3600
* *Formerly known as Luthra & Luthra Law Offices*

Special International Legal Counsel to the Book Running Lead Manager

Duane Morris & Selvam LLP
16 Collyer Quay, #17-00
Singapore 049318
Tel: +65 6311 0030

Registrar to the Offer

Link Intime India Private Limited
C-101, 1st Floor,
247 Park, L.B.S Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200

E-mail: Parasdefence.ipo@linkintime.co.in
Investor grievance E-mail: Parasdefence.ipo@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Website: www.linkintime.co.in
SEBI Registration No.: INR000004058

Banker to the Offer/ Escrow Collection Bank/ Refund Bank/ Public Offer Account Bank/ Sponsor Bank

Kotak Mahindra Bank Limited
Kotak Infiniti, 6th Floor, Building No. 21
Infinity Park, off Western Express Highway
General AK Vaidya Marg, Malad (East)
Mumbai 400 097
Maharashtra, India
Tel: +91 22 6605 6588
Website: www.kotak.com
Contact Person: Prashant Sawant
Email: cmsipo@kotak.com
SEBI Registration No.: INBI00000927

Bankers to our Company

NKGSB Co-operative Bank Limited
Laxmisadan, 361
VP Road, Girgaum, Mumbai 400 004
Maharashtra, India
Tel: +91 22 6754 5063
Website: www.nkgsb-bank.com
Contact Person: Ansar Shaikh
Email: cad@nkgsb-bank.com

Kotak Mahindra Bank Limited
12 BKC, C-27, G Block
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Maharashtra, India
Tel: +91 8691878899
Website: www.kotak.com
Contact Person: Kruti Handa
Email: kruti.handa@kotak.com

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs (i) in relation to the ASBA (other than through UPI Mechanism) is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the relevant Bidders and Designated Intermediaries, refer to the above-mentioned link.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI(https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers including details such as postal address, telephone number and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, or any such other website, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms from relevant Bidders at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or any such other website, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and NSE at www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts to the Offer

Except as set forth, our Company has not obtained any expert opinions:

Our Company has received written consent dated September 1, 2021 from Chaturvedi & Shah LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act read with the SEBI ICDR Regulations in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination report, dated July 6, 2021 on our Restated Financial Statements; and (ii) their report dated September 1, 2021 on the statement of special tax benefits in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated August 16, 2021, from the independent chartered engineer, namely M/s. S.K Singh & Associates, Chartered Engineers (registration number: M/118968/3 dated September 18, 2001), to include their name in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, to the extent and in his capacity as a chartered engineer, in relation to his certificate dated August 16, 2021 certifying the proposed expansion and purchase of additional machineries by the Company, and such consent has not been withdrawn as on the date of this Prospectus.

Our Company has received written consent dated September 1, 2021, from the independent chartered accountant, namely Ambavat Jain & Associates LLP, Chartered Accountants, to include their name in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

Monitoring Agency

Our Company has appointed Kotak Mahindra Bank Limited as the monitoring agency in accordance with Regulation 41 of the SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

Kotak Mahindra Bank Limited
Kotak Infiniti, 6th Floor, Building No. 21
Infinity Park, off Western Express Highway
General AK Vaidya Marg, Malad (East)
Mumbai 400 097
Maharashtra, India
Tel: +91 22 6605 6588
Website: www.kotak.com

Contact Person: Prashant Sawant
Email: cmsipo@kotak.com
SEBI Registration No.: INBI00000927

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency. Accordingly, no appraising entity is appointed for the Offer.

Statement of inter se allocation of responsibilities

Since Anand Rathi Advisors Limited is the sole BRLM in this Offer, all the responsibilities relating to the co-ordination and other activities in relation to the Offer shall be performed by it and hence, a statement of inter se allocation of responsibilities is not applicable.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

No credit rating agency registered with SEBI has been appointed for grading the Offer.

Trustees

As this is an offer of Equity Shares, the appointment of trustees is not required.

Book Building Process

The book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and the minimum Bid Lot was decided by our Company and the Selling Shareholders, in consultation with the BRLM, and has been advertised in all editions of Business Standard, an English national daily newspaper, all editions of Business Standard, a Hindi national daily newspaper and Mumbai edition of Navshakti, a Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located, each with wide circulation, at least two Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price has been determined by our Company and the Selling Shareholders, in consultation with the BRLM after the Bid/ Offer Closing Date. For details, see "*Offer Procedure*" beginning on page 275.

All Bidders, except Anchor Investors, were mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs.

In addition to this, the RIBs participated through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders were not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs (subject to the Bid Amount being up to ₹ 200,000) could revise their Bids during the Bid/ Offer Period and withdraw their Bids on or before the Bid/ Offer Closing Date. Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to the Anchor Investors was made on a discretionary basis.

For further details on the method and procedure for Bidding and book building process, see "*Offer Structure*" and "*Offer Procedure*" beginning on pages 273 and 275, respectively.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note the Offer is also subject to (i) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) filing of this Prospectus with the RoC.

Underwriting Agreement

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Subject to the applicable laws and pursuant to the terms of the Underwriting Agreement, the BRLM will be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfil its underwriting obligations. The Underwriting Agreement is dated September 24, 2021. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, address, telephone number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
Anand Rathi Share and Stock Brokers Limited Express Zone, A Wing, 10th Floor Western Express Highway, Goregaon (East) Mumbai 400 063 Maharashtra, India **Tel:** +91 22 6281 7000 **E-mail:** shekharmargaje1@rathi.com	9,758,676	1,707.77
Anand Rathi Advisors Limited 10th Floor, Trade Tower D, Kamala City Senapati Bapat Marg, Lower Parel Mumbai 400 013 Maharashtra, India **Tel:** +91 22 6626 6666 **E-mail:** paras.ipo@rathi.com	100	0.02

The abovementioned amounts are provided for indicative purposes only and will be finalised after actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The IPO Committee of the Board, at its meeting held on September 24, 2021, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriter(s) may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriter(s) shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Prospectus is set forth below:

(in ₹, except share data)

S. No.	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL**[(1)]		
	50,920,000 Equity Shares of face value of ₹ 10 each	509,200,000	-
	958,000 preference shares of face value ₹ 100 each	95,800,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER**		
	30,965,775 Equity Shares of face value ₹ 10 each[(2)]	309,657,750	-
C	**PRESENT OFFER IN TERMS OF THIS PROSPECTUS**		
	Offer of 9,758,776* Equity Shares[(3)(4)]	97,587,760	1,707,785,800
	of which		
	Fresh Issue of 8,034,286* Equity Shares aggregating up to ₹ 1,406.00 million[(3)(2)]	80,342,860	1,406,000,050
	Offer for Sale of 1,724,490* Equity Shares aggregating up to ₹ 301.78 million[(4)]	17,244,900	301,785,750
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	39,000,061* Equity Shares of face value of ₹ 10 each	390,000,610	6,825,010,675
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	584.28 million	
	After the Offer	1,909.94 million	

* *Subject to finalization of the Basis of Allotment. The Offer Price is ₹ 175 per Equity Share.*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 144.*

(2) *Our Company has undertaken the Pre-IPO Placement by way of private placements of 2,552,598 Equity Shares for cash consideration aggregating to ₹ 344.02 million. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. The outstanding OCPS have been redeemed from the proceeds of the Pre-IPO Placement and internal accruals, in accordance with applicable laws.*

(3) *The Offer has been authorized by our Board pursuant to its resolutions dated March 7, 2020, December 29, 2020, March 2, 2021 and August 25, 2021 and by our Shareholders pursuant to a special resolution passed on March 13, 2020.*

(4) *The Equity Shares being offered by the Selling Shareholders have been held for a period of at least one year immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI, and accordingly, are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 260.*

Notes to the capital structure

1. ***Share capital history of our Company***

(a) The history of the Equity Share capital of our Company is set forth in the table below:

Date of allotment	Nature of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration
June 16, 2009	Initial subscription to the Memorandum of Association[(1)]	50,000	10	10	Cash
July 1, 2011	Rights issue[(2)]	2,950,000	10	10	Cash
July 15, 2014	Rights issue[(3)]	2,000,000	10	10	Cash
September 30, 2015	Cancelled, pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015[(4)]	(2,000,000)	10	-	N.A.
December 3, 2015	Pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015[(5)]	2,010,000	10	-	Other than cash

Date of allotment	Nature of allotment	No. of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration
August 20, 2018	Pursuant to the scheme of amalgamation approved by the National Company Law Tribunal, Mumbai bench *vide* its order dated June 7, 2018(6)	572,534	10	-	Other than cash
November 3, 2018	Conversion of compulsorily convertible debentures(7)	100,000	10	1,000	Other than cash
March 24, 2020	Bonus issue(8)	22,730,136	10	-	Other than cash
August 13, 2020	Private placement(9)	507	10	197	Cash
March 26, 2021	Private placement (Pre-IPO Placement)(10)	1,440,000	10	125	Cash
April 26, 2021	Private placement (Pre-IPO Placement)(11)	400,000	10	125	Cash
July 29, 2021	Private placement (Pre-IPO Placement)(12)	712,598	10	160	Cash

(1) Allotment of 13,500 Equity Shares to Munjal Sharad Shah, 2,250 Equity Shares to Harsh Dhirendra Bhansali, 500 Equity Shares to Sharad Virji Kenia, 22,500 Equity Shares to Sharad Virji Shah, 4,500 Equity Shares to Ami Munjal Shah, 4,500 Equity Shares to Niranjana Sharad Shah and 2,250 Equity Shares to Kaajal Harsh Bhansali.

(2) Allotment of 2,950,000 Equity Shares to Sharad Virji Shah.

(3) Allotment of 2,000,000 Equity Shares to Paras Gate India Private Limited.

(4) 2,000,000 Equity Shares held by Paras Gate India Private Limited stood cancelled pursuant to the amalgamation of the said company with our Company. For details in relation to the scheme of amalgamation, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years", on page 149.

(5) Allotment of 2,000,000 Equity Shares and 10,000 Equity Shares to the shareholders of Paras Gate India Private Limited (i.e., Sharad Virji Shah, Munjal Sharad Shah and Ami Munjal Shah) and Neetnav Realtors Private Limited (i.e., Sharad Virji Shah, Munjal Sharad Shah and Ami Munjal Shah) respectively. For details in relation to the scheme of amalgamation, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years", on page 149.

(6) Allotment of 191,427 Equity Shares and 381,107 Equity Shares to the shareholders of Mechvac India Limited (i.e. Badve Engineering Limited, Surashrii Consultants Private Limited, Keyur Kenia, Amit Navin Mahajan, Shilpa Amit Mahajan, Vinayak Joshi, Satish Mehta and Kishor Gala) and Concept Shapers and Electronics Private Limited (i.e. Amit Mahajan, Shipa Mahajan and Rakesh Kirpalani) respectively. For details in relation to the scheme of amalgamation, see "History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years", on page 149.

(7) Allotment of 7,000 Equity Shares to Hansa Shah, 15,000 Equity Shares to Nitin Shah, 7,500 Equity Shares to Vishal N. Sejpal (jointly with Seema V. Sejpal), 7,500 Equity Shares to Narandas A. Sejpal (jointly with Varsha N. Sejpal), 5,000 Equity Shares to Varsha N. Sejpal (jointly with Narandas A. Sejpal), 5,500 Equity Shares to Reshma Amish Chheda, 3,000 Equity Shares to Kalpana G. Gala (jointly with Girish Shamji Gala), 3,000 Equity Shares to Kartik Gala (jointly with Girish S. Gala), 4,000 Equity Shares to Gangaben S. Gala (jointly with Kalpana S. Gala), 4,500 Equity Shares to Kaviraj Securities Private Limited, 11,000 Equity Shares to Madhvi Rubin Chheda, 5,500 Equity Shares to Mahendra Ravji Chheda, 5,500 Equity Shares to Kekin Kunverji Chheda, 5,500 Equity Shares to Rasik Kunverji Chheda, 5,500 Equity Shares to Ramesh Ravji Chheda, 2,500 Equity Shares to Heena Dhiraj Dharod and 2,500 Equity Shares to Kishor Morarji Chheda.

(8) Allotment of 6,819,872 Equity Shares to Sharad Virji Shah, 7,794,104 to Munjal Sharad Shah, 1,553,264 to Ami Munjal Shah, 4 to Niranjana Sharad Shah, 1,136,504 to Anish Mehta, 1,136,504 to Kaajal Harsh Bhansali, 800,000 to Anushka Shah (under guardianship of Munjal Sharad Shah), 800,000 to Jiwanshi Shah (under guardianship of Munjal Sharad Shah), 609,796 to Amit Navin Mahajan, 609,796 to Shilpa Amit Mahajan, 637,756 to Badve Engineering Limited, 127,552 to Surashrii Consultants Private Limited, 304,884 to Rakesh Kirpalani, 100 to Sunanda Gala, 28,000 to Hansa Shah; 60,000 to Nitin Shah, 30,000 Equity Shares to Vishal N. Sejpal (jointly with Seema V. Sejpal), 30,000 Equity Shares to Narandas A. Sejpal (jointly with Varsha N. Sejpal), 20,000 Equity Shares to Varsha N. Sejpal (jointly with Narandas A. Sejpal), 22,000 Equity Shares to Reshma Amish Chheda, 12,000 Equity Shares to Kalpana G. Gala (jointly with Girish Shamji Gala), 12,000 Equity Shares to Kartik Gala (jointly with Girish Shamji Gala), 16,000 Equity Shares to Gangaben S. Gala (jointly with Kalpana S. Gala), 18,000 Equity Shares to Kaviraj Securities Private Limited, 44,000 Equity Shares to Madhvi Rubin Chheda, 22,000 Equity Shares to Mahendra Ravji Chheda, 22,000 Equity Shares to Kekin Kunverji Chheda, 22,000 Equity Shares to Rasik Kunverji Chheda, 22,000 Equity Shares to Ramesh Ravji Chheda, 10,000 to Heena Dhiraj Dharod, 10,000 Kishor Morarji Chheda.

(9) Allotment of 507 Equity Shares to MDAVF, pursuant to the SSHA.

(10) Allotment of 80,000 Equity Shares to Chandrakant Gogri, 760,000 Equity Shares to Jaya Chandrakant Gogri, 300,000 Equity Shares to Pooja Unichem LLP, 220,000 Equity Shares to Jayshree Harit Shah, 72,000 Equity Shares to Devansh Ventures LLP and 8,000 Equity Shares to Priyank Mukesh Dedhia.

(11) Allotment of 400,000 Equity Shares to Mukul Agrawal.

(12) Allotment of 190,000 Equity Shares to Chandrakant Gogri, 190,000 Equity Shares to Mukul Agrawal, 27,500 Equity Shares to Kaviraj Securities Private Limited, 28,800 Equity Shares to Amish Ashok Chedda, 28,800 Equity Shares to Dilesh Chunilal Chheda HUF, 10,468 Equity Shares to Mihika Shah, 10,468 Equity Shares to Miloni Shah, 10,312 Equity Shares to Jhanvi Ajmera, 6,250 Equity Shares to Smita Kumari, 13,125 Equity Shares to Siddharth Singhi, 6,250 Equity Shares to N. Elamathi, 3,125 Equity Shares to Homiyar Subedar, 3,125 Equity Shares to Neha Narwal, 15,625 Equity Shares to Mukesh Mahajan, 15,625 Equity Shares to Savitri Devi, 6,250 Equity Shares to Neha Kumari, 31,250 Equity Shares to Narendra Pratap HUF, 3,125 Equity Shares to Sakshi Mody, 3,125 Equity Shares to Paridhi Mody, 12,500 Equity Shares to Godawari Thakkar, 3,125 Equity Shares to Fenil Chheda, 3,125 Equity Shares to Gaurav Chheda, 9,375 Equity Shares to Rajesh Sanghvi, 3,125 Equity Shares to Mazharullah Beig, 6,875 Equity Shares to Sushmitaben Virji Kenia, 8,750 Equity Shares to Priyanka Bhalla, 31,250 Equity Shares to Priti Piyush Shah, 6,251 Equity Shares to Manjula Dineshchandra Sanghvi, 1,562 Equity Shares to Nishi Jitesh Sanghvi, 1,562 Equity Shares to Janvi Jitesh Sanghvi, 15,625 Equity Shares to Jamnadas Virji Shares and Stock Brokers Private Limited and 6,250 Equity Shares to Sheetal Dhirajlal Gala.

(b) The history of the OCPS of our Company is set forth in the table below:

Date of allotment	Nature of allotment	No. of preference shares allotted	Face value per preference share (₹)	Issue price per preference share (₹)	Form of consideration
August 13, 2020	Private placement(1)	2,999,000	100	100	Cash

(1) *Allotment of 2,999,000 0.01% OCPS to MDAVF. The OCPS were redeemed by our Company pursuant to the Board resolutions dated March 26, 2021, April 26, 2021 and July 29, 2021 for an aggregate amount of (a) ₹180.06 million for redemption of 1,602,000 OCPS, (b) ₹50.09 million for redemption of 439,000 OCPS, and (c) ₹114.24 million for redemption of 958,000 OCPS, respectively. Accordingly, there are no outstanding OCPS as on the date of this Prospectus.*

(c) The history of the Compulsorily Convertible Debentures of our Company is set forth in the table below:

Date of allotment	Name of allottees	No. of Compulsorily Convertible Debentures allotted*	Nominal value (₹)	Issue price per Compulsorily Convertible Debenture (₹)	Form of consideration
May 18, 2018	70,000 Compulsorily Convertible Debentures to Hansa Shah, 150,000 Compulsorily Convertible Debentures to Nitin Shah	220,000	100	100	Cash
June 15, 2018	75,000 Compulsorily Convertible Debentures to Vishal N. Sejpal, 75,000 Compulsorily Convertible Debentures to Narandas A. Sejpal (jointly with Varsha N. Sejpal), 50,000 Compulsorily Convertible Debentures to Varsha N. Sejpal (jointly with Narandas A. Sejpal), 55,000 Compulsorily Convertible Debentures to Reshma Amish Chheda, 30,000 Compulsorily Convertible Debentures to Kalpana G. Gala (jointly with Girish Shamji Gala), 30,000 Compulsorily Convertible Debentures to Kartik Gala (jointly with Girish Shamji Gala), 40,000 Compulsorily Convertible Debentures to Gangaben S. Gala (jointly with Kalpana S. Gala), 45,000 Compulsorily Convertible Debentures to Kaviraj Securities Private Limited, 110,000 Compulsorily Convertible Debentures to Madhvi Rubin Chheda	510,000	100	100	Cash
July 13, 2018	55,000 Compulsorily Convertible Debentures to Mahendra Ravji Chheda, 55,000 Compulsorily Convertible Debentures to Kekin Kunverji Chheda, 55,000 Compulsorily Convertible Debentures to Rasik Kunverji Chheda, 55,000 Compulsorily Convertible Debentures to Ramesh Ravji Chheda, 25,000 Compulsorily Convertible Debentures to Heena Dhiraj Dharod, 25,000 Compulsorily Convertible Debentures to Kishor Morarji Chheda	270,000	100	100	Cash

* *Compulsorily Convertible Debentures allotted on May 18, 2018, June 15, 2018 and July 13, 2018 were converted into Equity Shares on November 3, 2018 by allotment of 100,000 Equity Shares of ₹ 10 each at a share premium of ₹ 990 for an aggregate amount of ₹ 100,000,000. Further, there are no outstanding Compulsorily Convertible Debentures as on the date of this Prospectus.*

2. **Issue of Equity Shares for consideration other than cash or out of revaluation reserves**

Except as disclosed below, our Company has not issued any Equity Shares for consideration other than cash or out of revaluation of reserves since its incorporation:

Date of allotment	Name of the allottees	No. of Equity Shares allotted	Issue price per Equity Share (₹)	Face value (₹)	Reasons for allotment	Benefits accrued to our Company
December 3, 2015	Sharad Virji Shah	674,098	-	10	Allotment of Equity Shares pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Judicature at Bombay vide its order dated September 4, 2015	-
	Munjal Sharad Shah	667,960	-	10		
	Ami Munjal Shah	667,942	-	10		
August 20, 2018	Badve Engineering Limited	159,439	-	10	Allotment of Equity Shares pursuant to the scheme of amalgamation approved by the National Company Law Tribunal, Mumbai bench *vide* its order dated June 7, 2018	-
	Surashrii Consultants Private Limited	31,888	-	10		
	Keyur Kenia	13	-	10		
	Amit Navin Mahajan	152,449	-	10		
	Shilpa Amit Mahajan	152,449	-	10		
	Vinayak Joshi	25	-	10		
	Satish Mehta	25	-	10		
	Kishor Gala	25	-	10		
	Rakesh Kirpalani	76,221	-	10		
November 3, 2018	Hansa Shah	7,000	-	10	Conversion of Compulsorily Convertible Debentures where the allotment was made by the Board of Directors pursuant to a resolution dated November 3, 2018	-
	Nitin Shah	15,000	-	10		
	Vishal N. Sejpal (jointly with Seema V. Sejpal)	7,500	-	10		
	Narandas A. Sejpal (jointly with Varsha N. Sejpal)	7,500	-	10		
	Varsha N. Sejpal (jointly with Narandas A. Sejpal)	5,000	-	10		
	Reshma Amish Chheda	5,500	-	10		
	Kalpana G. Gala (jointly with Girish Shamji Gala)	3,000	-	10		
	Kartik Gala (jointly with Girish Shamji Gala)	3,000	-	10		
	Gangaben S. Gala (jointly with Kalpana S. Gala)	4,000	-	10		
	Kaviraj Securities Private Limited	4,500	-	10		
	Madhvi Rubin Chheda	11,000	-	10		
	Mahendra Ravji Chheda	5,500	-	10		
	Kekin Kunverji Chheda	5,500	-	10		
	Rasik Kunverji Chheda	5,500	-	10		
	Ramesh Ravji Chheda	5,500	-	10		
	Heena Dhiraj Dharod	2,500	-	10		
	Kishor Morarji Chheda	2,500	-	10		
March 24, 2020	Sharad Virji Shah	6,819,872	-	10	Bonus issue in the ratio of 4:1	-
	Munjal Sharad Shah	7,794,104	-	10		
	Ami Munjal Shah	1,553,264	-	10		

Date of allotment	Name of the allottees	No. of Equity Shares allotted	Issue price per Equity Share (₹)	Face value (₹)	Reasons for allotment	Benefits accrued to our Company
	Niranjana Sharad Shah	4	-	10		
	Anish Mehta,	1,136,504	-	10		
	Kaajal Harsh Bhansali	1,136,504	-	10		
	Anushka Shah (under guardianship of Munjal Sharad Shah)	800,000	-	10		
	Jiwanshi Shah (under guardianship of Munjal Sharad Shah)	800,000	-	10		
	Amit Navin Mahajan	609,796	-	10		
	Shilpa Amit Mahajan	609,796	-	10		
	Badve Engineering Limited	637,756	-	10		
	Surashrii Consultants Private Limited	127,552	-	10		
	Rakesh Kirpalani	304,884	-	10		
	Sunanda Gala	100	-	10		
	Hansa Shah	28,000	-	10		
	Nitin Shah	60,000	-	10		
	Vishal N. Sejpal (jointly with Seema V. Sejpal)	30,000	-	10		
	Narandas A. Sejpal (jointly with Varsha N. Sejpal)	30,000	-	10		
	Varsha N. Sejpal (jointly with Narandas A. Sejpal)	20,000	-	10		
	Reshma Amish Chheda	22,000	-	10		
	Kalpana G. Gala (jointly with Girish Shamji Gala)	12,000	-	10		
	Kartik Gala (jointly with Girish Shamji Gala)	12,000	-	10		
	Gangaben S. Gala (jointly with Kalpana S. Gala)	16,000	-	10		
	Kaviraj Securities Private Limited	18,000	-	10		
	Madhvi Rubin Chheda	44,000	-	10		
	Mahendra Ravji Chheda	22,000	-	10		
	Kekin Kunverji Chheda	22,000	-	10		
	Rasik Kunverji Chheda	22,000	-	10		
	Ramesh Ravji Chheda	22,000	-	10		
	Heena Dhiraj Dharod	10,000	-	10		
	Kishor Morarji Chheda	10,000	-	10		

3. **Issue of Equity Shares under Sections 230 to 234 of the Companies Act or Sections 391 to 394 of the Companies Act, 1956.**

Other than the allotment of (a) 2,010,000 Equity Shares pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015; and (b) 572,534 Equity Shares pursuant to the scheme of amalgamation approved by the National Company Law Tribunal, Mumbai Bench *vide* its order dated June 7, 2018, our Company has not allotted any Equity Shares in terms of any scheme of arrangement under Sections 230 to 234 of the Companies Act or Sections 391 to 394 of the Companies Act, 1956. For details, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years*" and " - *Notes to the Capital Structure – Share Capital History of our Company*", on pages 149 and 62, respectively.

4. **Issue of Equity Shares at a price lower than the Offer Price in the last year**

Except for the Pre-IPO Placement, as specified above in "– *Share capital history of our Company*" on page 62, our Company has not issued any Equity Shares at a price which may be lower than the Offer Price during a period of one year preceding the date of this Prospectus.

5. ***Shareholding Pattern of our Company***

The table below presents the shareholding pattern of our Company as on the date of this Prospectus:

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	No. of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights									
								Class (Equity)	Total	Total as a % of (A+B+C)			No.	As a % of total shares held	No.	As a % of total shares held	
(A)	Promoters & Promoter Group	8	24,587,250	-	-	24,587,250	79.40	24,587,250	24,587,250	79.40	-	-	-		-		24,587,250
(B)	Public	57	6,378,525	-	-	6,378,525	20.60	6,378,525	6,378,525	20.60	-	-	-		-		6,378,525
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-		-		-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-		-		-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-		-		-
	Total (A+B+C)	65	30,965,775	-	-	30,965,775	100.00	30,965,775	30,965,775	100	-	-	-		-		30,965,775

6. ***Other details of shareholding of our Company***

(a) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as on the date of this Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of the Equity Share capital (%)
1.	Munjal Sharad Shah	9,908,137	32.00
2.	Sharad Virji Shah	8,524,840	27.53
3.	Anish Mehta	1,420,630	4.59
4.	Kaajal Harsh Bhansali	1,420,630	4.59
5.	Ami Munjal Shah	1,313,008	4.24
6.	Anushka Shah (under the guardianship of Munjal Sharad Shah)	1,000,000	3.23
7.	Jiwanshi Shah (under the guardianship of Munjal Sharad Shah)	1,000,000	3.23
8.	Mukul Agrawal	904,286	2.92
9.	Badve Engineering Limited	797,195	2.57
10.	Amit Navin Mahajan	762,245	2.46
11.	Shilpa Amit Mahajan	762,245	2.46
12.	Jaya Chandrakant Gogri*	760,000	2.45
13.	Abakkus Emerging Opportunities Fund 1	314,286	1.01
	Total	**28,887,502**	**93.28**

* *Jointly held with Chandrakant Gogri, who is the second holder.*

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of ten days prior to the date of this Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of the Equity Share capital (%)
1.	Munjal Sharad Shah	9,908,137	32.00
2.	Sharad Virji Shah	8,524,840	27.53
3.	Anish Mehta	1,420,630	4.59
4.	Kaajal Harsh Bhansali	1,420,630	4.59
5.	Ami Munjal Shah	1,313,008	4.24
6.	Anushka Shah (under the guardianship of Munjal Sharad Shah)	1,000,000	3.23
7.	Jiwanshi Shah (under the guardianship of Munjal Sharad Shah)	1,000,000	3.23
8.	Mukul Agrawal	904,286	2.92
9.	Badve Engineering Limited	797,195	2.57
10.	Amit Navin Mahajan	762,245	2.46
11.	Shilpa Amit Mahajan	762,245	2.46
12.	Jaya Chandrakant Gogri*	760,000	2.45
13.	Abakkus Emerging Opportunities Fund 1	314,286	1.01
	Total	**28,887,502**	**93.28**

* *Jointly held with Chandrakant Gogri, who is the second holder.*

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of one year prior to the date of this Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of the Equity Share capital (%)
1.	Munjal Sharad Shah	9,742,630	34.29
2.	Sharad Virji Shah	8,524,840	30.00
3.	Ami Munjal Shah	1,941,580	6.83
4.	Anish Mehta	1,420,630	5.00
5.	Kaajal Harsh Bhansali	1,420,630	5.00
6.	Anushka Shah (under guardianship of Munjal Sharad Shah)	1,000,000	3.52
7.	Jiwanshi Shah (under guardianship of Munjal Sharad Shah)	1,000,000	3.52
8.	Badve Engineering Limited	797,195	2.81
9.	Amit Navin Mahajan	762,245	2.68
10.	Shilpa Amit Mahajan	762,245	2.68

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of the Equity Share capital (%)
11.	Rakesh Kirpalani	381,105	1.34
	Total	**27,753,100**	**97.67**

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of two years prior to the date of this Prospectus:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of the Equity Share capital (%)
1.	Sharad Virji Shah	3,656,094	64.34
2.	Munjal Sharad Shah	681,526	11.99
3.	Ami Munjal Shah	672,442	11.83
4.	Badve Engineering Limited	159,439	2.81
5.	Amit Navin Mahajan	152,449	2.68
6.	Shilpa Amit Mahajan	152,449	2.68
7.	Rakesh Kirpalani	76,221	1.34
	Total	**5,550,620**	**97.67**

7. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as consideration for acquisitions or participation in such joint ventures or other arrangements.

8. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

9. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Prospectus.

10. The Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Prospectus.

11. As on the date of the filing of this Prospectus, our Company has 65 Shareholders.

12. ***Details of shareholding of our Promoters and members of the Promoter Group in our Company***

(a) Build-up of our Promoters' shareholding in our Company

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below:

Nature of transaction	Date of allotment/ transfer	No. of Equity Shares	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post-Offer capital (%)
Sharad Virji Shah						
Initial subscription to the Memorandum of Association	June 16, 2009	22,500	10	10	0.07	0.06
Rights issue	July 1, 2011	2,950,000	10	10	9.53	7.56
Transfer from Harsh Dhirendra Bhansali	December 30, 2014	2,249	10	10	0.01	0.01
Transfer from Sharad Virji Kenia	December 30, 2014	499	10	10	Negligible	Negligible
Transfer from Niranjana Sharad Shah	December 30, 2014	4,499	10	10	0.01	0.01
Transfer from Kaajal Harsh Bhansali	December 30, 2014	2,249	10	10	0.01	0.01

Nature of transaction	Date of allotment/ transfer	No. of Equity Shares	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)
Allotment of Equity Shares pursuant to the scheme of arrangement approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015	December 3, 2015	666,800	10	10	2.15	1.71
Allotment of Equity Shares pursuant to the scheme of arrangement approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015	December 3, 2015	7,298	10	10	0.02	0.02
Transfer to Munjal Sharad Shah	February 28, 2020	(1,267,000)	10	-	(4.09)	(3.25)
Transfer to Kaajal Harsh Bhansali	February 28, 2020	(284,126)	10	-	(0.92)	(0.73)
Transfer to Jiwanshi Shah (under guardianship of Munjal Sharad Shah)	February 28, 2020	(200,000)	10	-	(0.65)	(0.51)
Transfer to Anushka Shah (under guardianship of Munjal Sharad Shah)	February 28, 2020	(200,000)	10	-	(0.65)	(0.51)
Bonus issue in the ratio of 4:1	March 24, 2020	6,819,872	10	-	22.02	17.49
Sub-Total (A)		**8,524,840**				
Munjal Sharad Shah						
Initial subscription to the Memorandum of Association	June 16, 2009	13,500	10	10	0.04	0.03
Allotment of Equity Shares pursuant to the scheme of arrangement approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015	December 3, 2015	666,600	10	10	2.15	1.71
Allotment of Equity Shares pursuant to the scheme of arrangement approved by the Hon'ble High Court of Judicature at Bombay *vide* its order dated September 4, 2015	December 3, 2015	1,360	10	10	Negligible	Negligible
Transfer from Keyur Kenia	September 29, 2018	13	10	10	Negligible	Negligible
Transfer from Sharad Virji Kenia	September 29, 2018	1	10	10	Negligible	Negligible
Transfer from Harsh Dhirendra Bhansali	September 29, 2018	1	10	10	Negligible	Negligible
Transfer from Kaajal Harsh Bhansali	September 29, 2018	1	10	10	Negligible	Negligible
Transfer from Vinayak Joshi	September 29, 2018	25	10	10	Negligible	Negligible
Transfer from Satish Mehta	September 29, 2018	25	10	10	Negligible	Negligible
Transfer from Sharad Virji Shah as a gift	February 28, 2020	1,267,000	10	-	4.09	3.25
Bonus issue in ratio of 4:1	March 24, 2020	7,794,104	10	-	25.17	19.98
Transfer from Madhavi Rubin Chheda	May 12, 2021	55,000	10	200	0.18	0.14
Transfer from Mahendra Ravji Chheda	May 12, 2021	27,500	10	200	0.09	0.07
Transfer from Ramesh Ravji Chheda	May 12, 2021	27,500	10	200	0.09	0.07
Transfer from Kekin Kunverji Chheda	May 18, 2021	27,500	10	200	0.09	0.07

Nature of transaction	Date of allotment/ transfer	No. of Equity Shares	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)
Transfer from Rasik Kunverji Chheda	May 18, 2021	27,500	10	200	0.09	0.07
Transfer from MDAVF	August 12, 2021	507	10	235	Negligible	Negligible
Sub-Total (B)		**9,908,137**				
Total (A+B)		**18,432,977**				

Except for the allotment of Equity Shares pursuant to the rights issue on July 1, 2011 in which the Equity Shares were fully paid on March 30, 2013, all the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares. Further, none of the Equity Shares held by our Promoters are pledged as on the date of filing of this Prospectus.

(b) *Shareholding of our Promoters and Promoter Group*

The details of the shareholding of our Promoters and the members of the Promoter Group as on the date of this Prospectus are set forth in the table below:

S. N.	Name of the Shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	% of total shareholding	No. of Equity Shares	% of total shareholding
Promoters					
1.	Munjal Sharad Shah	9,908,137	32.00	9,858,137	25.28
2.	Sharad Virji Shah	8,524,840	27.53	7,274,840	18.65
Promoter Group					
1.	Ami Munjal Shah	1,313,008	4.24	1,013,008	2.60
2.	Anish Mehta	1,420,630	4.59	1,420,630	3.64
3.	Kaajal Harsh Bhansali	1,420,630	4.59	1,420,630	3.64
4.	Anushka Shah (under the guardianship of Munjal Sharad Shah)	1,000,000	3.23	1,000,000	2.56
5.	Jiwanshi Shah (under the guardianship of Munjal Sharad Shah)	1,000,000	3.23	1,000,000	2.56
6.	Niranjana Sharad Shah	5	0.00	5	0.00
Total		**24,587,250**	79.40	**22,987,250**	58.93

* *Subject to finalisation of Basis of Allotment.*

(c) Except for (i) Munjal Sharad Shah who has purchased (A) 55,000 Equity Shares from Madhavi Rubin Chheda and 27,500 Equity Shares each from Mahendra Ravji Chheda and Ramesh Ravji Chheda, on May 12, 2021, (B) 27,500 Equity Shares each from Kekin Kunverji Chheda and Rasik Kunverji Chheda, on May 18, 2021, and (C) 507 Equity Shares from MDAVF on August 12, 2021, as disclosed in "– *Notes to the Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company – Build-up of our Promoters' shareholding in our Company*" on page 70 and (ii) Ami Munjal Shah who has transferred 314,286 Equity Shares each to Mukul Agrawal and Abakkus Emerging Opportunities Fund 1 on August 27, 2021, none of the members of the Promoter Group, our Promoters, or the Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

(d) There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity, during a period of six months immediately preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

13. ***Details of Promoters' contribution and lock-in***

(a) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be locked in for a period of three years as minimum promoters' contribution from the date of Allotment ("**Promoters' Contribution**"), and our Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

(b) Details of the Equity Shares to be locked-in for three years from the date of Allotment as Promoters' Contribution are set forth in the table below:

Name of the Promoters	Date of allotment of the Equity Shares**	Nature of transaction	No. of Equity Shares**	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	No. of Equity Shares locked-in*	Percentage of the post-Offer paid-up capital (%)
Sharad Virji Shah	December 3, 2015	Pursuant to amalgamation	666,800	10	-	447,670	1.15
		Pursuant to amalgamation	7,298	10	-	7,298	0.01
	March 24, 2020	Bonus	6,819,872	10	-	6,819,872	17.49
Munjal Sharad Shah	December 3, 2015	Pursuant to amalgamation	666,600	10	-	527,170	1.35
	Total					**7,802,010**	**20.00**

* *Subject to finalisation of Basis of Allotment.*

** *All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.*

(c) Our Promoters have given their consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing of the Draft Red Herring Prospectus, until the expiry of the lock-in period specified above.

(d) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoters' Contribution do not include (a) Equity Shares acquired in the three years immediately preceding the date of this Prospectus for consideration other than cash, and revaluation of assets or capitalisation of intangible assets; or (b) bonus shares out of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of Promoters' Contribution;

(ii) The Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Prospectus pursuant to conversion from a partnership firm or a limited liability partnership;

(iv) The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge; and

(v) All the Equity Shares held by our Promoters are held in dematerialized form prior to filing of this Prospectus.

14. ***Details of other lock-in***

In addition to the 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked in for three years as specified above, in terms of Regulation 16 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment, except for the Equity Shares sold pursuant to the Offer for Sale and any other categories of shareholders exempt under Regulation 17 of the SEBI ICDR Regulations, as applicable.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters, which are locked-in may be transferred to and among the members of our Promoter Group or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the Takeover Regulations, as applicable.

Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged as collateral security for loans granted by scheduled commercial banks, public financial institutions, NBFC-SI or housing finance companies, provided that such loans have been granted by such bank or institution for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, NBFC-SI or housing finance companies as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

The Equity Shares held by any person other than our Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the Takeover Regulations. However, it should be noted that the offered shares which will be transferred by the respective Selling Shareholders in the Offer for Sale shall not be subject to lock-in.

Lock-in of the Equity Shares to be allotted, if any, to the Anchor Investors

Any Equity Shares allotted to Anchor Investors shall be locked-in for a period of 30 days from the date of Allotment.

15. Our Company, our Directors and the BRLM have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

16. Our Promoters and Promoter Group have not participated in the Offer, except to the extent of the Offer for Sale.

17. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

18. No person connected with the Offer, including, but not limited to, the BRLM, the members of the Syndicate, our Company, Directors, Promoters, member of our Promoter Group and the Selling Shareholders shall offer any incentive, whether direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

19. Our Company ensured that transactions in Equity Shares by our Promoters and our Promoter Group during the period between the date of filing of the Draft Red Herring Prospectus and the date of closure of the Offer were reported to the Stock Exchanges within 24 hours of such transaction.

20. As on the date of this Prospectus, the BRLM and its associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The BRLM and its affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

21. **Employee Stock Option Plan**

As on the date of this Prospectus, our Company has no employee stock option plan.

OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue and an Offer for Sale.

Offer for Sale

The Selling Shareholders will be entitled to the proceeds of the Offer for Sale after deducting their proportion of Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale. Except for listing fees, audit fees and expenses for any corporate advertisements, which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders in the manner agreed among our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholders in the Offer for Sale in accordance with applicable laws. For further details of the Offer for Sale, see *"The Offer"* beginning on page 49.

Fresh Issue

The Net Proceeds from the Fresh Issue are proposed to be utilised in the following manner:

1. Purchase of machinery and equipment;

2. Funding incremental working capital requirements of our Company;

3. Repayment or prepayment of all or a portion of certain borrowings/outstanding loan facilities availed by our Company; and

4. General corporate purposes.

In addition, we expect to achieve the benefit of listing of our Equity Shares on the Stock Exchanges, including to enhance our visibility and our brand image among our existing and potential customers and creation of a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects necessary for furtherance of the objects of our Company as set out in the MoA enables our Company (i) to undertake its existing business activities; and (ii) to undertake activities for which funds are being raised through the Fresh Issue.

Net Proceeds

The details of the proceeds from the Fresh Issue shall be summarized in the following table:

Particulars	Amount (in ₹ million)
Gross proceeds of the Fresh Issue*	1,406.00
(Less) Offer related expenses in relation to the Fresh Issue#	161.53
Net Proceeds*	**1,244.47**

**Subject to finalisation of the Basis of Allotment.*
 # Only such Offer related expenses apportioned to our Company. For details, see "- Offer related Expenses" on page 85.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilized in accordance with the details provided in the following table:

Particulars	Amount (in ₹ million)
Purchase of machinery and equipment	346.57
Funding incremental working capital requirements of our Company	600.00
Repayment or prepayment of all or a portion of certain borrowings/outstanding loan facilities availed by our Company	120.00
General corporate purposes	177.90(1)
Total Net Proceeds	**1,244.47**

(1) *The amount proposed to be utilised for general corporate purposes does not exceed 25% of the Net Proceeds.*

Proposed Schedule of Implementation and Deployment of Net Proceeds

The following table sets forth details of the schedule of the expected deployment of the Net Proceeds:

(In ₹ million)

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment	
		Fiscal 2022	Fiscal 2023
Purchase of machinery and equipment	346.57	346.57	-

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment	
		Fiscal 2022	Fiscal 2023
Funding incremental working capital requirements of our Company	600.00	240.00	360.00
Repayment or prepayment of all or a portion of certain borrowings/outstanding loan facilities availed by our Company	120.00	120.00	-
General corporate purposes	177.90	177.90	-
Total	**1,244.47**	**884.47**	**360.00**

The fund deployment indicated above is based on our internal management estimates, current circumstances of our business and market conditions and has not been appraised by any bank or financial institution. We may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For details, see "*Risk Factors – 30. We intend to utilise a portion of the Net Proceeds for our capital expenditure requirements. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates have not been appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control. Further, we have not yet placed orders for certain of the machinery and equipment to be purchased and set up as part of our proposed expansion of our manufacturing facilities at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra*" on page 34 of this Prospectus.

Our Company proposes to deploy the entire Net Proceeds towards the aforementioned objects during Fiscals 2022 and 2023. If the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

Means of Finance

The entire requirement of funds towards objects of the Fresh Issue will be met from the Net Proceeds and internal accruals. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance as required under the SEBI ICDR Regulations.

In case of any variations in the actual utilisation of funds earmarked towards the objects set forth above, any increased fund requirements for a particular object may be financed by surplus funds (subject to utilisation towards general corporate purposes not exceeding 25% of the Net Proceeds), if any, available in respect of the other objects for which funds are being raised in the Offer. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the aforementioned objects, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Details of the Objects of the Offer

1. Purchase of machinery and equipment

Our Board of Directors in its meeting dated August 25, 2021 took note that an amount of ₹346.57 million is proposed to be funded for capital expenditure from the Net Proceeds. We currently have two manufacturing facilities located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra. We are in the preliminary stages of enhancing our manufacturing facilities located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra by expanding its production capacity and installing new equipment.

Our Company intends to utilize ₹346.57 million from the Net Proceeds for the purchase of machinery and equipment at this manufacturing facility. We believe this will enable us to cater to the growing demand of our customers with enhanced quality and increased efficiency. While we have placed orders for aggregate amount of ₹67.25 million for the purchase of new and upgraded machineries, we are yet to place orders for such machineries and equipment for an aggregate amount of ₹ 279.32 million. Accordingly, we are yet to place orders for 80.59% of the total estimated cost in relation to the purchase of machinery and equipment. For further details, see "*Our Business - Our Facilities - Expansion of our facilities*" on page 129.

The details of such machinery and equipment are set forth below:

Details of machinery and equipment for which orders have been placed:

S. No.	Machinery specifications and description	Type / purpose of the machinery	Date of placement of the order	Estimated date of supply	Name of the vendor	Quantity	Cost per unit (in USD/EUR/GBP)	Cost per unit (in ₹ million)*	Total cost of the machinery (in ₹ million)*	Condition (new / upgraded)	Age of the machine (years)	Balance estimated life after upgrade (years)
1.	The machine can produce seamless cylindrical tubes of diameter 1800 mm and a length of 4500 mm	Flow Forming Machine	November 2, 2020	Approximately six months from the receipt of the signed agreement and letter of credit	SKGC (HBE)	1	0.8 million USD	59.53	59.53	New	-	-
2	This special tool is required for measuring aspheric and aspheric diffractive profile of the lenses	Form Talysurf	June 25, 2021	Eight-twelve weeks from receipt of 100% advance payment	Taylor Hobson, Ltd	1	75,000 GBP	7.72	7.72	New	-	-

* *Exchange rate considered is as of July 15, 2021, being 1 USD = ₹ 74.4112, 1 GBP = ₹ 102.971 (Source: www.oanda.com)*

Details of machinery and equipment for which orders are yet to be placed:

S. No.	Machinery specifications and description	Type / purpose of the machinery	Date of the quotation	Validity of the quotation	Name of the vendor	Quantity	Cost per unit (in EUR/ GBP/ INR/ USD)	Cost per unit (in ₹ million)*	Total cost of the machinery (in ₹ million)*	Condition (new / upgraded)	Age of the machine (years)	Balance estimated life after upgrade (years)
1	The Modulation Transfer Function (MTF) is the spatial frequency response of an imaging system or a component	Modulation Transfer Function (MTF)	July 15, 2021	March 14, 2022	HP instruments	1	0.19 million EUR	16.62	16.62	New	-	-
2	The Modulation Transfer Function (MTF) is the spatial frequency response of an imaging system or a component	Modulation Transfer Function (MTF)	July 11, 2021	March 10, 2022	CI systems	1	0.55 million USD	41.15	41.15	New	-	-
3	It is used to produce IR aspheric and aspheric diffractive lenses, metal	Diamond Turning Machines	July 8, 2021	January 7, 2022	Ametek Precitech Inc.	1	0.48 million USD	35.88	35.88	New	-	-

S. No.	Machinery specifications and description	Type / purpose of the machinery	Date of the quotation	Validity of the quotation	Name of the vendor	Quantity	Cost per unit (in EUR/ GBP/ INR/ USD)	Cost per unit (in ₹ million)*	Total cost of the machinery (in ₹ million)*	Condition (new / upgraded)	Age of the machine (years)	Balance estimated life after upgrade (years)
	mirrors and also super finished components											
4	The machines can be dedicated for particular coatings such as IR coatings for Visible, SWIR, MWIR and LWIR	SYRUS PRO 1100	July 10, 2021	January 9, 2022	Green Optics Co. Ltd.	1	0.18 million USD	13.02	13.02	Upgrade	12	16
5	Microlam is used along with the Diamond Tool, the laser pre heats the silicon material and thereby makes it grain orientation softer and helps to machine the surfaces easily	Laser Assist Tool Post	July 18, 2021	April 17, 2022	Micro-LAM, Inc.	1	0.14 million USD	10.57	10.57	New	-	-
6	Interferometer is used for measuring the plano or spherical surface irregularity and flatness	Interferometer	July 14, 2021	February 14, 2022	Zygo Corporation	1	91,658 USD	6.82	21.56	New	-	-
						1	0.20 million USD	14.74		New	-	-
7	This special tool is required for measuring aspheric and aspheric diffractive profile of the lenses	Form Talysurf	June 20, 2021	December 20, 2021	Taylor Hobson, Ltd	1	50,566 GBP	5.21	5.21	New	-	-
8	The polishing, centering and grinding machines are used for advancement of polishing techniques for better production rate	NC large grinding	July 10, 2021	January 9, 2022	Green Optics Co. Ltd.	1	45,000 USD	3.35	94.84	Upgrade	10	21
		Cylindrical Grinding Machine				1	10,000 USD	0.74		Upgrade	12	20
		Vertical Curve Generator Machine (SKJ-VCG500)				1	15,000 USD	1.12		Upgrade	11	18
		Round Processing Machine				1	10,000 USD	0.74		Upgrade	14	20
		Centering Machine				1	5,500 USD	0.41		Upgrade	11	18

S. No.	Machinery specifications and description	Type / purpose of the machinery	Date of the quotation	Validity of the quotation	Name of the vendor	Quantity	Cost per unit (in EUR/ GBP/ INR/ USD)	Cost per unit (in ₹ million)*	Total cost of the machinery (in ₹ million)*	Condition (new / upgraded)	Age of the machine (years)	Balance estimated life after upgrade (years)
		Upper shaft oscillation circular center of gravity polishing				1	6,000 USD	0.45		Upgrade	13	21
		Fully Automatic Centering Machine (small size)				1	12,000 USD	0.89		Upgrade	11	18
		Fully Automatic Centering Machine (Big size)				1	12,500 USD	0.93		Upgrade	11	20
		Cylinder Polishing Machine				1	15,000 USD	1.12		Upgrade	13	21
		Small both side polishing machine				1	12,500 USD	0.93		Upgrade	10	20
		Single polishing machine				1	15,000 USD	1.12		Upgrade	14	22
		Ø1200 Low Speed Polishing Machine				2	25,000 USD	1.86		Upgrade	13	18
		1100Ø Super Precision Low Speed Polishing Machine				1	25,000 USD	1.86		Upgrade	13	16
		Polishing machine (in-house production)				1	35,000 USD	2.60		Upgrade	14	20
		Polishing machine				1	0.35 million USD	26.04		Upgrade	12	21
		Line width measuring instrument				1	45,000 USD	3.35		Upgrade	14	20
		Centering Machine				1	2,500 USD	0.19		Upgrade	11	18
		Sputter				1	95,000 USD	7.07		Upgrade	10	20
		Ø1700 Low Speed Polishing Machine				1	0.20 million USD	14.88		Upgrade	12	18
		Spectro-Goniometer				1	35,000 USD	2.60		Upgrade	11	20
		Autocollimation Testing and Blocking Unit				1	25,000 USD	1.86		Upgrade	12	18
		Lens bonding machine				1	22,000 USD	1.64		Upgrade	14	20

S. No.	Machinery specifications and description	Type / purpose of the machinery	Date of the quotation	Validity of the quotation	Name of the vendor	Quantity	Cost per unit (in EUR/ GBP/ INR/ USD)	Cost per unit (in ₹ million)*	Total cost of the machinery (in ₹ million)*	Condition (new / upgraded)	Age of the machine (years)	Balance estimated life after upgrade (years)
		Cycline polishing machine				1	11,000 USD	0.82		Upgrade	13	16
		1-axis rate table				1	0.22 million USD	16.00		Upgrade	12	15
		Manual Centering Machine				1	5,500 USD	0.41		Upgrade	13	18
9	The chambers are for conducting the environmental tests as per MIL STDs. and provide valid test certificate to the customers	Temperature Altitude Test Chamber	July 10, 2021	January 22, 2022	Xi'an LIB Environmental Simulation Industry	1	65,713 USD	4.89	4.89	New	-	-
10.	Polishing machines for polishing the spherical and plano surfaces of the optical elements	Optotech SPO 130 CNC Polishing machine	July 22, 2021	January 22, 2022	In-Vision Digital Imaging Optics GmBH	1	30,000 EUR	2.64	2.64	Upgrade	2	20
11	Polishing machines for polishing the spherical and plano surfaces of the optical elements	Optotech SPO 80 CNC Polishing machine				1	30,000 EUR	2.64	2.64	Upgrade	3	15
12	Light weighting, polishing, robotic polishing machines used for light weighting of large size mirrors used in telescopes, optical payloads for satellite systems	3 Axis CNC DC Precision Milling & Boring Machine	August 12, 2021	June 30, 2022	Indokraft Machine Tool Private Limited	1	8.50 million INR	8.50	8.50	Upgrade	10	15
		3 Axis CNC DCHD Milling & Boring Machine				1	12.00 million INR	12.00	12.00	Upgrade	7	18
		Additional NC Rotary Table accessory for Light weighting application				1	2.50 million INR	2.50	2.50	New	-	-
		3 Axis CNC AXI-symmetry Polishing Machine				1	4.80 million INR	4.80	4.80	New	-	-
		6 Axis Robo Polishing Machine				1	2.50 million INR	2.50	2.50	New	-	-

* *Exchange rate considered is as of July 15, 2021, being 1 USD = ₹ 74.4112, 1 GBP = ₹ 102.971 and 1 EUR = ₹ 87.9595 (Source: www.oanda.com)*

We have not entered into definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment or at the same costs. The quantity of equipment to be purchased is based on the present estimates of our management.

All quotations received from the vendors mentioned above are valid as on the date of this Prospectus. Our Company shall have the flexibility to deploy such equipment as per our internal estimates of our management and business requirements, which may change from time to time. The actual mode of deployment has not been finalised as on the date of this Prospectus. For further details, see *"Risk Factors – 30. We intend to utilise a portion of the Net Proceeds for our capital expenditure requirements. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates have not been appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control. Further, we have not yet placed orders for certain of the machinery and equipment to be purchased and set up as part of our proposed expansion of our manufacturing facilities at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra."* on page 34.

2. Funding incremental working capital requirements

We fund a majority of our working capital requirements in the ordinary course of business from various banks and internal accruals. As on July 31, 2021, the outstanding amount under the fund based working capital facilities of our Company was ₹482.22 million and the outstanding amount under non-fund based facilities availed by our Company, on a consolidated basis, was ₹ 285.65 million. For details, see *"Financial Indebtedness"* beginning on page 229.

Our Company requires additional working capital for funding its incremental working capital requirements in Fiscals 2022 and 2023. The funding of the incremental working capital requirements of our Company will lead to a consequent increase in our profitability.

Basis of estimation of incremental working capital requirement

The details of our Company's composition of net current assets or working capital as at March 31, 2021, 2020 and 2019 on the basis of audited standalone financial statements for the Fiscals 2021, 2020 and 2019, respectively, as certified by Ambavat Jain & Associates LLP, Chartered Accountants, on September 1, 2021 and source of funding of the same are as set out below:

(₹ in million)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
I.	**Current Assets**			
1	Inventories	743.67	603.40	645.27
	a. Raw material	62.63	198.69	281.68
	b. Raw material in transit	192.13	0	0
	b. Work-in-progress	407.23	306.02	247.57
	c. Finished goods	39.68	62.99	106.53
	e. Stores, Spares and Consumables	42.00	35.70	9.49
2	Trade Receivables	949.69	972.58	832.27
3	Bank balances other than cash & cash equivalents	35.90	31.26	16.78
4	Other Financial Assets	4.84	6.74	5.13
5	Loans	0.49	0.96	1.80
6	Other Current Assets	194.05	122.64	72.04
	Total current assets (A)	**1,928.64**	**1,737.58**	**1,573.29**
II.	**Current Liabilities**			
1	Trade Payables	153.18	267.15	532.52
2	Other Financial Liabilities	150.88	88.56	109.88
3	Other Current Liabilities	6.01	60.39	16.08
4	Short Term Provisions	1.48	1.53	1.51
	Total current liabilities (B)	**311.55**	**417.63**	**659.99**
III.	**Working Capital Requirements (A - B)**	**1,617.09**	**1,319.95**	**913.30**
IV.	**Funding Pattern**			
	Short-term borrowings*	431.98	449.96	369.71
	Equity/OCPS**#	300.00	0	100.00
	Unsecured Loans	85.18	147.35	9.55
	Internal Accruals	799.93	722.64	434.04
	Total Means of Finance	**1,617.09**	**1,319.95**	**913.30**

* *Short-term borrowings include working capital demand loans.*

** *Includes securities premium.*

*During the Financial Year 2019-20, the Company issued 507 Equity shares of ₹ 10 each, at a premium of ₹187 each to MDAVF. During the Financial Year 2020-21 on August 13, 2020 the Company issued, 29,99,000 0.01% optionally convertible preference shares ("**OCPS**") of ₹100 each to MDAVF. However, the board of directors of the company in its meeting held on March 26, 2021, resolved to redeem the first tranche of 16,02,000 0.01% OCPS of ₹ 100 each out of the Pre-IPO proceeds from the preferential issue of equity shares. Accordingly, the 16,02,000 0.01% OCPS of ₹100 each were redeemed, on March 26, 2021. Further on March 18, 2021, the Shareholders approved the issue and offer of 18,40,000 Equity Shares at a premium of ₹ 115 per Equity Share on preferential basis. The Company allotted 14,40,000 Equity Shares as on March 31, 2021.*

For reference in relation to the audited standalone financial statements, see the section "*Other Financial Information*", beginning on page 227.

The details of our Company's projected working capital requirements for the Fiscals 2022 and 2023 on the basis of audited standalone financial statements for the Fiscals 2021, 2020 and 2019, and the incremental and proposed working capital requirements are set out below:

(₹ in million)

S. No.	Particulars	Estimated amount as on March 31, 2022	Estimated amount as on March 31, 2023
I	***Current Assets***		
1	Inventories	803.84	1,128.30
2	Trade Receivables	1,072.13	1,608.76
3	Other Financial & Current Assets	319.58	424.09
	Total Current Assets (I)	**2,195.55**	**3,161.15**
II	***Current Liabilities***		
1	Trade Payables	227.92	337.43
2	Other Financial & Current Liabilities	97.83	146.80
3	Short Term Provisions	10.87	16.31
	Total Current Liabilities (II)	**336.62**	**500.54**
III	**Total Working Capital Requirements (I - II)**	**1,858.93**	**2,660.61**
IV	**Funding pattern**		
	Net Proceeds from the Fresh Issue*	240.00	360.00
	Short-term borrowings	409.43	404.41
	Unsecured Loan	75.00	0
	Internal Accruals	1,134.50	1,896.20
	Total	**1,858.93**	**2,660.61**

M/s. Ambavat Jain and Associates LLP, Chartered Accountants by a certificate dated September 1, 2021 have certified the working capital requirements of the Company.

* *Company has projected to utilise ₹ 240 million and ₹ 360 million in the Fiscals 2022 and 2023, respectively, from the Net proceeds, aggregating to ₹ 600 million.*

Our Company proposes to utilize ₹600.00 million from the Net Proceeds towards funding of our long-term working capital requirements. Our Company expects that the funding pattern for working capital requirements for Fiscals 2022 and 2023 will comprise of working capital facilities, internal accruals and Net Proceeds.

The estimates of incremental working capital requirements for Fiscal 2022 and Fiscal 2023 are set forth below:

(₹ in million)

Particulars	Estimated amount for Fiscal 2022	Estimated amount for Fiscal 2023
Total proposed working capital requirements (as set out above)	1,858.93	2,660.61
Incremental/Changes in Working Capital Requirement	241.84	801.68
Funding Pattern for Incremental WC		
Net Proceeds from the Fresh Issue (A)	240.00	360.00
Internal Accruals (B)	1.84	441.68
Total (A+B)	**241.84**	**801.68**

Key assumptions for working capital projections:

Holding levels

Provided below are details of the holding levels (days) considered based on the audited standalone financial statements for the Fiscals 2021, 2020 and 2019:

(₹ in million)

Particulars	Number of days for the Fiscal ended				
	March 31, 2019 (Actual)	**March 31, 2020 (Actual)**	**March 31, 2021 (Actual)**	**March 31, 2022 (Estimated)**	**March 31, 2023 (Estimated)**
Inventory Days	281	305	418	265	250
Trade Receivable/Debtors Days	197	239	239	180	180
Trade Payable/Creditor Days	203	133	76	75	75

Key justification for holding levels

Sr No.	Particulars	Assumptions
1.	Inventories*	Inventory levels tend to be more volatile depending upon the wide range of products, order book status and delivery schedules. Our historical inventory days (calculated as closing inventory on balance sheet date divided by COGS over 365 days) was 281 days in Financial Year 2018-19, 305 days in Financial Year 2019-20 and 418 days in Financial Year 2020-21. We have anticipated that our inventory holding levels are expected to improve to 265 days for the Financial Year 2021-2022 and 250 days in the Financial Year 2022-23, taking into consideration the execution of spill over and new orders in hand, inventory management, projected activity schedule and various other factors involved in the execution of projects.
2.	Trade Receivable	Receivables realization period (calculated as closing debtors as on balance sheet date divided by revenue from operations over 365 days) was 197 days in Financial Year 2018-19, 239 days in Financial Year 2019-20 2020-21. Our Company has assumed the holding levels for trade receivables to improve to 180 days of revenue during operations for the Financial Years 2021-223 and 2022-23.
3.	Trade Payables	Our creditor/trade payables days (calculated as closing creditors on balance sheet date divided by cost of material consumed over 365 days) in Financial Year 2018-19 was 203 days, it decreased to 133 days in Financial Year 2019-20 and it further decreased to 76 days in Financial Year 2020-21. It is estimated to 75 days for Financial Year 2021-22 and 2022-23. This decrease is primarily because our trade payables have direct correlation to our business growth and future projected requirements and in order to meet the strict delivery schedules & more economical pricing, we need to adhere to the credit terms offered by the vendors.

* *As represented by the management holding levels for Fiscal 2021 are impacted due to Covid-19 pandemic, the inventory levels are higher due to purchase of critical raw materials in anticipation of future lockdowns, hence the working capital cycle of the Company is elongated.*

Our Statutory Auditors have provided no assurance on the prospective financial information or projections and have performed no service with respect to it.

3. Repayment or prepayment of all or a portion of certain borrowings/outstanding loan facilities availed by our Company

Our Company has entered into various financing arrangements with banks and financial institutions for loan facilities. For further details, including indicative terms and conditions of such loan facilities, see *"Financial Indebtedness"* beginning on page 229. As on July 31, 2021, the outstanding amount under the fund based borrowings of our Company on a consolidated basis was ₹799.43 million and the outstanding amount under non-fund based facilities availed by our Company, on a consolidated basis, was ₹285.65 million. Our Company may avail further loans after the date of this Prospectus.

Our Company proposes to utilise an estimated amount of ₹120.00 million from the Net Proceeds towards repayment or prepayment of all or a portion of certain borrowings availed by our Company (details of which are provided herein below). The repayment or prepayment will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that since our debt-equity ratio will improve, it will enable us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future. However, the aggregate amount to be utilised from the Net Proceeds towards prepayment of loans, in part or full, would not exceed ₹120.00 million.

The following table sets forth details of the loans availed by our Company as on July 31, 2021, which we propose to repay or prepay:

Lenders	Sanctioned Amount (₹ in million)	Rate of interest (% per annum)	Description of Loan Facility	Purpose for which the loan was sanctioned	Tenor (in months)	Pre-payment Penalty	Amount outstanding as on July 31, 2021 (₹ in million)
NKGSB Co-operative Bank Limited	10.70	9.75%	Term loan	Import of plant and machinery (letter of credit cum buyers credit converted into term loan)	29	2% on outstanding amount	5.88
NKGSB Co-operative Bank Limited	20.00	9.75%	Term loan	Purchase of plant and machinery	50	2% on outstanding amount	14.19
Kotak Mahindra Bank Limited	100.30	8.90%	Term loan*	Capital expenditure / reimbursement of capital expenditure	24	2% on outstanding amount	54.10
Siemens Financial Services Private Limited	16.48	12.00%	Term loan*	Purchase of assets	21	2% on outstanding amount	5.86
Siemens Financial Services Private Limited	30.73	11.50%	Term loan*	Refinance of and against the assets	10	2% on outstanding amount	6.40
NKGSB Co-operative Bank Limited	100.00	9.75%	Term loan	Takeover of ODAP Limit from Corporation Bank	50	2% on outstanding amount	71.16
Total	**278.21**						**157.59**

**These term loans were borrowed by Mechvac India Limited, which has been merged with our Company pursuant to a scheme of amalgamation.*

As certified by our Statutory Auditors and Ambavat Jain & Associates LLP, Chartered Accountants, pursuant to their certificates each dated September 1, 2021, our Company has utilized the entire loans mentioned above for the purpose for which they were availed. Further, our Company has obtained written consents from Kotak Mahindra Bank Limited and NKGSB Cooperative Bank Limited for the purposes of undertaking the Offer as required under terms and conditions of their respective financing documents. Further, no such consent is required to be obtained from other lenders of the Company for undertaking the Offer.

Given the nature of these borrowings and the terms of repayment/pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In light of the above, at the time of filing the Red Herring Prospectus, the table above had been suitably updated to reflect the revised amounts or loans as the case may be which have been availed by us. In the event our Board deems appropriate, the amount allocated for estimated schedule of deployment of Net Proceeds in a particular fiscal may be repaid/ pre-paid in part or full by our Company in the subsequent fiscal. The selection of borrowings proposed to be repaid/pre-paid by us shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) levy of any prepayment penalties and the quantum thereof, and (iii) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

Payment of interest, if any, and other related costs shall be made by us out of the Net Proceeds. In due course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned above. Some of our financing agreements provide for the levy of prepayment penalties, including penalties as may be specified by the lender at its discretion. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing agreements, such prepayment penalties shall be paid by our Company out of its internal accruals.

4. General corporate purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹177.90 million (net of issue expenses in relation to the Fresh Issue) towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with Regulation 7(2) of the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include brand building, marketing efforts, strengthening of the marketing capabilities, acquisition of fixed assets, meeting expenses incurred towards any strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, investments in Subsidiaries or future subsidiaries of our Company, funding towards our objects, long term or short term working capital requirements, other capital expenditure requirements including for refurbishment, new product development, part or full debt prepayment or repayment by our Company, meeting exigencies and expenses incurred by our Company in the ordinary course of business, as may be applicable.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditure considered expedient and as approved periodically by the Board of Directors or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act, 2013. The quantum of utilisation of funds towards each of the above purposes will be determined by the Board of Directors, based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board of Directors, shall have flexibility in utilising surplus amounts, if any.

Offer related expenses

The total Offer related expenses are estimated to be approximately ₹194.79 million. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLM, legal counsel to our Company and the BRLM, Registrar to the Offer, Banker to the Offer including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, fees payable to the Sponsor Bank for Bids made by RIBs using UPI, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Except for listing fees, audit fees and expenses for any corporate advertisements, which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders in the manner agreed to among our Company and the Selling Shareholders and on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholders in the Offer for Sale, in accordance with applicable laws. Any payments by our Company in relation to the Offer expenses on behalf of the Selling Shareholders shall be reimbursed by the Selling Shareholders to our Company, upon successful completion of the Offer, inclusive of taxes, in accordance with applicable laws. The following table sets forth details of the break-up for the estimated Offer expenses:

Activity	**Estimated offer expenses# (in ₹ million)**	**As a % of total estimated Offer expenses**	**As a % of the total Offer size**
BRLM fees and commissions (including underwriting commission, brokerage and selling commission)	38.43	19.73	2.25
Selling commission/ processing fee for SCSBs and Banker to the Offer and fees payable to the Sponsor Bank for Bids made by RIBs using UPI (1)	2.60	1.34	0.15
Brokerage and selling commission and bidding charges for Members of the Syndicate (including their sub-syndicate members), Registered Brokers, RTAs and CDPs(2)(3)	78.20	40.15	4.58
Fees payable to Registrar to the Offer	0.21	0.11	0.01
Other advisors to the Offer	9.82	5.04	0.58
Others			
- Fees payable to regulators, listing fees, SEBI filing fees, book-building software fees, upload fees, BSE and NSE processing fees and other regulatory expenses	20.46	10.50	1.20
- Printing and stationery	10.35	5.31	0.61
- Fee payable to legal counsels	17.43	8.95	1.02
- Advertising and marketing	15.21	7.81	0.89
Miscellaneous	2.08	1.07	0.12
Total estimated Offer expenses	**194.79**	**100.00**	**11.41**

 # Exclusive of taxes.

(1) *Selling commission payable to the SCSBs on the portion for Retail Individual Investors/Bidders and Non-Institutional Investors/ Bidders which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Investors/Bidders**	*0.35% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Investors/Bidders**	*0.20% of the Amount Allotted (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

selling commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

(2) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.*

(3) *Processing fees payable to the SCSBs of ₹ 10 per valid application (plus applicable taxes) for processing the Bid cum Application Form for Non-Institutional Investors which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking. Brokerage, Selling commission and processing/ uploading charges on the portion for Retail Individual Bidders/Investors (using the UPI Mechanism) and Non-Institutional Bidders/Investors which are procured by members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their sub-Syndicate Members) would be as follows:*

*Portion for Retail Individual Bidders/Investors (using the UPI Mechanism)**	*0.35% of the Amount Allotted (plus applicable taxes)*

*Portion for Non-Institutional Bidders/Investors**	0.20% *of the Amount Allotted (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

The selling commission payable to the Syndicate/ sub-Syndicate Members will be determined on the basis of the application form number/ series, provided that the application is also bid by the respective Syndicate/ sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number/ series of a Syndicate/ sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate/ sub-Syndicate Member.

Bidding charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking and Retail Individual Bidders (using the UPI Mechanism), would be as follows: ₹ 10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

Selling commission/ uploading charges payable to the Registered Brokers on the portion for RIIs procured through UPI Mechanism and Non Institutional Investors which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows

*Portion for RIIs**	*₹ 10 per valid application (plus applicable taxes)*
*Portion for Non-Institutional Investors**	*₹ 10 per valid application (plus applicable taxes)*

* *Based on valid applications*

Uploading charges/ processing fees payable for applications made by Retail Individual Investors/Bidders using the UPI Mechanism would be as follows:

Members of the Syndicate / RTAs / CDPs	*₹ 30 per valid application (plus applicable taxes)*
Sponsor Bank	*₹ 7 per valid application (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

The selling commission and Bidding charges payable to Registered Brokers, the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Escrow and Sponsor Bank Agreement.

Interim use of Net Proceeds

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by the Board of Directors.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities including by way of any other short-term instrument, pending receipt of the Net Proceeds.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by our Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details, including justification for such variation and be published and placed on the website of our Company as required under the Companies Act, 2013 and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Marathi, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the above stated proposal, at a price and in such manner as may be prescribed by SEBI in Regulation 59 and Schedule XX of the SEBI ICDR Regulations.

Monitoring Agency/ Monitoring of Utilisation of Funds

Kotak Mahindra Bank Limited has been appointed as the Monitoring Agency for monitoring the utilisation of net proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds and shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall disclose the uses and application of the Net Proceeds to the Audit Committee on a quarterly basis. The Audit Committee shall make recommendations to the Board of Directors for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including (i) deviations, if any, in the utilisation of the Net Proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variation in the actual utilisation of the Net Proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results with the submission of such information to the Stock Exchanges, after placing the same before the Audit Committee. An explanation for such variation (if any) will also be included in our Director's report. We will disclose the utilisation of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilised clearly specifying the purpose for which such Net Proceeds have been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, members of the Promoter Group, Directors or our Key Managerial Personnel for any material existing or anticipated transactions. Our Company has not entered into and is not planning to enter into any arrangement/agreements with our Promoters, members of our Promoter Group, Directors and Key Managerial Personnel in relation to the utilization of the Net Proceeds. Further, except in the ordinary course of business and in compliance with applicable law, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR OFFER PRICE

The Price Band and Offer Price have been determined by our Company and the Selling Shareholders in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is 17.5 the face value. Investors should also refer to "*Risk Factors*", "*Our Business*", "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 19, 116, 172 and 231, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- Wide range of products and solutions for both defence and space applications;
- One of the few players in high precision optics manufacturing for space and defence application in India;
- Strong R&D capabilities with a focus on innovation;
- Well positioned to benefit from the Government's "Atmanirbhar Bharat" and "Make in India" initiatives;
- Strong relationships with a diverse customer base; and
- Experienced management team.

For details, see "*Our Business – Our Strengths*" on page 118.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Statements.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

A. Basic and Diluted Earnings per Share ("EPS") at face value of ₹ 10 each:

Derived from Restated Financial Statements:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal 2021	5.55	5.55	3
Fiscal 2020	6.92	6.92	2
Fiscal 2019	6.75	6.74	1
Weighted Average	6.21	6.20	

* *Not annualised*

(i) *Basic earnings per share* = $\frac{\textit{Net profit, as restated, attributable to equity shareholders}}{\textit{Weighted average number of basic equity shares outstanding during the period/ year}}$

Diluted earnings per share = $\frac{\textit{Net profit, as restated, attributable to equity shareholders}}{\textit{Weighted average number of diluted equity shares outstanding during the period/ year}}$

(ii) Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share" ("IndAS 33") as notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015, as amended

(iii) The Weighted Average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight

B. Price/ Earning ("P/E") ratio in relation to the Offer Price of ₹ 175 per Equity Share:

Particulars	P/E at the Offer Price (no. of times)
Based on Basic EPS for Financial Year 2021	31.53
Based on Diluted EPS for Financial Year 2021	31.53

Industry Peer Group P/E ratio

There are no listed entities in India whose business portfolio is comparable with that of our business.

C. Return on Net Worth ("RoNW")

Derived from the Restated Financial Statements:

Particulars	RoNW %#	Weight
Fiscal 2021	9.12	3
Fiscal 2020	14.17	2
Fiscal 2019	15.93	1
Weighted Average	**11.94**	

(i) Return on Net Worth (%) = Net profit, as restated, attributable to equity shareholders / Net worth at the end of the period/ year

(ii) "Net worth" means the aggregate of Equity Share Capital and Reserves and Surplus, excluding revaluation reserve and capital reserve (including debit balance).

(iii) The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight

D. Net Asset Value ("NAV") per Equity Share (Face value of ₹ 10 each)

Fiscal year ended/ Period ended	NAV per Equity Share (₹)
As on March 31, 2021	55.23
After the completion of the Offer at Offer Price	82.53

(i) Net asset value per Equity Share (Basic) = Net asset means total assets minus total liabilities excluding revaluation reserves. / Total number of Basic Equity Shares outstanding at the end of the year

E. Comparison with Listed Industry Peers

Our Company does not have any listed industry peers in India.

F. The Offer price is 17.5 times of the face value of the Equity Shares.

The Offer Price of ₹ 175 has been determined by our Company and the Selling Shareholders in consultation with the BRLM, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 19, 116, 172 and 231, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" beginning on page 19 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area
Nerul, Navi Mumbai 400 706
Maharashtra, India.
(the "**Company**")

Anand Rathi Advisors Limited
10th Floor, Trade D, Kamla City
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Maharashtra, India

(the "**Book Running Lead Manager**" or "**BRLM**")

INDEPENDENT AUDITOR'S CERTIFICATE IN RESPECT OF STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE INDIAN TAX LAWS:

1. This certificate is issued in accordance with the terms of our arrangement letter dated March 02, 2021 executed between us, the Company and the BRLM for the purpose of the proposed initial public offering of equity shares of face value of Rs. 10 each (the "**Equity Shares**") of the Company (such offering, the **"Offer")** under Chapter – II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, (the "**SEBI ICDR Regulations**") and related rules and regulations issued by the Securities and Exchange Board of India ("**SEBI**").

2. A statement containing details of possible special tax Benefits available to the Company and its shareholders under the Income tax Act, 1961 (read with income tax rules, circulars, notifications), as amended (hereinafter referred to as the "**Income Tax Regulations")** and its material subsidiary has been prepared by the management of the Company and signed by the authorized signatory of the Company (hereinafter referred to as **"the Statement")** is annexed, which we have initialed for identification purposes only.

3. We understand that the Company is required to disclose such details in the Red Herring Prospectus (the "RHP") and Prospectus (the "Prospectus", and together with the RHP, the "**Offer Documents**").

Management's Responsibility

4. The preparation of the Statement is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

5. The Management is also responsible for ensuring adherence that the details in the Statement are correct.

Independent Auditor's Responsibility

6. Pursuant to the SEBI ICDR Regulations and the Companies Act 2013, as amended ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available to the Company and to its shareholders as of date, in accordance with the Income Tax Regulations as at the date of our report.

7. We have relied upon a representation from the Management of the Company that the Company only has 1 (one) material subsidiary, being Opel Technologies Pte. Ltd. (formerly known as Paras Space Technologies Pte. Limited), a company incorporated in the Republic of Singapore. Further, the Company has obtained certification from the auditors of Opel Technologies Pte. Ltd. with respect to any special tax benefits that it receives in Singapore.

8. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act 2013. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Inherent Limitations

10. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

    i) The accompanying statement does not cover any general tax benefits available to the Company and its shareholders. Further, any benefits available under any other law within or outside India have not been examined by us and covered by this Statement.

    ii) The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

    iii) Further, we give no assurance that the Revenue authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

Opinion

11. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available to the Company and the shareholders of the Company, in accordance the Income Tax Regulations as at the date of our report.

12. The contents of the enclosed statement are based on information and explanations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company and the Certificate of Special Tax Benefits (as mentioned in para 7 above) available to its material subsidiary as received from the auditor of that subsidiary, which we have relied upon.

Other Matters

13. We hereby consent to the extracts of this certificate being used in the Offer Documents and any other document to be issued by the Company in connection with the Offer.

14. This certificate has been issued as per the terms of arrangement letter as referred above in connection with the Offer and may accordingly be furnished to the Stock Exchanges or any other regulatory authorities as required and shared with and relied on by the BRLM appointed in relation to the Offer. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

R. Koria
Partner
Membership No: 35629
UDIN: 21035629AAAADB2576

Place: Mumbai
Date: September 1, 2021

Encl.: a/a

ANNEXURE

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY:

I) Direct Tax - under the Income tax Act, 1961 (read with income tax rules, circulars, and notifications), as amended (hereinafter referred to as the "Income Tax Regulations"):

There are no special tax benefits available to the Company and its Shareholders under Income Tax Regulation.

II) Special tax benefits available to a Material Subsidiary, namely Opel Technologies Pte. Ltd. (formerly known as Paras Space Technologies Pte. Limited), situated in Singapore.

The company has obtained certification from the Statutory Auditors, Singapore registered Chartered Accountants, of Opel Technologies Pte. Ltd. and as per the said certification, no special tax benefits are available to Opel Technologies Pte. Ltd., as per the Singapore tax laws.

Notes:

1. The above Statement set out in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

For Paras Defence and Space Technologies Limited

Munjal S. Shah
Managing Director
DIN: 01080863

Place: Navi Mumbai

Date: September 1, 2021

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section has been obtained or derived from the F&S Report prepared by F&S, who was appointed on July 16, 2021, and commissioned and paid for by our Company in connection with the Offer. All information contained in the F&S Report has been obtained by Frost & Sullivan from sources believed by it to be accurate and reliable. Although reasonable care has been taken by Frost & Sullivan to ensure that the information in the F&S Report is true, such information is provided 'as is' without any warranty of any kind, and F&S in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and Frost & Sullivan shall not be liable for any losses incurred by users from any use of this publication or its contents.

Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

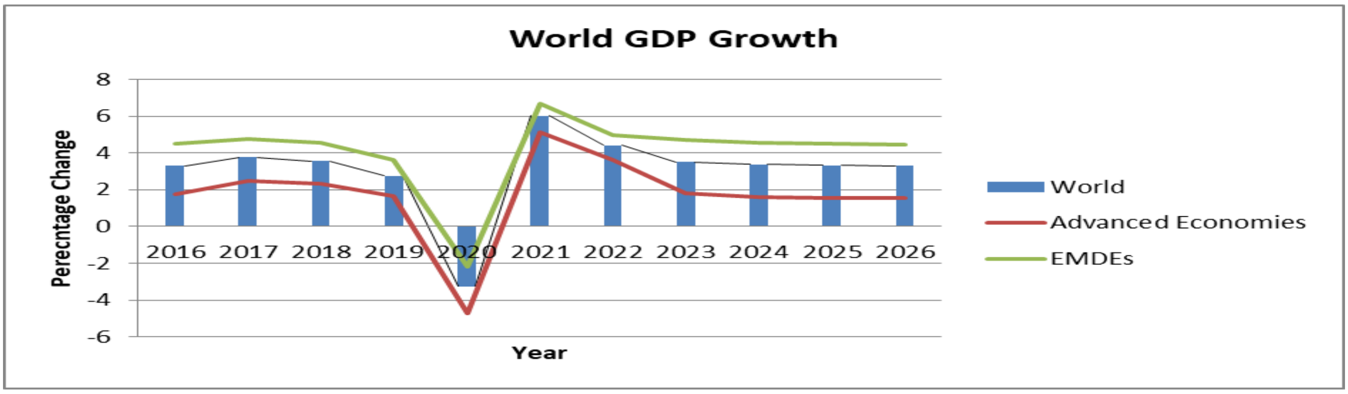
Macroeconomic Outlook

Global economy

As per the March 2021 update of the World Economic Outlook ("**WEO**") published by the International Monetary Fund ("**IMF**"), global growth was projected to be 6% in 2021 and 4.4% for 2022. The current estimates are more optimistic than the projection published in October 2020 and represent an upward revision of 0.8% and 0.2% respectively for 2020-2021.The revision reflects better-than anticipated second quarter GDP outturns, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter *(Source: Frost & Sullivan)*.Many countries have provided large-scale macroeconomic support to alleviate the economic blow, which has contributed to a recent stabilization in financial markets. Central banks in advanced economies have cut policy rates and taken other far-reaching steps to provide liquidity and to maintain investor confidence. In many EMDEs, central banks have also eased monetary policy. The fiscal policy support that has been announced already far exceeds that enacted during the 2008-09 global financial crisis *(Source: Frost & Sullivan, World Bank)*. The global growth for the world, the advanced economies and EMDEs is set out in the table below:

Year	World GDP (% Change)	Advanced Economies (% Change)	EMDEs (% Change)
2016	3.291	1.77	4.50
2017	3.762	2.46	4.78
2018	3.568	2.30	4.54
2019	2.764	1.63	3.61
2020	-3.267	-4.71	-2.19
2021	6.026	5.13	6.67
2022	4.415	3.62	4.98
2023	3.513	1.78	4.72
2024	3.374	1.61	4.57
2025	3.335	1.54	4.52
2026	3.296	1.52	4.43

Source: World Bank



***Notes**: Data for 2016-2020 is actual; data for 2021-2026 is forecasted. Aggregate growth rates calculated using GDP weights at 2020 constant prices.*

After the rebound in 2021, global growth is expected to gradually slow to about 3.3% into the medium term. This implies only limited progress towards catching up to the path of economic activity for 2020–25 projected before the pandemic for both advanced and emerging market and developing economies *(Source: Frost & Sullivan, IMF)*.

Indian economy

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

India has made rapid progress in its economy since the 2000s, which resulted in reducing absolute poverty. It is estimated that more than 90 million people were lifted out of extreme poverty in the period 2011-2015. Indian economy grew at very high rates since the start of the century; however, it had started to slow down even before the pandemic recording a growth of only 4.0 %. The slow growth was largely attributable to weakness in the financial sector and lower growth in private consumption. The implementation of lockdown in Mar 2020 (one of the most stringent lockdowns in the world), brought the economy to a near halt with rapid decline of both demand and supply. Consequently, there was a contraction of - 23.9 % in Q1 2021, and - 7.5% in Q2 FY 2021. The gradual opening of the economy towards the end of 2020 resulted in modest growth of 0.5% in Q3 and 1.6% in Q4 of FY 2021. For the full fiscal year 2020-2021, contracting was pegged at -7.3%. The drastic second wave of COVID led to another series of state level lockdowns, and as a result the consensus estimate of GDP growth of around 10% in FY 2022 was reduced by-1 % by most economic agencies. RBI had also reduced the GDP growth forecast from 10.5% to 9.5 % for FY 22 post the second wave, but has now once again gone back to earlier estimate of 10.5% in a recent development indicating that it does not expect the second wave to materially affect the growth rate due the localised nature of lockdowns. The actual effect of the second wave can only be discerned in the time to come; currently the growth forecast for FY 2022 varies between 8.3% as projected by World Bank, and 10.5% as projected by RBI; IMF revised its forecast to 9.5%. For FY 23, the economy is expected to register a growth of 7% and settling down to 6-6.5% in the medium term. The forecast is based on the estimated effect of second wave, and as of now does not take into account a serious disruption by a possible third wave of infections. A high caseload in the third wave with another series of lockdowns could materially affect growth.

Defence industry

Global defence industry and trends

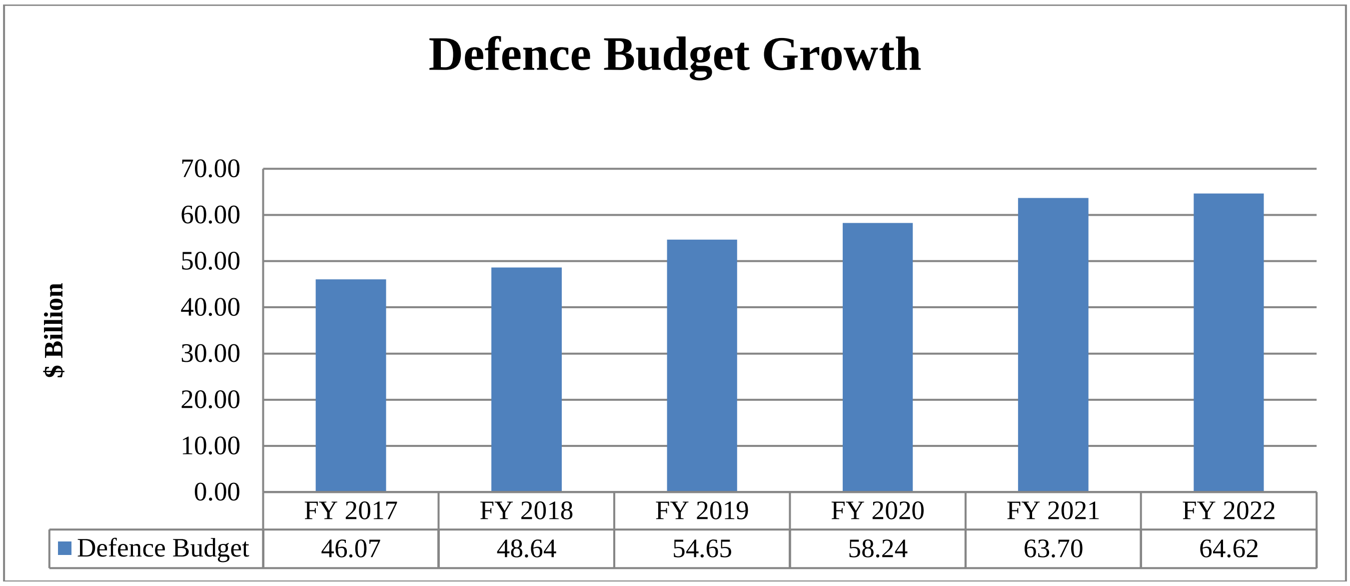
Global defence spending touched $ 1.98 trillion in 2020, which was an increase of 2.6% over such corresponding spending in 2019. The five largest spenders, accounting for 62% of the total global spend, were the United States, China, India, Saudi Arabia and Russia. Rise in geopolitical disputes, such as the on-going flare up between the United States and China, was the major reason fuelling this increase in spending.

ISR solutions generally include space and defence electro optics relay visuals, enemy location and other datasets to commanders and enable effective decision making and de-risking assets on the ground. ISR solutions, which would generally be exclusive to advanced nations such as the United States, are becoming ubiquitous especially in countries such as Turkey, India, and Saudi Arabia. Further, land border management is also becoming increasingly ISR enabled. contemporary platforms have high electronic component densities and therefore greater thermal and electronic signatures, making it easier for defence systems to track and engage them. Accordingly, signature reduction is gaining more precedence as a key priority in defence equipment design and upgrades. Currently, "Shielded Electronics" and advanced cooling systems that reduce thermal signatures are emerging as a norm in defence technology. Network centric warfare ("**NCW**") ensures that critical information gets to those who need it fast, across the chain of command. NCW operations exploit increasing processing power, improved communication, data transfer capabilities and cost-effective sensors. For instance, it is expected that the Indian Army will become network centric across all echelons of command – from platoon level to theatre level over the next decade, driving procurement of electronics intensive C4ISR equipment.

Further, as computing power increases over the next few years, combined with the advent of millimetre wave communications, it is expected that artificial intelligence will become more advanced with little human oversight necessary for operations. Most new autonomous systems are being developed with cost effectiveness in mind and therefore a large portion of the technology and sub systems will be sourced from the commercial sector (which is more mature than the defence sector in autonomous technologies). These solutions will be developed with the involvement of a wide raft of tier 2 and tier 3 defence companies, which will supply specialized subsystems such as Command, Control and Computers (C3) equipment and displays, electro optics payloads, remote weapon mounts, communication equipment, modular weapon systems and associated heavy engineering. Most platforms being built currently are EMP hardened through using hardened electronics, faraday shielded construction, EMP filters and redundant subsystems. In the future, a higher level of EMP protection that does not compromise on size and weight parameters of defence equipment will be sought after.

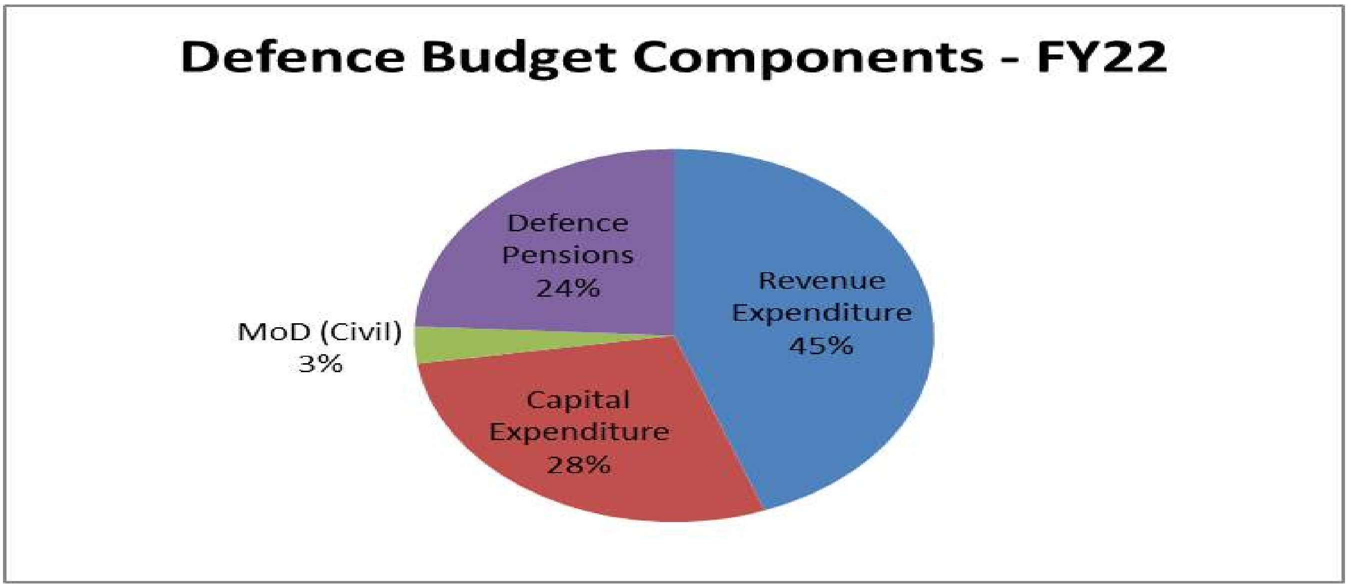
Indian defence industry

Defence spending in India



(Source: Frost & Sullivan)

The defence budget has 4 main components: MoD (Civil), Defence Services Revenue, Capital Outlay on Defence Services, and Defence Pensions, and not all of it is available to the defence industry participants. Examination of the allocation for different code heads for defence budget of FY 2022 ($ 64.62 B), and their description is as below:



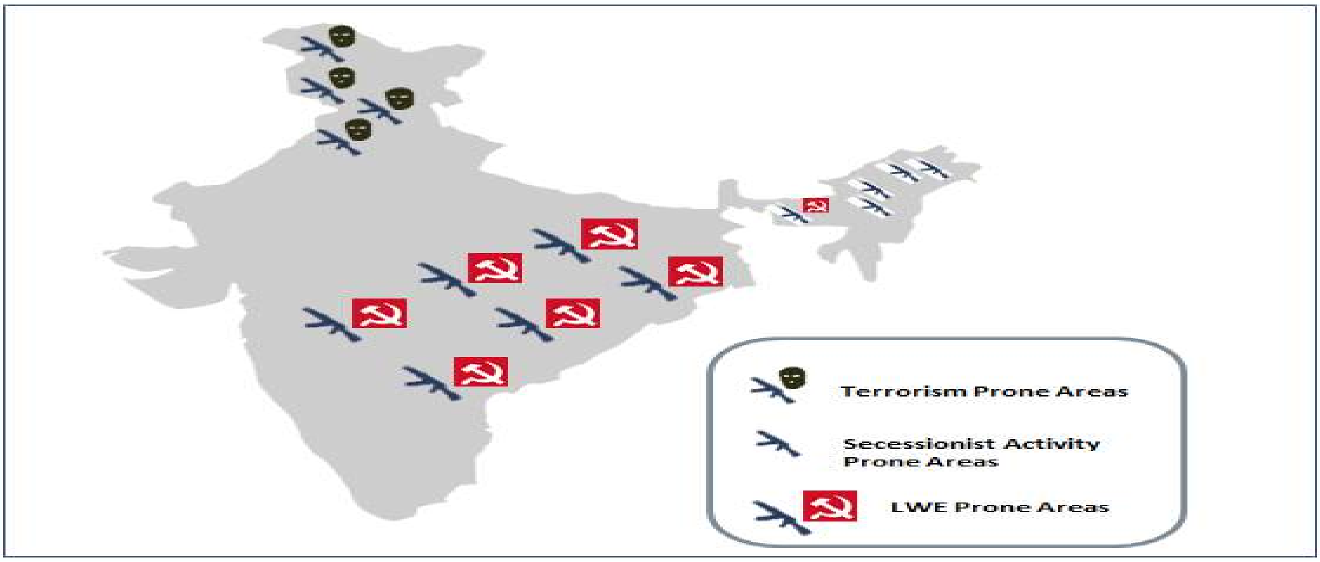
Geopolitics in India

India shares its land borders with 7 other countries and is bounded by the Arabian Sea to the west and the Bay of Bengal to the east. Territorial issues and a history of conflict spanning six wars have made India's borders with Pakistan and China some of the most dangerous flashpoints in existence currently. The presence of such adversaries underscores the mandate for India to build up a credible, technology-driven military deterrence on both fronts.

In the last few years, defence postures of nations in the Indian subcontinent and China has shifted. Cease fire violations and cross border shelling at the International Border and Line of Control ("**LoC**") have increased manifold. China's One Belt One Road ("**OBOR**"), though ostensibly a trade initiative, is believed to have strategic geopolitical undercurrents as the 'String of Pearls' strategy to surround India with commercial establishments developed or financed by China, which may also double up as clandestine defence establishments in the future.

Border skirmishes between China and India escalated to a high in June 2020 with confrontational casualties occurring on both sides for the first time since the Sino Indian war.

Terrorism is a key driver of Indian Armed Forces mobilization. Despite repeated commitments to peace talks by the leaders of India and Pakistan, attacks on the Indian Territory by terrorist organizations continue. A diplomatic solution to the Kashmir issue does not seem plausible in the near future and military build-up and border security deployments along the Line of Control ("**LoC**") are expected to continue.



(Source: Frost & Sullivan)

<u>*Modernisation Program*</u>

The Indian defence modernisation has faced delays and cancellations due bureaucratic inefficiency in the past, which has led to reduced and obsolete inventory. The current situation is untenable in face of the increased geo-political uncertainty. Frost expects that the modernisation program will be given due priority in the next decade. Frequent delays in acquisition, cancellation of programs, and limited capital and revenue budget compared to the size of the armed forces have led to low level of equipment across the Army, Navy, and Air Force. For example, the IAF currently has 30 fighter squadrons against a sanctioned strength of 42 squadrons. Additionally, it has a very limited number of AEW aircraft and tankers that are woefully inadequate to meet its operational demands. The Indian Navy has one carrier—INS Vikramaditya (re-furbished Admiral Gorshkov)—and has been pitching for 2 additional carriers for a long time. INS Vikramaditya was supplied by Russia with MiG 29 K aircraft that reportedly have a very low level of serviceability which is adversely affecting operational capability. The IN has issued an RFI for 56 carrier-based fighters, and the process is still ongoing. Indian Army troops suffer from shortages even in some basic equipment. For example, a recent Comptroller Auditor General (CAG) report indicated that there was a shortage of snow goggles, boots, jackets, and sleeping bags for the troops stationed in high-altitude areas. In another instance, the Indian Army had issued an RFI for light air transportable tanks in 2009, a request that is still pending. The faceoff with China in the Galwan valley has now led to a scramble for acquiring these tanks under emergency procurement.

Russia was the primary source of military equipment for India's armed forces from 1960 to 2000. Diversification of sourcing from non-Russian countries started only in the early 2000s. Most equipment sourced in the 1980-2000 period continues to be present in the current inventory with life extensions and upgrades. For example, the MiG 27 was recently decommissioned in 2019 after being first inducted in 1985. A similar situation exits in the Indian Navy and Indian Army, where a major portion of inventory is obsolete or low-technology products sourced domestically or from Russia. Additionally, the Indian armed forces' networking capability is extremely limited due to the diverse and vintage nature of the equipment. The Indian armed forces and the Ministry of Defence do not have much choice but to continue the modernisation program in view of the geo-political situation and critical shortages. The stakeholders are increasingly paying attention to the acquisition of high-tech equipment and network-centric operations by inducting a combination of foreign and domestic equipment.

The Indian Army's modernization effort has been lagging behind the other two services and many projects are expected to be realized over the next 3-7 years. The major indigenous defence platforms being developed for the Indian Army are Arjun MK-III, Abhay Infantry Fighting Vehicle (IFV) and TATA Kestrel. For air operations, 36 Rafale fighter aircraft were recently procured and there are immediate plans to acquire 100 additional fighter aircraft under the strategic partnership model. This is over and above the additional procurement of 83 indigenous Tejas Mk1 A aircraft. Recently, the IAF and Army have also processed procurement of AH-64 Apache and Chinooks from Boeing. Major programmes of the Indian Army are:

Programme	Time-Frame	Description
Future Infantry Combat Vehicle (FICV)	2025-40	The BMP-2, which is the mainstay of India's mechanized infantry, is more than 30 years old on an average. Over 2500 replacements are eventually planned with an expected outlay of $ 8.03 million. The program has not moved forward because of lack of consensus on the way ahead. Though BMP-2 upgrades are being carried out as a stopgap measure, recapitalisation is expected in this decade. Approximately, $ 300 million worth of remote

Programme	Time-Frame	Description
		weapon systems are likely to be procured as the future platforms will have a greater degree of automation.
Future Ready Combat Vehicle (FRCV)	2025-33	This program is envisioned to replace older T-72 tanks. More than 2000 future tanks could be procured and the program could be worth over $ 1.3 billion. The programme will require a procurement of approximately $ 280 million worth of remote weapon systems for the new tanks.
Battlefield Management System (“BMS”)	2027-37	Currently, the Indian Army lags behind the other two forces in terms of network centricity. Indigenous efforts to develop a system were shelved in 2017 due to budget constraints. However, it is likely that the program may be restarted in the long term once decisions on major platform recapitalizations are taken, especially since China and Pakistan are moving forward with their BMS modernization along India’s borders. The program is expected to cost around approximately $ 5.2 billion.
Field Artillery Rationalization Plan	2020-27	The Indian Army plans to procure 3,000 to 4,000 pieces of artillery, to replace older equipment and rationalize gun types used by artillery regiments for more efficient logistics and capability enhancements. The program is expected to cost approximately $ 3.9 billion.
Pinaka Rocket Artillery Procurement	2021-25	The Indian Army has plans to operate a total of 16 regiments by 2022 and increase this to 22 within the next 6 years. The program is expected to cost approximately $ 3.38 billion.

(Source: Frost & Sullivan)

The Indian Navy’s modernization plan has had success in integrating anti-submarine, anti-missile, support and communication capabilities. The current focus is extensively on submarine recapitalization and anti-submarine warfare in order to match Chinese naval capabilities.

Programme	Time Frame	Description
Nuclear Submarine Programme	2026-36	Six new nuclear-powered attack submarines are likely to be acquired. The preliminary design phase of the programme has been successfully completed. The program is expected to cost around $ 16.25 billion.
Project 75l	2023-31	The Project 75-I is the follow-on of the Project 75 (development of the Kalvari-class submarine), featuring advanced air-independent propulsion systems to stay submerged underwater for longer durations. The program is expected to cost around $ 7.02 billion.
Project 75	2017-25	6 Diesel-electric attack submarines based on the Scorpène-class submarine are being built. 4 submarines are deployed and the construction of 2 is in progress. The program is expected to cost around $ 2.73 billion.
Multi-Role Support Vessel programme	2026-33	India’s Ministry of Defence is likely to procure four Landing Helicopter Docks. The program is expected to cost around $ 2.47 billion.
Next Generation Missile Vessels	2026-31	Next Generation Missile Vessels (NGMVs) are planned class of anti-surface warfare Corvettes. 6 ships equipped with missiles like Brahmos or Nirbhay are expected to be acquired. The program is expected to cost around $ 2.08 billion.

(Source: Frost & Sullivan)

The IAF plans to procure new fighters and trainers, and of late has been more successful in upgrades (electronic warfare, avionics, and communication systems), as opposed to large batch buys. $ 3.6 billion has been allocated for the procurement of aircraft such as HAL Tejas MK1/MK1A, Dassault Rafale, Airbus C-295, HAL Light Utility Helicopter (“**LUH**”) and the development of UAS. $ 1,607.41 million are allocated towards missiles and weapons systems, as the IAF modernizes aircraft with new and more capable Beyond Visual Range missiles.

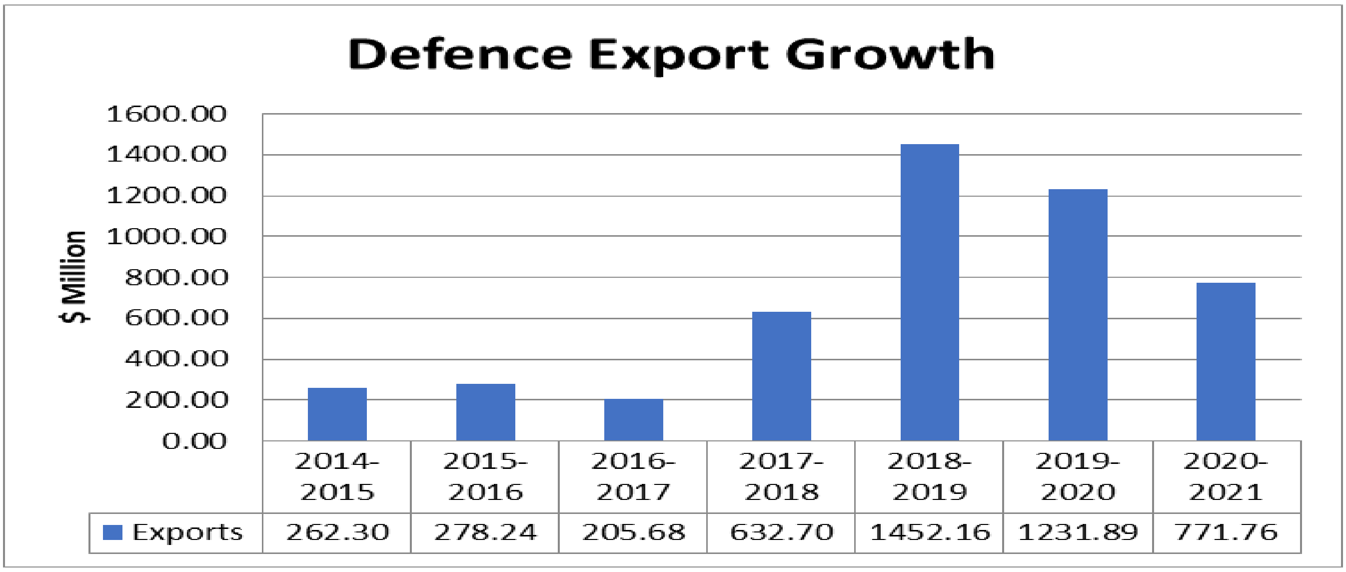
Programme	Time Frame	Description
Combat Aircraft Recapitalization	2023-33	The IAF urgently needs to procure replacements for the MiG-21, the Jaguar and the Mirage 2000. Though the recent Rafale procurement bridges the IAF’s capability gap to an extent, more than 250 additional units still have to be procured. Total investments are expected in the order of $ 19.5 billion.
HAL Light Combat Helicopter (“**LCH**”)	2022-27	The Cheetah and Chetak are 45 years old on average, and so the Air Force intends to replace these with the HAL LCH. The program is expected to cost around $ 3.12 billion.
HAL LUH	2020-24	The IAF is set to replace older HAL Aérospatiale SA 315B Lama with the new LUH. The program is expected to cost approximately $ 2.08 billion.
AURA (Stealth UCAV)	2020-24	AURA is a stealthy flying-wing concept aircraft that is being developed by the DRDO. It seems that this programme, costing around $ 390 million, would serve as the technology demonstrator for future Indian Unmanned Combat Air Vehicle (“UCAV”) programmes.

(Source: Frost & Sullivan)

Moving forward, majority of the aforementioned projects are expected to have high indigenization proportions and will thus create multiple opportunities for domestic defence and space companies, invigorating indigenous defence production capability.

Defence exports

India’s defence exports and imports used to be at two ends of a continuum with a massive trade deficit skewed against Indian indigenous production. The Stockholm International Peace Research Institute (“**SIPRI**”) Arms Transfer Database indicates that India remained the largest importer of defence equipment in the 2012-16 timeframe with its share in global arms imports dropped from14%in 2011-2015to 9% in 2016-2020, a drop of 33%. Compared to the above, India's arms exports contributed to only a small percentage of global arms trade during this time. However, there has been a substantial increase in Indian defence exports in the 2016-20 timeframe as set out below.



(Source: Frost & Sullivan)

Indian defence exports crossed the $ 1 billion mark in 2018-2019. There was a dip in the exports in 2020-2021 largely attributable to supply chain and manufacturing disruptions which have eased now. A few years back, India's export customers were only small economies such as Seychelles, Suriname, Myanmar and Sri Lanka. However, currently, exports stand more diversified both in terms of product and their markets. A majority of the exports currently are being driven by the private sector and the Government is creating enablers for Indian companies such as the Company to further improve exports. With further liberalisation of export license, and increasing capability, the prospect of Indian defence exports looks bright. Globally, there is a drive to reduce the cost of defence equipment produced, and Western defence majors are increasingly looking at Indian companies, especially those with competencies in defence electronics and ancillary technologies, for potential partnerships. More Indian Tier 2 and Tier 3 defence companies will have opportunities to embed themselves into global defence supply chains moving forward.

Further, with increased indigenization, private sector competition and innovation will increase, eventually leading to an expansion of segments that can be leveraged for export. The defence export process in India is more streamlined and transparent. The Government also offers support for defence micro small and medium enterprises, and credit lines to prospective customers to buy Indian equipment

Indigenous Industry Drivers

Atmanirbhar Bharat initiative

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

Reform	Brief	Benefit to Indigenous Industry
Positive Indigenous List	The MoD has banned 209 defence items, as a first step, to ensure a greater self-reliance. The list ranges from electronic warfare equipment to light combat aircraft across air, land, and naval domain.	Boost to domestic industry for incentivising production of the listed items, and protection from foreign competition
Domestic Procurement Budget	Separate domestic procurement budget has been announced by the government, to ensure availability of an assured spend for the indigenous. An outlays of $ 9.48 billion has been earmarked for domestic procurement in FY 2021-2022	Addresses concerns of available capital for domestic procurement
Corporatisation of Ordnance Factory Board ("**OFBs**")	The Government aims to corporatise OFBs in a bid to improve production efficiency and transparency. There are 41 ordnance factories in India, which source components from Tier 2 and Tier 3 suppliers	Improved production and efficiency will have positive downstream effects on Tier 2 and Tier 3 suppliers
FDI Norms	The FDI limit under the automatic route has been increased form current 49% to 74% in the Consolidated FDI policy of 2020. The increase will encourage the foreign manufacturers to invest in India with confidence as they will have a controlling stake in the joint venture entity	Positive benefit for FDI in terms of capital, and possibly Transfer of Technology

Defence Acquisition Procedure

The defence procurement procedure is governed by the Defence Acquisition Procedure which was promulgated on October 1, 2020. The two main underlying principles of the procurement policy are making the acquisition procedure as transparent as possible and promoting the indigenous industry in line with Atmanirbhar Bharat initiative, as set out below. While the Defence Acquisition Procedure aims at transparency by the appointment of committees which take a joint decision on acquisition, it aims to galvanise domestic manufacturing by giving preference to products with Indigenous Content ("**IC**"), and better implementation of defence offsets.

The progress has been slow both in acquisitions and promotion of defence manufacturing which has led to frequent revisions since it was first promulgated. The Defence Acquisition Procedure has also introduced several new provisions in addition to existing ones, which aim to boost the indigenous industry, such as:

Capital acquisition categories

There are 6 main capital acquisition categories in the Defence Acquisition Procedure which are differentiated on the basis of whether the equipment is being manufactured by a domestic player or a foreign OEM and further on the IC. There is also an additional category of Strategic Partnership Model ("**SPM**"). Companies like the Company which have indigenous design and development capability are given preference over others in the acquisition policy.

Category Rank as per Preference	Brief	Benefit to Indigenous Industry
Buy (Indian-IDDM)	Procurement of products from an Indian vendor that have been indigenously designed developed and manufactured with a minimum of 50% IC on cost basis of the total contract value.	First priority given to Indian vendors with indigenous design.
Buy (Indian)	Procurement of products from an Indian vendor meeting one of the two conditions: products that have been indigenously designed, developed and manufactured with a minimum of 50% IC; Or products, which may not have been designed and developed indigenously but having 60% IC.	Advantage for Indian vendors who may use a foreign design, if they meet the IC requirements on cost.
Buy and Make (Indian)	Procurement of equipment in Fully Formed ("**FF**") state in quantities as considered necessary, from an Indian vendor engaged in a tie-up with a foreign OEM, followed by indigenous production in a phased manner involving Transfer of Technology ("**ToT**") of critical technologies.	Indian vendor remains in lead; incentive for foreign OEMs to have a joint venture with Indian companies while facilitating Transfer of Technology.
Buy and Make	Initial procurement of equipment in FF state from a foreign vendor, in quantities as considered necessary, followed by indigenous production through an Indian Production Agency ("**PA**"), in a phased manner involving ToT.	Incentive for foreign vendor to tie up with Indian entity for domestic production, while facilitating ToT.
Buy (Global- Manufacture in India)	Outright purchase of equipment from foreign vendor with a minimum of 50% IC on cost basis of the total contract value which can be achieved in the manufacturing of either the entire equipment or spares, assemblies, sub-assemblies, Maintenance, Repair and Overhaul ("**MRO**") facility for the entire life cycle support of the equipment, through its subsidiary in India.).	Incentive for foreign vendor to facilitate Indian entity for manufacturing. Without ToT.
Buy (Global)	Purchase of equipment from foreign or Indian vendors. An Indian Vendor participating in this category would be required to meet minimum 30% IC, failing which offset discharge is mandatory. Foreign vendors will also need to discharge offsets in all Buy (Global) cases more than $ 267.88 million other than Single Vendor Cases being progressed based on Inter-governmental Agreements including FMS.	Incentive to meet at least 30% IC in equipment which is not being manufactured in India
Strategic Partnership Model	Acquisitions under the Strategic Partnership model refer to participation of private Indian firms and foreign OEM in Make in India in defence and play the role of a System Integrator by building an extensive eco-system comprising development partners, specialised vendors and suppliers, in particular, those from the MSME sector. Strategic Partnerships will seek to enhance indigenous defence manufacturing capabilities through the private sector over and above the existing production base.	Development of Indian defence manufacturing eco-system.

Defence offsets

The aim of defence offsets is to offset the foreign import bill by ensuring that the vendor directs 30% (or as applicable under the particular category) of the total contract cost to either source defence equipment and components from India or facilitate transfer technology. The provision has direct implications for advancement of the Indian defence eco-system. The key objective of the Defence Offset Policy is to leverage capital acquisitions and technology to develop Indian defence industry by fostering development of internationally competitive enterprises, and augmenting capacity for Research, Design and Development related to defence products. The Defence Offset Policy applies to all capital acquisitions categorized as ‘Buy (Global)’, i.e. outright purchase from foreign/Indian Vendor, or ‘Buy and Make’ categories of procurements where the estimated cost of the acquisition proposal is $ 267.88 million or more. The vendor also gets additional advantage in discharge of offsets if it sources the equipment from MSME, which in turn galvanises the Tier2/Tier 3 supply ecosystem.

Indian Defence Components market

<u>*Competitive market*</u>

The defence components and engineering products considered here form the foundation of military sub systems and platforms. Set out below, are the major companies that produce the aforementioned products for the Indian market. Except for three, the remaining are Indian companies.

Company Name	Defence Electronics Capabilities						
	Control Systems	Specialized Computers	Displays	MIL Spec Racks	Software	Integration	Sensors
Paras Defence							
Data Patterns							
Mistral Solutions							
CoreEL Technologies							
Ophir Optronics Solutions Ltd. (Israel)							
QiOptiq							
ISP Optics (USA)							
Veero Metals							
HYT Engineering							
ETS – Lindgren (USA)							

Company Name	Defence Optics			
	Lenses	Specialized Lenses	Optical Elements	Precission Engineering
Paras Defence				
Data Patterns				
Mistral Solutions				
CoreEL Technologies				
Ophir Optronics Solutions Ltd. (Israel)				
QiOptiq				
ISP Optics (USA)				
Veero Metals				
HYT Engineering				
ETS – Lindgren (USA)				

Company Name	EMP Hardening		
	Customised EMP Protection Projects	EMP Shielded Control Centers	EMP Filters/ Arrestors
Paras Defence			
Data Patterns			
Mistral Solutions			
CoreEL Technologies			
Ophir Optronics Solutions Ltd. (Israel)			
QiOptiq			
ISP Optics (USA)			
Veero Metals			
HYT Engineering			
ETS – Lindgren (USA)			

Company Name	Heavy Engineering Capabilities				
	Titanium and Special Metal Manufacture and Engineering	Flow Formed Tubes	Cooling Assemblies	Heavy Structures	Special Purpose Macines
Paras Defence	High Level Capability	High Level Capability	High Level Capability	High Level Capability	High Level Capability
Data Patterns	No Capability	No Capability	No Capability	No Capability	No Capability
Mistral Solutions	No Capability	No Capability	No Capability	No Capability	No Capability
CoreEL Technologies	No Capability	No Capability	No Capability	No Capability	No Capability
Ophir Optronics Solutions Ltd. (Israel)	No Capability	No Capability	No Capability	No Capability	No Capability
QiOptiq	No Capability	No Capability	No Capability	No Capability	No Capability
ISP Optics (USA)	No Capability	No Capability	No Capability	No Capability	No Capability
Veero Metals	No Capability	Mid Level Capability	No Capability	High Level Capability	Mid Level Capability
HYT Engineering	Mid Level Capability	Mid Level Capability	Mid Level Capability	High Level Capability	High Level Capability
ETS – Lindgren (USA)	No Capability	No Capability	No Capability	No Capability	No Capability

Legend	
(green)	High Level Capability
(amber)	Mid Level Capability
(red)	No Capability

(Source: Frost & Sullivan)

Among the companies listed above, the Company is the only company that is present across all four main product segments and is well aligned to cater to opportunities as compared to most other companies which specialize only in one to two segments. While there are several companies which manufacture certain products that we sell in various geographical markets, we do not have any direct competitor for their business.

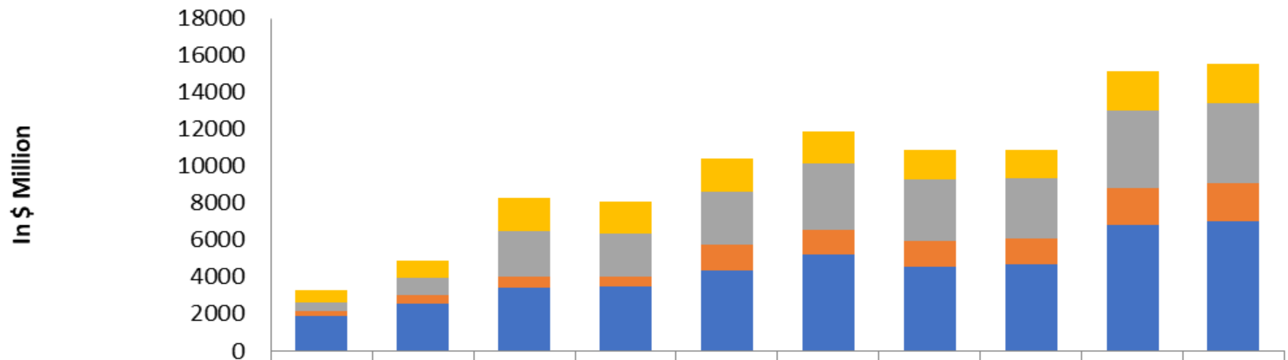
The Company's horizontal integration is a major competitive advantage as it makes the Company better positioned to deliver tailored products for the Indian Armed Forces whilst also being capable of supporting major Tier 1 Indian defence suppliers such as Larsen & Toubro and Tata Advanced Systems Limited. As one of the few companies with specialized technology competencies such as optics manufacturing and EMP protection, the Company is likely to be an integral stakeholder in majority of future programmes involving local sourcing of defence and space optics and EMP protection solutions. Foreign OEMs are also looking for partnerships with companies that have capabilities across the four product segments.

Forecast and opportunities

According to Frost & Sullivan, as modernization of the Indian Defence sector becomes more technology oriented, four major segments will become key contributors to most emerging programs, namely, Defence Electronics, Defence Optics, EMP Protection and Heavy Engineering. Frost & Sullivan defines the four segments as follows:

Segment	Brief
Defence Electronics	The segment includes all electronics that are used in air, naval and land platforms as well as in other C6ISR equipment like radios, displays etc.
Optics	The segment is made up of all types of Imaging Systems for Defence & Space such as Sights, Cameras, Devices, Telescopes etc. for Day/Night Vision, Thermal Imaging, EO applications.
EMP Protection	This segment consists of EMP protection equipment such as Faraday cages as well EMP hardened blast doors, wave guides for EM energy directionality etc.
Heavy Engineering	This segment consists of heavy engineering at a Tier 2 and Tier 3 equipment level. Note that this segment does not consider Tier 1 Heavy Engineering such as ship building, submarine building etc.

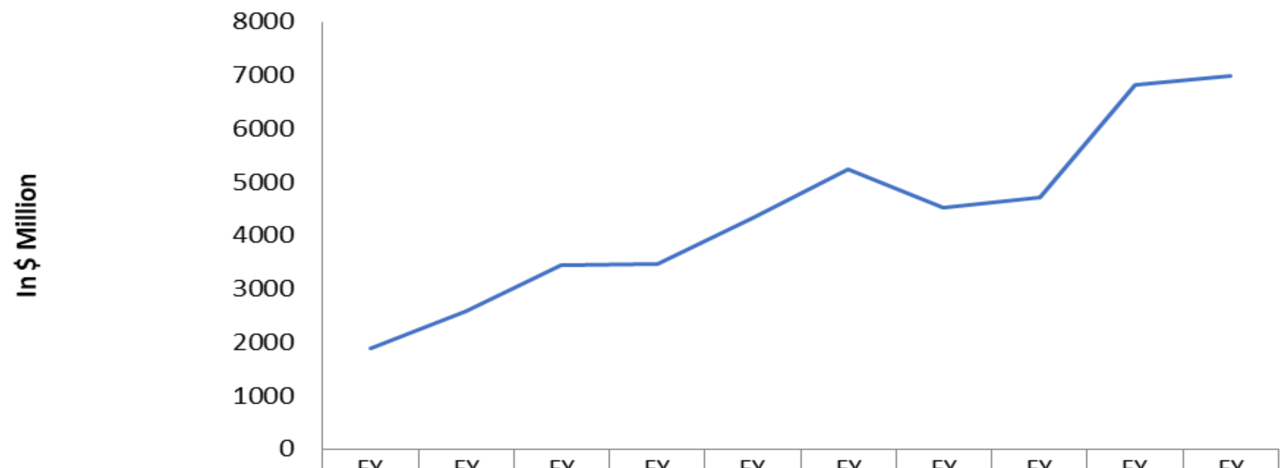
The Company has a presence in each of these segments. The Indian defence establishment will increasingly look at sourcing these segments from local suppliers because of the Atmanirbhar Bharat initiative, and increasing levels of well-established R&D, quality standards and manufacturing capabilities in these segments. Whilst currently, the outlays to these segments made to Indian companies are in the order of approximately $ 3.21 billion, by 2031 the spending will increase to over approximately $ 14.5 billion because of extensive fleet recapitalisation, C4ISR orientation and greater indigenous supply preferences. The cumulative market in the time frame 2022-2031 is expected to be approximately $ 99.4 billion, as set out below.



	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Heavy Engineering	672.00	907.20	1764.49	1698.23	1795.83	1730.29	1642.59	1581.11	2148.15	2191.29
EMP Protection	513.06	947.45	2492.16	2361.41	2862.32	3587.33	3322.49	3232.52	4204.45	4280.51
Defence Optics	255.27	441.80	585.18	562.41	1400.22	1338.36	1415.14	1397.25	1988.59	2112.00
Defence Electronics	1880.51	2577.19	3443.15	3460.15	4333.64	5233.47	4525.81	4705.35	6829.99	6993.90

(Source: Frost & Sullivan)

The Defence Electronics segment will see extensive indigenization over the next decade. From both manufacturing and quality stand points, Indian Defence Electronics are becoming increasingly embedded into global defence supply chains. Currently, electronic components made in India are used in Israeli UAS and European combat aircraft. Defence Electronics make up 25-35% the cost of most platforms used by the Indian Armed Forces. Accordingly, platform recapitalisation programmes across all three forces such as new combat aircraft acquisition, submarine building and T-72 replacement will be key contributors to future market valuation of this product segment. Currently, over 60% of the electronic components used in Indian defence equipment are supplied by foreign OEM. However, with the recent increased impetus on indigenization, future contracts will see a greater proportion of Defence Electronics being sourced locally. As set out below, the market for Defence Electronics will grow from approximately $ 1.88 billion in FY 2022 to approximately $ 6.99 billion in FY 2031. The cumulative market opportunity for this segment will be in the order of approximately $ 43.98 billion, making this segment the largest amongst the four.



	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Defence Electronics	1880.51	2577.19	3443.15	3460.15	4333.64	5233.47	4525.81	4705.35	6829.99	6993.90

(Source: Frost & Sullivan)

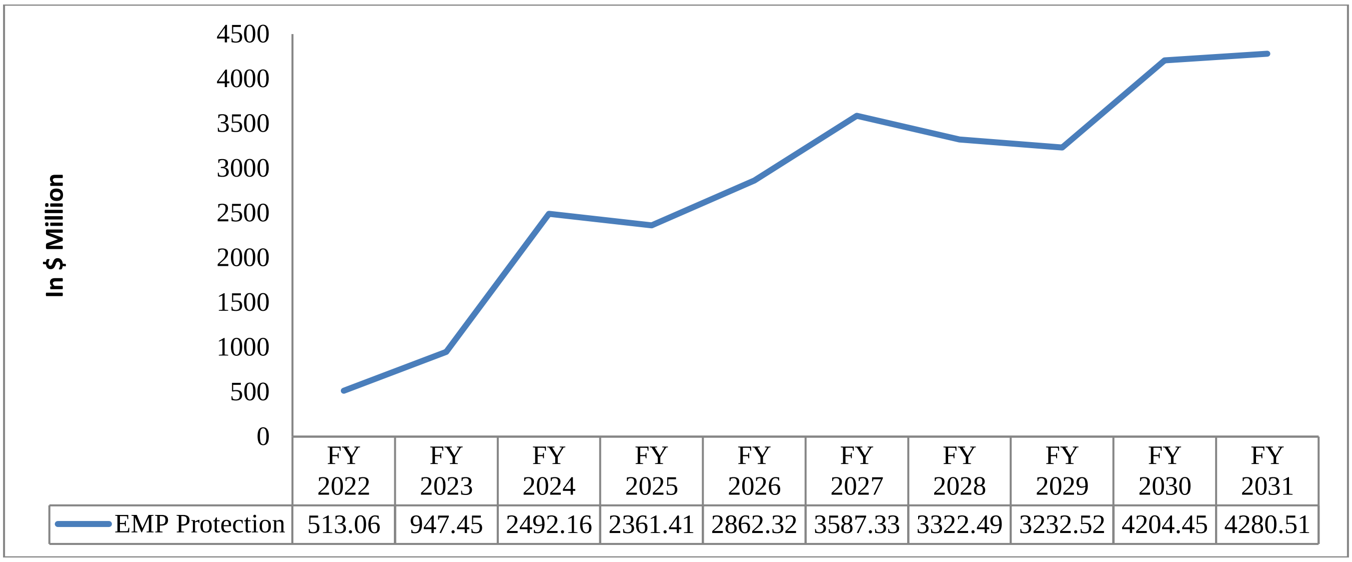
According to Frost & Sullivan, the segment will exhibit growth until FY 2027, driven mainly by the programmes set out below.

Program Name	Defence Electronics Opportunities
UAS procurement by the IAF	$ 1.43 billion
Rotary Wing Procurement by the IAF and Indian Navy	$ 1.88 billion
IFV/ APC Procurements by the Indian Army	$ 3.61 billion
Command and Control/ Tactical Communications Modernization	$ 5.09 billion
Combat Aircraft Procurement by the IAF and Indian Navy	$ 7.9 billion

(Source: Frost & Sullivan)

A dip in the market is expected in the 2027-28 timeframe as many procurement programmes for UAS, Naval helicopters and transport aircraft and upgrade programmes for offshore patrol vessels are expected to come to a conclusion. However, the market will exhibit steep growth post 2029 driven by midlife modernization requirements for IAF's ISR and Combat aircraft and extensive C3 and tactical communication-oriented modernization.

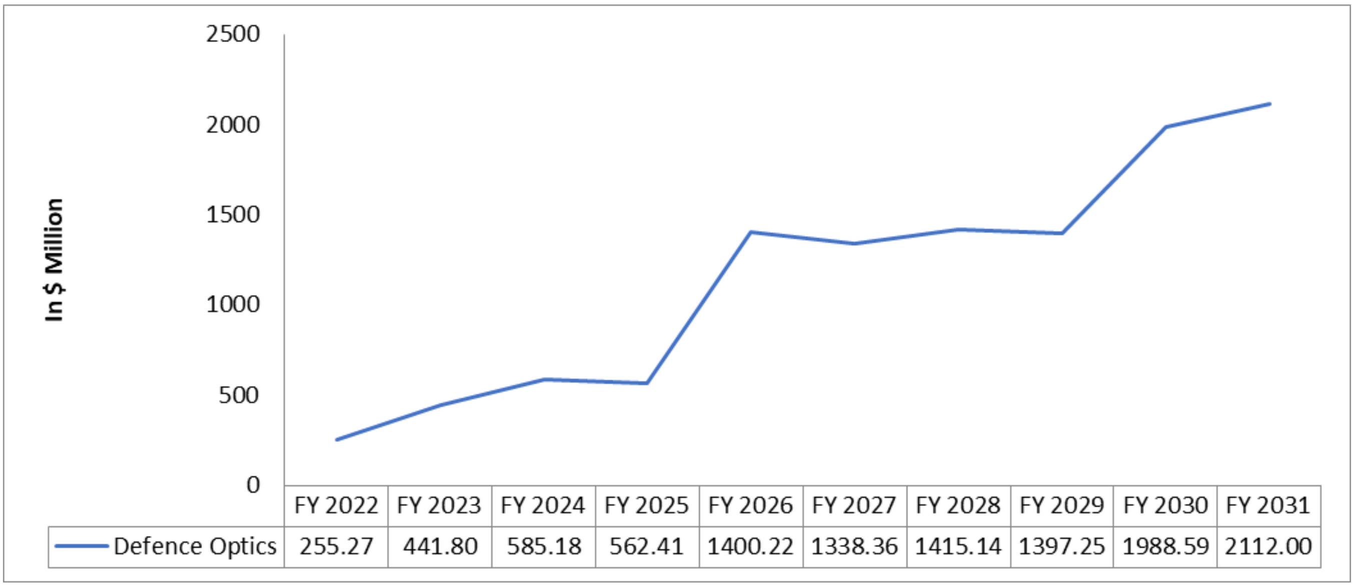
The EMP Protection segment is closely tied to the Defence Electronics segment. As set out below, the segment will grow from approximately $ 513 million in 2022 to approximately $ 4.3 billion in 2031. The total market valuation for EMP Protection equipment during this time frame is forecasted to be $ 27.8 billion.



(Source: Frost & Sullivan)

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

The Defence Optics Segment is forecasted to grow from approximately $ 255 million in FY 2022 to approximately $ 2.1 billion in2031. Airborne Combat and ISR capability expansion will be a major driver of this segment, along with land forces modernization. The Naval contribution to this segment will be limited in comparison to the Air Forces and Land Forces. As set out below, a steady growth is expected until FY 2024, driven by procurements of imaging and ISR payloads for the IAF's new Medium Range Long Endurance (MALE) UAS and Tactical UAS (TUAS) and of optic sights (reflex and thermal imaging) for the Indian Army's small calibre weapon modernization programmes. According to Frost & Sullivan, the conclusion of UAS programmes will cause a slight reduction in the 2024-2025 time frame.

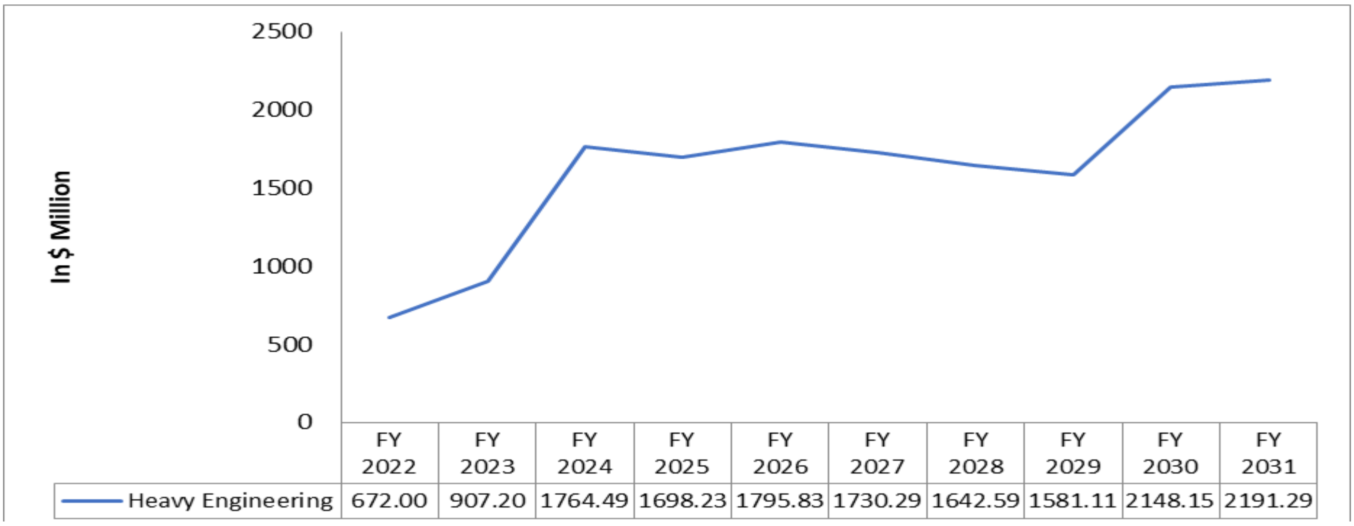


(Source: Frost & Sullivan)

A surge in spending in defence optics is expected in FY 2026 mainly because of electro optic payload buys for the Navy's future Multi Role Helicopters, targeting system procurements for IAF's new combat aircraft and night fighting and "See

Through Armour" capability acquisition for older BMP-2s and new Infantry Fighting Vehicles (IFVs). A new wave of defence optics demand is anticipated in FY 2030, as several ISR platforms of the IAF, Offshore Patrol Vessels of the Indian Navy and Main Battle Tanks of the Indian Army will undergo midlife upgrades, requiring new more capable imaging equipment.

Heavy Engineering related requirements in defence are becoming increasingly specialized because emerging military technologies such as hypersonic weapons have complex material engineering requisites. As future platforms will have more sensor and electronics densities, using "meta-materials" and cooling systems to reduce platforms signatures will become a major priority for defence forces. Engineering expertise and capability to work with metals such as Titanium that has greater strength to weight ratio will be sought after in the Indian market, especially as the Navy increases its fleet of submarines. Thus, the Heavy Engineering segment with a market valuation of approximately $ 672 million in FY 2022 will grow to approximately $ 2.2 billion by FY 2031 as set out below. The cumulative opportunity in this segment amounts to ~ $ 16.13 billion



(Source: Frost & Sullivan)

The market for Heavy Engineering components is expected to rapidly scale up after FY 2023 especially because of an anticipated expansion of India's submarine building program. The procurement of more combat aircraft and niche engineering requirements for weapon systems will also drive the market during this period. The market buoyance during the medium term can also be attributed to the Indian Army's BMP upgrades and their potential replacement. A further market upswing is expected after FY 2029 driven by naval procurements of another aircraft carrier and guided missile destroyers.

Due to a very long lead time for actually realizing revenues from defence projects and because the Government has funded only limited developmental projects through the private sector, many Indian tier 2 and tier 3 defence suppliers tend to be financially stressed. However, the Company has been able to maintain a resilient order book and strong bottom lines despite being in an uncertain industry and regulatory environment.

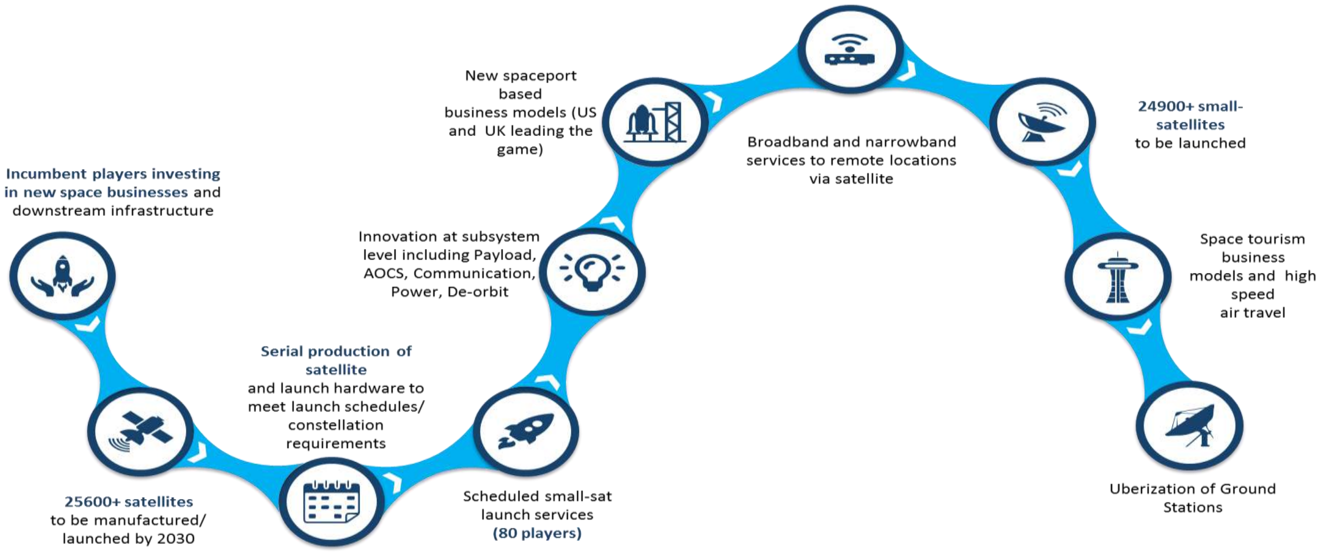
Space Industry

Global space industry and trends

, the Frost & Sullivan forecast expects 29,717 satellites to be launched between 2021 and 2030, while 3085 small satellites have been launched between 2015 and June 2021. The availability of affordable launch capabilities has enabled new small-satellite operators without specific satellite engineering experience to enter the space industry, especially in downstream value-added services. However, access to affordable and relevant launch services remains a primary concern, since the launch services market currently lacks the capacity and capability to meet the rising demand. Consequently, participants are forced to depend on secondary ride-sharing opportunities (banking on excess capacities in large vehicles), which implies long waiting periods to place their satellites in orbit or settling for a random orbit. Additionally, government agencies are pushing their space market agenda forward globally, and many of them have taken to enhancing their respective space economies, enabling their respective market participants to fit into the global space industry value chain. One such effort gaining global prominence is deep space missions targeting the moon, sun, planets, and asteroids. Accordingly, Frost & Sullivan have identified the following trends in the space industry:

Mega-constellations

The entry of multiple commercial small-satellite operators has created new requirements which are enabling entirely new market segments, technologies, products and services. With multiple commercial participants entering the space industry with constellation objectives, the small-satellites market has been observing phenomenal growth since 2015. The trend indicates that the small-satellites market is growing, with existing participants approaching replacement phases, and new participants planning their initial installations. Participants are also expected to expand their constellations, adding to the total number of satellites in the pipeline. The rising launch numbers, in turn, demand timely manufacturing of a large number of satellites. A comprehensive capture, by Frost & Sullivan, of the megaconstellations space trend is set out below.



Migrating to serial production within the satellite manufacturing sector is new and significant trend for the space industry as this is the first time it is undergoing such an evolution. The demand for subsystems and components is on the rise as a consequence of assembly lines being set up by manufacturers and system integrators.

New Products and Services

The availability of affordable launch capabilities has enabled new small-satellite operators without specific satellite engineering experience to enter the space industry, especially downstream value-added services. The scenario is prominent in the geospatial value-added services market within the EO domain. The trend of multiple participants entering the EO space has resulted in the launch of multiple EO satellites. The small-satellites market is leveraging the advantages of low-cost commercial off-the-shelf ("**COTS**") products. Satellite-manufacturing specialists, especially subsystem suppliers specializing in imaging sensor payload development, have been continuously developing new forms of miniaturized remote-sensing/imaging payloads. These small yet significantly powerful imaging sensor payloads are enabling small-satellite operators to achieve enhanced EO capabilities.

The NewSpace market is also observing a rise in the entry of new products and services targeting a broad range of applications, aiming to solve problems for diverse customer groups, where 'NewSpace' refers to the new market segments of the space industry which developed as a consequence of commercialization of space capabilities which significantly reduced the barriers to entry. Most of these customer groups are new, who have not had access to such affordable versions of space capabilities. As a large portion of these new products and services rely on access to cheap imagery and connectivity capabilities, their prices are low. According to Frost & Sullivan, small-satellite operators and related geospatial service providers intend to democratize the EO space, making it accessible to a large customer base. Further, government agencies are actively involved in enabling such markets through suitable investments and policies.

Dedicated Launch Services for Small Satellites

Sufficient manufacturing capabilities are being developed to support constellation plans globally. However, access to affordable and relevant launch services remains a primary concern. The launch services market currently lacks the capacity and capability to meet the rising demand. Consequently, participants are forced to depend on secondary ride-sharing opportunities (banking on excess capacities in large vehicles), which implies long waiting periods to place their satellites in orbit and/or settling for a random orbit. Such opportunities also vary across a wide range of launch prices unaffordable for satellite operators with small budgets.

Frost & Sullivan estimates the cumulative launch service revenue for.2021-2030 to be $ 42.50 billion The estimated figure accounts for a progressive price drop as the launch services become cheaper due to higher competition, and increased cost-efficiency. The emergent dedicated launch services market has more than 30 new participants working towards realizing scheduled launch operations. New capabilities, including air-launch, are in the testing and evaluation phase. The nascent market aims to provide dedicated launch services to small-satellite operators at lower prices for multiple launches in a year. Limited access to launch infrastructure proves a restraint, which is expected to change as governments start supporting spaceport-based business models (involving existing and new launch service providers).

Deep Space Missions

Government agencies are pushing their space market agenda forward globally, and many of them have taken to enhancing their respective space economies, enabling their respective market participants to fit into the global space industry value chain. One such effort gaining global prominence is deep space missions targeting the moon, sun, planets, and asteroids. About five deep space missions were launched during 2020, and about 30 lander and 18 rover missions are planned between 2021-2030. While lunar and Mars missions are gaining traction, asteroid mining missions are attracting government and private investments. Overall, deep space missions aim to achieve reliable space logistics that can enable further research with respect to harvesting high-value mineral deposits (among other objectives).

Missions to the Sun, Venus, Moon and Mars are significant as multiple participants are engaged in them. However, asteroid mining missions have been gaining prominence as government agencies are partnering with commercial participants to investigate the market potential for mineral resources that could be sourced from distant asteroids. Chandrayaan, Mangalyaan and Adithya-L1 are key Indian missions in this regard. Although Adithya-L1 is going to be deployed in a sun-synchronous orbit much closer to earth, its objective remains similar to the other probes that are being sent towards the Sun. Similarly, Gaganyaan, being a human spaceflight program, could also be one of the Indian missions which can enable evolution and enhancement in future deep space missions. With these missions, the Indian space program has established its intent to foray into elaborate deep space missions covering a wide range of objectives including pint-point landing to surface exploration. While the impact of Covid-19 is delaying the progress, the missions are broadening in scope. The ISRO has expressed its interest in the possibility of including a lander and rover as part of the next Mangalyaan mission. This is expected to create more opportunities for commercial participants moving forward.

Serial Production of Satellites and Launch Vehicles

With multiple private operators entering the small-satellites market with constellation objectives, the demand for manufacturing a large number of small satellites has been growing in the last five years. However, existing manufacturing capabilities are not aligned to deliver such large-volume demand, where the annual output is in the order of thousands. The satellite manufacturing domain has been installing serial production facilities to cater to the NewSpace market demand. Satellite subsystem suppliers and system integrators are migrating to a serial production format to enable small-satellite operators to realize their constellations on time. Serial production specialists aim to deliver hundreds of small satellites using standardized platforms on an annual basis. With the installation of such serial production capabilities, the demand for satellite subsystems and components is expected to rise steadily. As a result, satellite subsystem and component manufacturers will have recurring revenue opportunities from multiple sources.

Integrated Domain Awareness Services

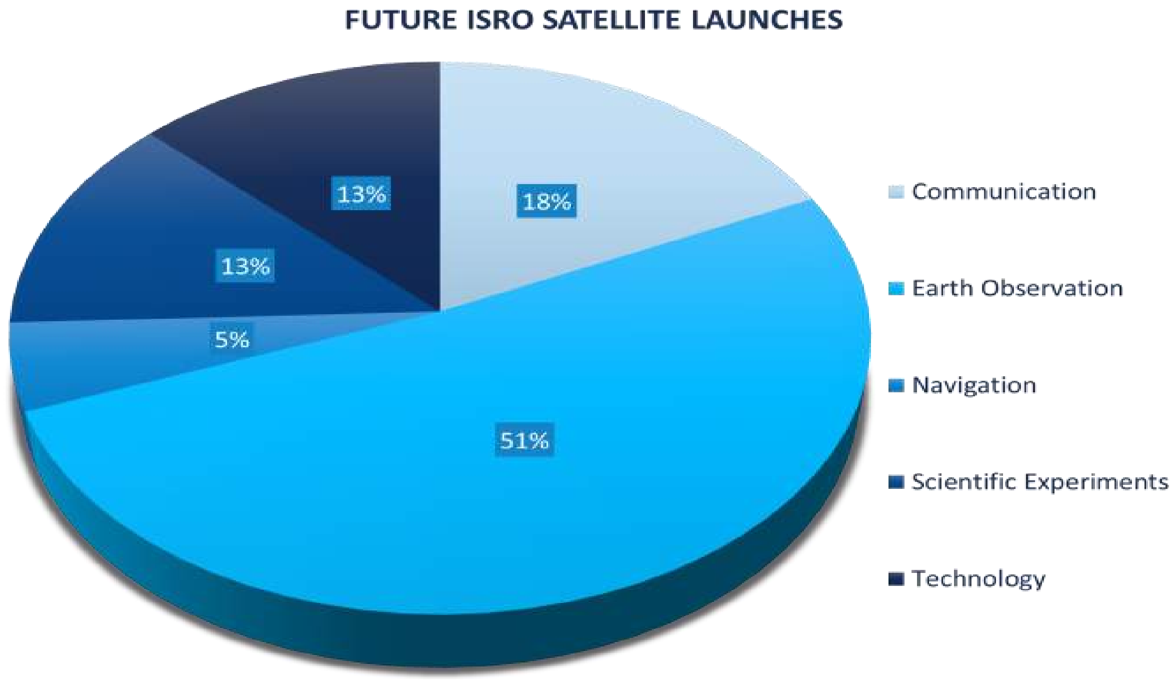
The entry of small-satellite operators in the EO space has given way to multiple sources of relatively cheap satellite imagery products and services. This access to cheaper satellite imagery products has enabled downstream participants to enter the geospatial value-added services market. The demand for actionable intelligence across markets is on the rise, especially those spanning wide geographies and highly variable anomalies. Civil government customers in the maritime surveillance market are increasingly demanding access to knowledge of non-cooperative vessels in open waters. Similarly, commercial and military customers are targeting vessels in remote oceanic areas. The downstream services market is observing the emergence of integrated platforms that combine multiple datasets from diverse sources to provide enhanced actionable imagery-based intelligence to government and commercial customers.

The integrated platforms integrate data from multiple sources with other voluntary and involuntary geospatial data to provide near-real-time domain awareness to diverse customer groups. These domain awareness solutions rely on frequently updated imagery data, which can be delivered by small-satellite-based EO missions. Between 2015 and H1 2021, 918EO satellites were launched. This indicates that satellites supporting commercial business models are growing in number, which translates to growing demand for imaging satellite systems and components as the small satellites will require replacements in a recurring format.

Space Surveillance and Optics

The LEO-based EO missions are driving the demand for EO satellites. The demand for miniaturized EO sensor payloads is also on the rise, owing to small-satellite formats. EO sensor payload specialists are developing multiple versions of small-scale payloads for satellite manufacturers and operators who are looking for smaller, lighter, and more powerful EO payloads to be integrated into their choice of small-satellite platforms.

Imaging payload components such as lenses, mirrors, opto-mechanical assemblies, and reflectors will be required in significantly large volumes during 2021–2030, as multiple EO missions will be flying many small satellites. While the initial installation phases will cover a large volume of such small satellites, their replacement phases will converge in 2025-2028, after which a similar demand will recur. This indicates that subsystem and component manufacturers will have to increase their production capacity to be able to supply against such rising demand. Establishing fitments with standardized small-satellite platforms will remain a critical variable in determining who will secure the contracts. Establishing working relationships with relevant satellite operators and manufacturing specialists is imperative for space imaging subsystem and component suppliers. Set out below, are ISRO's planned missions which indicate the dominance of EO missions.



(Source: Frost & Sullivan)

With 51% of the ISRO's planned missions covering EO objectives, the spending on satellite manufacturing is going to cover diverse space imaging capabilities, creating opportunities for imaging payload systems and component manufacturers. This also indicates the persisting remote sensing requirements where ISRO is planning for further imaging missions despite conducting similar missions in the past. Space market participants in the EO domain will have more revenue opportunities arising as a consequence of this trend in the planned missions.

Spaceports

To address the dearth of suitable launch infrastructure, government agencies are collaborating with private participants to establish spaceport-based business models. The new launch infrastructure will include both newly built and modernized (existing) spaceports that enable vertical and horizontal launch capabilities. When these new spaceports become operational, multiple launch services will become accessible to new and established satellite operators.

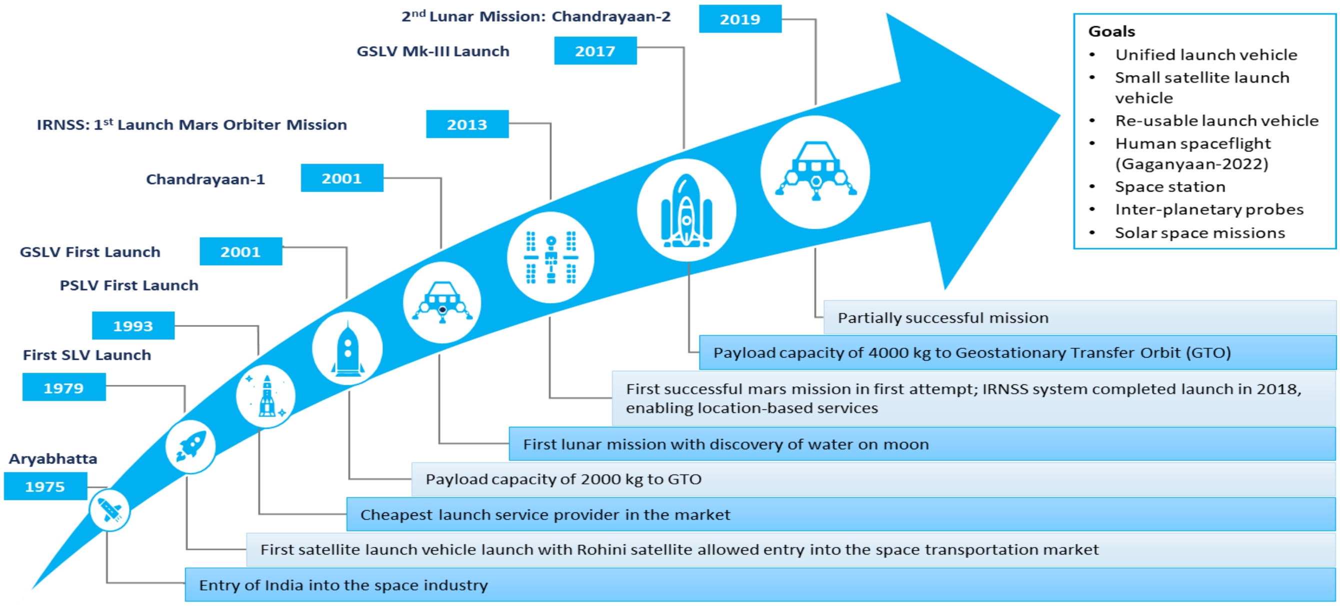
Remote Connectivity Services

OneWeb, Starlink, and Kuiper Systems are notable examples of small-satellite mega constellations participants expected to deliver remote connectivity services globally. They are among a large number of LEO-based connectivity service providers who share a similar vision across application areas. There are multiple satellite operators aiming to realize relatively small constellations measuring in hundreds while utilizing smaller nano-satellites to support evolving capabilities across the Internet of Things (IoT)/Machine-to-Machine (M2M) markets.

These small-satellite-based connectivity service providers aim to enable new applications for new customer groups while establishing connectivity over remote locations outside the coverage area of the fiber-optic network. Downstream telecom operators will have more upstream capacity choices to enhance their portfolios, as they will remain critical in delivering a significant portion of the connectivity solutions.

Indian space industry

The India Space Program was initiated with the launch of the first satellite Aryabhatta in 1975. The Indian space industry has been driven and enabled by the national space agency, ISRO. Some of the key milestones for ISRO are as set out below, with Chandrayaan and Mangalyaan missions being the key missions highlighting the technical capabilities of ISRO.



(Source: Frost & Sullivan)

These missions have had trickledown effect in terms of technological capability building for its suppliers i.e. component and system manufacturers. Suppliers like the Company have established a strong foothold in the domestic space industry by being the supplier of Optics & Opto-Mechanical Assemblies for these space exploration missions.

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

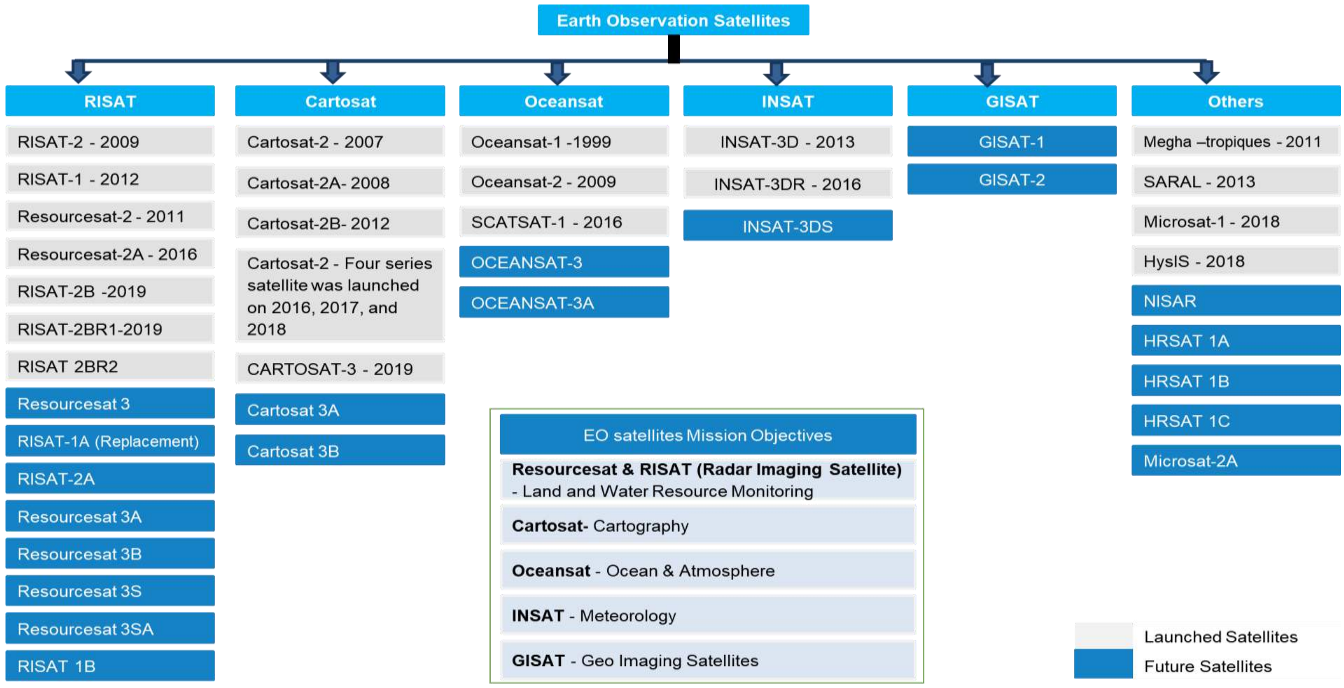
Recent missions

A profile of the ISRO missions for 2018 and beyond is set out below:

Satellite Missions	2018	2019	2020	2021-22
Earth Observation Satellites	2	4	1	17
Communication Satellites	4	1	2	4
Navigation Satellites	1	0	0	4
Space Exploration satellites	0	1	0	3
Technology Demonstrator	1	0	0	1
GAGANYAN	0	0	0	2
Total	8	6	3	31

(Source: ISRO)

The 2021-22 timeline is dominated by EO missions indicating a significantly larger portion of investment going towards space imaging systems. Further, set out below, is a detailed capture of the key planned EO missions by ISRO:

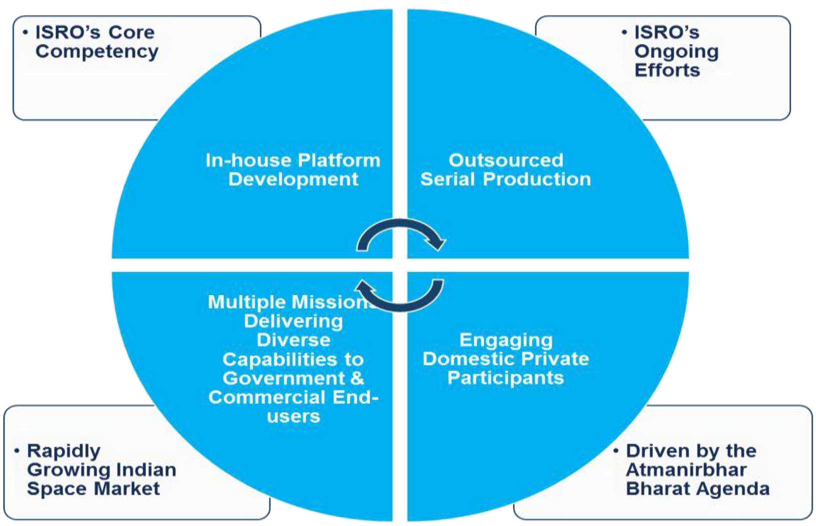


(Source: ISRO)

While SAR imaging satellites are higher in number, new missions are being planned across all existing EO programs. The planned launches point towards the possibility of increased investment across all remote sensing programs in new EO capabilities. This will create more opportunities for space imaging equipment suppliers in the space market. With the ongoing government focus on the Atmanirbhar Bharat initiative, the procurement programs are going to prioritize domestic market participants which will further create partnership opportunities with international participants who wish to enter the Indian space market.

Ongoing efforts of ISRO

ISRO is evolving its role in the Indian and global space market and within India, it is focusing more on platform development while increasingly engaging private participants for serial manufacturing. As set out below, ISRO's ongoing efforts aim to enable more private participation. Atmanirbhar Bharat initiative is expected to drive spending on domestically available capabilities, and the policy framework is also expected to enable suitable partnerships between Indian and global participants. With international participants entering the Indian market through suitable partnerships with Indian participants, the Indian space industry will get closely integrated with the global space value chains potentially creating export opportunities for the Indian market participants.



(Source: Frost & Sullivan)

ISRO Enabling Private Players: ISRO is enabling private participant including startups to enter the satellite market by evolving regulatory framework. This is expected to expand the Indian space ecosystem, and companies like the Company will be a direct beneficiary of the same. Such developments are expected to drive further collaborations between Indian participants and international investors, resulting in new missions, products, and services. ISRO's efforts in this direction will also create opportunities for international participants to establish a strong presence in India through partnerships with domestic participants, and positively affect the business of supply chain participants.

Space Telescope Observatory Mission: Astrosat is the first space telescope mission in India. The X-ray polarimetry satellite (XPoSat) is the country's second space science mission and is expected to be launched in 2021 using a PSLV rocket. The objective of the mission is to study the polarization of cosmic X-rays, with the Raman Research Institute and ISRO as operators. This is not a commercial recurring mission, but an imaging mission that utilizes space imaging equipment. The mission is also an example of opportunities created through industry collaborations.

Deep Space Missions to Moon, Venus, Mars and The Sun: Shukrayaan-1 is a deep space mission to study the surface and atmosphere of Venus. This mission is expected to be launched in 2025 (with payload mass as 100 kg). Mangalyaan-2 is the second Mars orbiter mission, which is expected to be launched in 2024 (with payload mass as 100 kg). Chandrayaan-3, the third lunar exploration mission, has been postponed due to COVID-19 and is scheduled to be launched in 2022. Shukrayaan-1 is a remote-sensing mission and Mangalyaan-2 involving an orbiter that indicates suitable imaging capability inclusion. Deep space missions led by ISRO create opportunities for imaging solution suppliers, as the missions are exploratory in nature.

SAR Satellite Mission in Collaboration with NASA: The NISAR mission is expected to cost $ 143.11 million, with ISRO and NASA as working partners. Planned for a 2023 launch, the EO satellite's mission is to understand the impacts of climate change and natural hazards. The high-value mission indicates significant collaborative investments in space imaging capabilities. Participating in such programs will help suppliers establish presence on a global level.

Other Experimental Missions: The Aditya-L1 mission aims to study the sun and its surrounding atmosphere. The mission got delayed due to COVID-19 and is expected to launch in January, 2022. This is a small-satellite LEO mission designed with multiple payloads. The mission provides an opportunity for institutions to participate in space-based observatory missions.

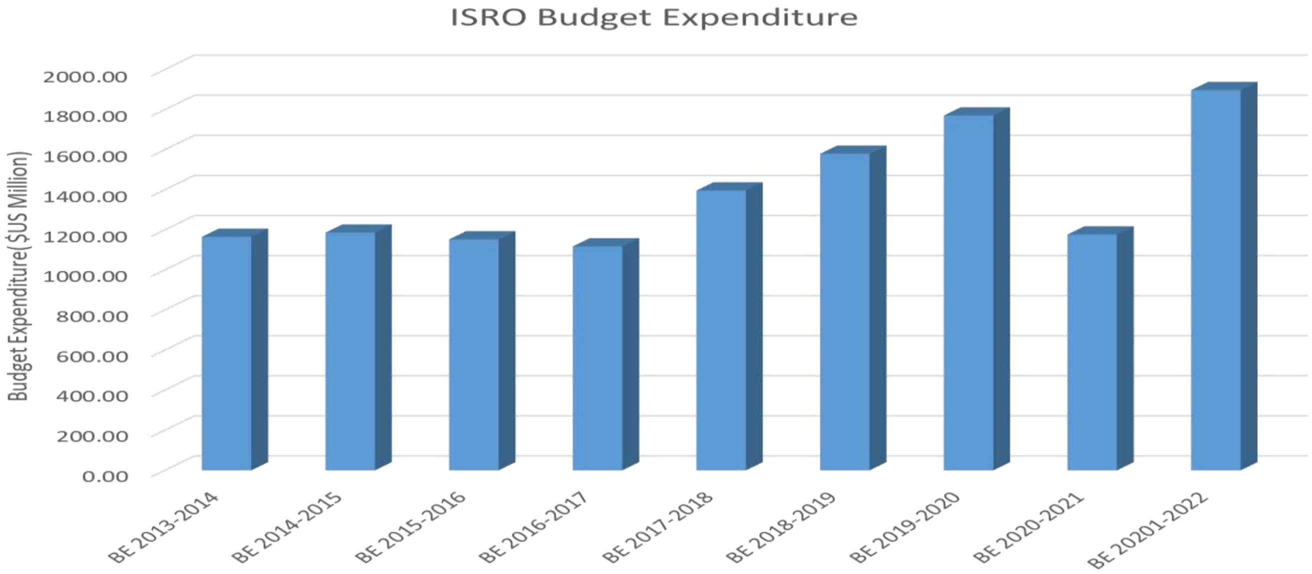
Development of New Launch Facility and Launch Vehicle: ISRO is developing a second spaceport at Kulasekharapatnam (Thoothukudi district), Tamil Nadu. The spaceport will be used to launch SSLVs, enabling multiple launches and creating launch opportunities for satellite operators which, in turn, will create revenue opportunities for ISRO's dedicated launch service. The additional launch capacity will bring more commercial satellite operators to the Indian market, helping expand the Indian market's footprint.

ISRO is also developing the SSLV in addition to the existing PSLV to cater to the evolving needs of the satellite launch industry. The Company has proactively invested in manufacturing seamless flow form tubes which are used in propellant systems. The reliability of such systems as compared to the current process of welding multiple sheets would give the Company a competitive edge in future tenders.

ISRO's New Approach to Satellite Manufacturing: ISRO is collaborating with public sector companies in manufacturing multi-junction solar cells for space applications. ISRO's efforts point to a linear strategy of engaging external agencies for serial production to remain active as a platform developer and primary operator for future missions and research programs. The organization is also aspiring to achieve multiple objectives across diverse programs, driving greater dependence on external agencies for manufacturing support. Further, ISRO has engaged with other market players, to assemble 27 satellites. The order includes small and medium-sized satellites, and the program is a first-of-its-kind engagement of private participants where ISRO is completely outsourcing the serial manufacturing of full satellites. This venture marks the beginning of ISRO's new approach to space missions to speed up progress across programs and re-establish its role as a primary operator and platform developer in the Indian and global space markets. Such efforts also create opportunities for domestic space market participants, complemented by government initiatives to source locally, being the Atmanirbhar Bharat initiative.

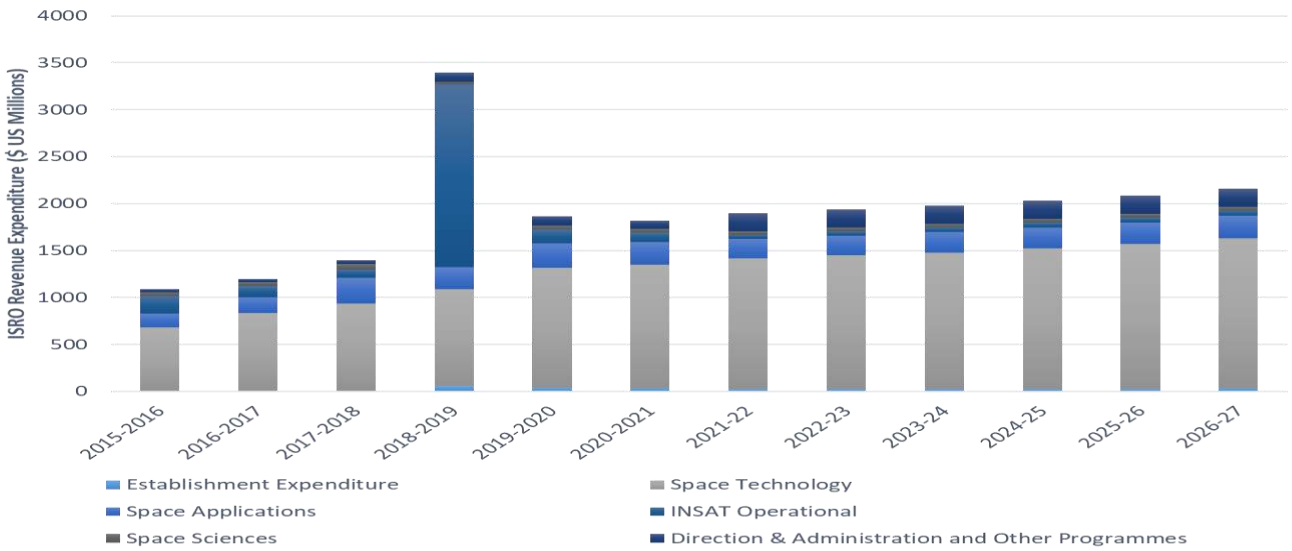
Expenditure in the Space Industry in India and Forecasts

ISRO's budget has been steadily increasing as seen below, with a focus on human spaceflight and space exploration missions and increase in the number of planned missions, majority of which include EOs. This represents an increase in existing opportunity for the Company, which as a supplier to ISRO, has been a part of most of the EO and space exploration missions since 2018.



(Source: ISRO)

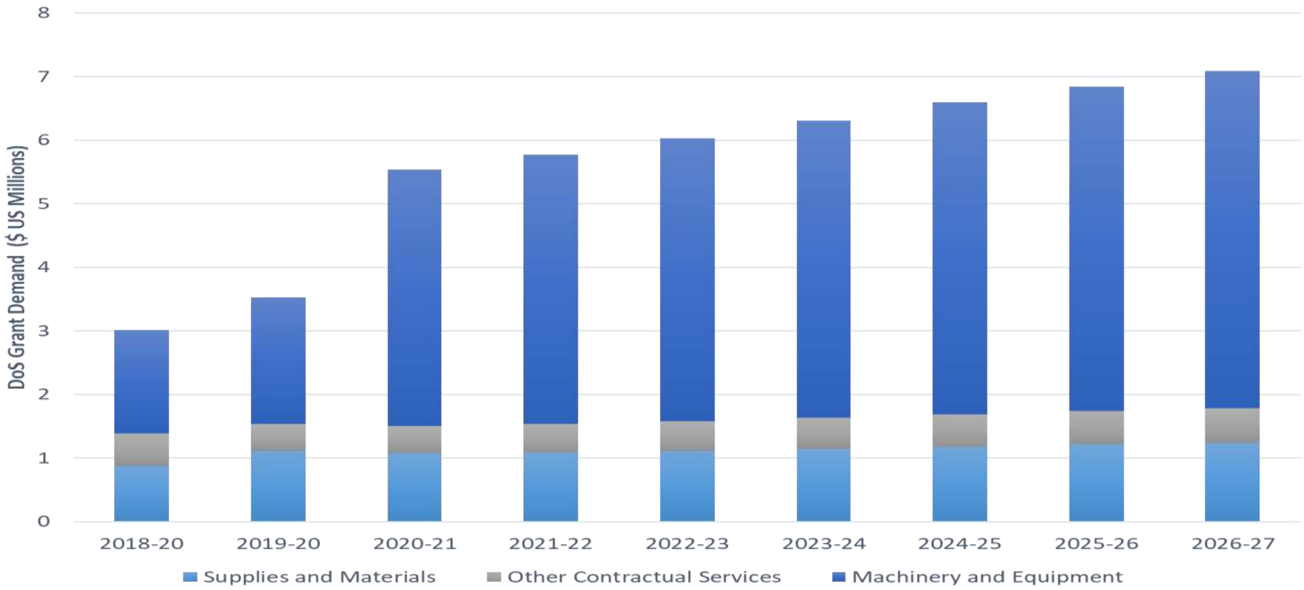
ISRO's revenue expenditure as set out below has been increasing since 2015-16 from $ 1086.11 million to $ 1865.82 million 2020-2021 and is forecasted to grow to $ 2160.61 million in 2026-2027. ISRO's establishment expenditure is increasing due to the incorporation of NSIL and Indian National Space Promotion and Authorisation Centre ("**IN-SPACE**"). Since 2018, ISRO has been allocating the establishment expenditure to support the incorporation and operations of the new commercial arms (NSIL/IN-SPACE) and this cumulatively amounts to $ 132.09 million as of 2020. This additional funding to create and enable new commercial arms indicates the government's agenda to drive further the ongoing the ISRO's effort in engaging the private participants, both domestic and international. This will create new opportunities for India private space participants as ISRO's commercialization efforts grow via the newly created entities. Space applications expenditure will see constant growth until 2027, as will space sciences and space applications, with increasing focus on these missions. A similar increase can be observed in the case of space technology from $ 675.19 million to $ 1600.82 million. This expected rise is due to increase in contract manufacturing, with increased serial production capability of satellites and launch vehicles.



(Source: ISRO)

Another parameter to consider is the grant to laboratory for Electro-optics Systems ("**LEOS**") as set out below, which designs, develops, and produces electro-optic sensors and optics for spacecraft use. Increase in machinery and equipment expenses indicates an increase in procurement, which is directly linked to the development of active pixel sensor star tracker, Charge Coupled Device ("**CCD**")-based star tracker, fiber optics gyro, optical inter-satellite link, high-resolution camera optics, optical coatings, and micro-electro-mechanical systems ("**MEMS**") (such as magnetometer and accelerometer) by LEOS. The increase in expenditure for contractual services indicates increased opportunities for domestic participants such as the Company to cater to the demand for optical instruments.

COVID-19 has catalyzed the spiked participation of private participants within the local space industry ecosystem, as recent policy changes allowed them a level-playing field. The changes also allowed for the participation of private participants in technology development for space exploration, Gaganyaan, and deep space missions, highlighting the changing role of ISRO toward being an enabler for the growth of the private space ecosystem.



(Source: ISRO)

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

<u>*Forecasts*</u>

ISRO's spending pattern is evolving, with recent developments involving external agencies to conduct multiple programs and missions simultaneously. The recently announced Atmanirbhar Bharat initiative will have a distinct focus on domestic participants. As per Frost & Sullivan, the Geo Imaging Satellite ("**GISAT**") program had requested a total of ₹ 942.70 million in capital expenditure for 2018–2021. This is in addition to ₹ 24.53 million for machinery and equipment and ₹ 33.36 million for contractual services for the same time period. The GISAT mission is focused on multi-spectral and hyper-spectral imaging capabilities comprising 2 satellites (as of 2021). Ongoing efforts will result in spending on space imaging capabilities, which will create opportunities for domestic participants specializing in space imaging systems and components. The 'Atmanirbhar Bharat' Agenda will drive procurement efforts to prioritize Indian participants over international ones. The latter will remain eligible for opportunities if they have partnership deals with the former.

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

Regulatory framework and Policies

<u>*Recent space policy and other developments*</u>

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

SATCOM Policy

The SATCOM policy prioritizes the utilization of Indian satellites over international ones. Further, proposals prioritizing the utilization of Indian satellite capacity will be preferred to others and the use of foreign satellites over Indian territory is allowed on a case-to-case basis. Relevant user sectors include telecommunications, broadcasting, education and developmental communications and security communications for the MoD. Further, the INSAT Coordination Committee ("**ICC**") earmarks the capacity to be utilized by non-governmental users who are authorized to deliver telecommunication services, including broadcasting. Private participants who lease satellite capacity from the ICC have to get necessary licenses before offering services in their relevant territories. Transponder allocations across sectors are also controlled by the ICC. All commercial activities dealing with INSAT capacity will be controlled the Department of Space ("**DoS**") or INSAT. Allocation of capacities for telecommunication operations will be controlled by the Department of Telecommunications under the supervision of the ICC.

The prioritization of Indian satellites indicates the protective nature of the policy for domestic participants. However, it does not present a fair competitive landscape for international participants. The policy states that Indian satellite capacity will be given priority. Local telecom operators will have to choose the capacity of domestic satellites if the requirements are adequately met for easy approval. The satellite capacity is centrally allocated by an organization, which limits the flexibility of both the satellite service provider and the customer. The policy does not provide the parameters for prioritization within Indian satellites. Communication satellites are launched and operated by ISRO. The policy needs to state how capacity is allocated for a local participant with communication satellites in orbit. The policy does not define whether local satellite operators need to sell capacity through an organization or directly to the customer, revealing a gap in the policy framework. International participants have to sell capacity through the commercial arm of ISRO, NSIL. Accordingly, the costs would be under the purview of one organization. LEO operators, whose pricing can be lower than that of the local satellite capacity, cannot be utilized by the telecom operator, due to the aspect of prioritization.

Remote Sensing Policy

The Government has adopted a comprehensive Remote Sensing Data Policy ("**RSDP**") for the acquisition and distribution of remote sensing satellite data, from Indian and foreign satellites, for the civilian users in India. The policy comprehensively covers guidelines for satellite data acquisition and distribution in the country and for licensing the Indian Remote Sensing ("**IRS**") capacities to other countries. DoS is the nodal agency for implementing this policy. Under the RSDP, the government is the sole owner of all the imaging data captured by the IRS satellite. Only licensed users are authorized to access the IRS imagery data and the government can revoke or revise the access granted at any time.

The requirement of government permission for data acquisition and distribution of satellite data from both Indian and foreign participants implies that real-time data acquisition is not possible. This limits the scope of development of solutions for situational awareness, as near-real-time data is crucial for downstream service providers.

Recent Space Policy announcements

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

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

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

- Space exploration and outer space travel projects will be open for private participants. Involvement of private participants in space exploration missions will provide the necessary base for building their technological know-how, and ISRO can leverage this expertise and R&D from existing capabilities across the industry.

- Geospatial data policy and SATCOM will be revised to provide industry-specific solutions to enable the inclusion of private space participants. A new navigation policy will also be set up. Accordingly, such policy revisions for geospatial data and SATCOM will allow for increased participation from private participants and, hence, the development of near-real-time solutions by these stakeholders, based on specific industry requirements.

- Space Activities Bill will define space activities, liabilities, and other related aspects and will create a regulatory environment and clear guidelines for permits.

Indian space industry players

<u>Global Demand for Indian Space Players</u>

The Indian market has always been dominated by the activities of ISRO historically and accordingly interaction with the global market was through ISRO. ISRO has well established international partnerships which will prove beneficial to the private players by associating with the organization. In-order to cater to global demand, domestic players will be required to spread awareness of their existing capabilities internationally, in addition to expanding their roles from tier-II/III suppliers. Further, establishing the complete value chain domestically will attract the international players to increase their supplier base to include industry participants from India.

Domestic commercial players are entering into partnerships and establishing offices internationally to enter the global competitive landscape. Increase in demand for launch services and serial production of launch vehicle manufacturing will allow Indian space participants to uniquely position themselves globally by operating through multiple spaceports across geographies. However, there are few members who are recently established and can deliver end-to-end systems. This creates a bottleneck for the expansion of the industry to a global supply chain, especially from an export perspective. Further, skilled resources required for role expansion are scarce and require investment in resource training along with time, which can prove to be competitive disadvantage when competing in the global industry.

India is a successful country to have developed launch vehicle capability, launching multiple satellites for downstream services and interplanetary missions. Further, India has a large base of small and medium-sized enterprises ("**SMEs**") catering to the space agency-driven model. The revised approach of ISRO working alongside private participants will enable the latter to design, develop, and deliver end-to-end systems. SMEs should be able to leverage the success of cost-effective missions such as Chandrayaan and Mangalyaan to translate into technical capabilities for the production of products and services in the international market. Accordingly, cluster development will be key for customer diversification and integration of SMEs in the global supply chain. Further, the trickling down of technological know-how from ISRO to private participants will lead to the emergence of innovative models for products and services. Furthermore, private industry participants can leverage ISRO's existing international partnerships to learn to work with new standards.

Additionally, international participants can consolidate their supply chains and solve single-vendor problems by leveraging the existing capabilities of SMEs. Participants can leverage the existing market conditions (such as low-cost resources and engineering services) for low-cost IP creation. This can be achieved through partnerships with existing participants (such as joint ventures mergers, and acquisitions). Long-term growth strategy can be geographic expansion to India to address the price competition within the industry, with emerging low-cost alternatives by NewSpace start-ups.

<u>Domestic demand for Indian space players</u>

ISRO has been involved in technology transfer such as computerized systems, electro-optical systems, and ground-based technology for satellite systems since 1980s to private industries and state-owned enterprises. Initial engagement of these private establishments was limited to component or system-level manufacturing. However, with the capability advancement of the private firms and time constraints, ISRO has outsourced the development of 2 complete navigation satellites to a consortium of companies led by Alpha Design Technologies Private Limited. In addition, ISRO will be outsourcing satellite manufacturing for serial production through contract manufacturing. This will increase the opportunity of subsystem manufacturers to be system integrators and component manufacturers to expand their role to subsystem manufacturers. In-line with this trend, the Company is working to expand its role to complete subsystem manufacturer from being a component manufacturer i.e. complete EO payload manufacturing from being a supplier for gratings, lenses and supporting structural components. The Company has also partnered with ISISpace for manufacturing cubesats in India. Since cubesats represent a significant portion of the small-satellite market, a presence in cubesat manufacturing indicates that the Company is not only integrated with the traditional space market but also the NewSpace market.

ISRO will also outsource the production of PSLVs and SSLVs through the Government Owned Company Operated (GOCO) model. Technology transfer will be done by ISRO's commercial arm NSIL. This will increase the opportunities for launch vehicle component manufacturers, system manufacturers, and system integrators within the country. This will also open the scope for international manufacturers to set up facilities in India.

There has been a drastic shift from the space industry driven by ISRO to preparing a level playing ground for the private players in the industry with NSIL acting as a technology transfer organization, and InSpace being a nodal agency for these players to access ISRO facilities and obtain permits/ licenses for operations. COVID-19 situation and the Atmanirbhar Bharat initiative has been a key driver for this shift. The Indian government has relaxed tax policy for domestic satellite operators if they opt for domestic launch services. This is one of the key steps taken by the government to promote growth of domestic space ecosystem. With recent announcements of space policy change, framework is being built to attract international players to set up facilities in India.

Increased reliance on the geospatial services by multiple industries due to reduction in satellite imagery cost and high accuracy has in-turn attracted multiple satellite operators and manufacturers in the industry to launch satellite constellations. This in-turn trickles as demand for the component manufacturers like the Company for their optical imaging systems and diffractive gratings used in hyperspectral imaging systems. Hyperspectral cameras are used as part of payload system increasingly on EO satellites. Diffractive gratings are essential elements of hyperspectral cameras and the Company is the sole Indian supplier of diffractive gratings with surface roughness up to <5nm along with infrared lenses for near, middle and far-infrared range. In addition, the Company has built capability in opto-mechanical assemblies for space and defence applications (precision optics assembled with precision mechanics to form an array of optical lenses).

Global increase in demand for satellite manufacturing due to increase in number of planned LEO constellations with decrease in cost of satellite manufacturing has domestically increased the commercial opportunities for domestic players. New entrants are taking up the role of complete satellite manufacturers, contract manufacturers for serial production. This has increased the opportunity for both system and component manufacturers. Thus, existing system and component manufacturers and system manufacturers need to build their serial production capability to cater to this demand. In addition, the domestic industry participants can partner with international stakeholders leveraging their existing technical and manufacturing capabilities and ability to offer products at lower unit cost. In addition, domestic private participants are planning satellite constellations which will further increase demand in the industry. For example, domestic participants such as Pixxel are launching EO constellations. More participants will enter the market to address the demand, and internal reliance on these participants will increase (due to the Atmanirbhar Bharat initiative) if they meet the quality requirements. Domestic commercial participants are already responding to the demand from mega constellations. The consequence will be an increase in launch services demand, requiring launch service providers to operate across multiple spaceports

The launch services market has new private participants such as Agnikul Cosmos, Skyroot Aerospace, and Bellatrix, developing their own launch vehicles. With the surge in launch demand for small satellites, these participants have an opportunity to address the global demand and expand. COVID-19 has been a catalyst for these participants in terms of partnerships with international participants. For instance, Agnikul Cosmos partnered with Alaska Aerospace for flight testing and launches from a pacific launch complex. Private space participants are closer to realizing successful test launches. For example, Skyroot Aerospace successfully tested its 3D-printed cryogenic engine. As per recent announcements, such participants will be able to access existing launch facilities or build a launch facility of their own.

Future Outlook for Domestic Players

Domestic commercial participants are agile in their approach by addressing the emerging market demand. Once the National Space Policy and the Space Activities Bill are passed, a regulatory framework will be established for operation within the Indian space market. This will attract new participants, increasing local competition. However, the companies with an established launch history will have a competitive edge. With multiple international players willing to enter Indian market and open to partnerships, the domestic space private space ecosystem will flourish in medium-term.

OUR BUSINESS

We have included various operational and financial performance indicators in this Prospectus, some of which may not be derived from our Restated Financial Information or otherwise subjected to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Prospectus. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

The following discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" beginning on page 19 and elsewhere in this Prospectus. See "Forward-Looking Statements" on page 15.

*The industry-related information contained in this section is derived from the Defence and Space Market Analysis Report prepared by Frost & Sullivan ("**F&S Report**") who was appointed on July 16, 2021, commissioned and paid for by our Company in connection with the Offer. We commissioned the F&S Report for the purposes of confirming our understanding of the industry in connection with the Offer.*

Overview

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

We have five principal categories of product offerings: defence and space optics, defence electronics, EMP protection, heavy engineering for defence and niche technologies. Our defence and space optics operations include manufacturing high precision optics for defence and space applications such as thermal imaging and space imaging systems. We are one of the leading providers of optics for various Indian defence and space programmes, and the only Indian company with the design capability for space-optics and opto-mechanical assemblies *(Source: F&S Report).* Our defence electronics operations include providing a wide array of high performance computing and electronic systems for defence applications, including sub systems for border defence, missiles, tanks and naval applications. We believe that our domain expertise in electronics for defence applications has allowed us to contribute to some of the most prestigious defence programmes of the country. Our EMP protection solutions include designing, developing, manufacturing and commissioning various solutions for EMP Protection. We have the ability to undertake and deliver customized turnkey projects in the defence segment, especially in the defence electronics and EMP protection segments *(Source: F&S Report)*. We are one of the few companies with specialized technology capabilities such as manufacturing EMP protection and our Company is expected to be an integral stakeholder in a majority of future sourcing of defence and space optics and EMP protection solutions *(Source: F&S Report).* Further, our heavy engineering for defence operations involves providing heavy engineering products and solutions, such as components for rockets and missiles along with providing mechanical manufacturing support to other verticals of our business. We specialise in high end manufacturing for defence and space applications and have been providing our customers with customised and exclusive mechanical products since our inception. Under our niche technologies division, we have identified and partnered with some of the leading technology companies around the world in order to indigenise advanced technologies in the defence and space sectors for catering to the Indian market. This also affords us an opportunity to serve as manufacturing partner for global requirements of such overseas technology companies.

We have two manufacturing facilities in Maharashtra, located at Nerul in Navi Mumbai and Ambernath in Thane. Our Nerul facility is an advanced nano technology machining centre for producing high quality optics and ultra-precision components and is engaged in manufacturing of Optics, Design, Development, Manufacturing and Integration of Electronics and EMP protection products and solutions. Our Ambernath facility is engaged in manufacturing of heavy engineering products such as flow-formed motor tubes, vacuum brazed cold plates, titanium structures and assemblies, large and heavy dynamic structures with built-in automation for strategic applications, indigenously designed and manufactured flow-forming machines and mechanical racks, cabinets and consoles for various defence applications. Our manufacturing facilities at Nerul and Ambernath have been accredited with quality management system certificate for compliance with ISO 9001:2015 requirements while our Nerul Facility has been accredited with AS9100D certification. We are also in the process of expanding our manufacturing facility located at Nerul in Navi Mumbai, Maharashtra.

Head office and manufacturing unit at Nerul, Navi Mumbai

Manufacturing unit at Ambernath, Thane

We have diversified our products and solutions mainly due to our research and development ("**R&D**") and technological capabilities. Our R&D capabilities include product design, product engineering, product simulation, prototyping and testing. Our R&D activities are mainly undertaken at our centres at Nerul in Navi Mumbai, Maharashtra and Bengaluru, Karnataka. Our R&D centre at Nerul is recognised by and registered with DSIR. Our research activities are focused on creating new products and solutions which are customised to meet customer expectations and end-user preferences and also improving our production processes and improving the quality of our existing products. With our R&D capabilities, we are currently developing several new products and solutions, such as hyper spectral space camera, ARINC-818 based avionic display, naval periscopes and optical solar reflectors. We believe that our focus on R&D distinguishes us as one of the leading IDDM category company in the Indian defence industry. Recently, the MoD has announced the Defence Acquisition Procedure, which focuses on significantly boosting indigenous production and turning India into a global manufacturing hub of weapons and military platforms. This is expected to provide a boost to indigenous defence companies such as ours and we believe that with the expertise and technological know-how that we have, we are poised to take advantage of the expected growth in India's defence industry.

We derive most of our revenues under the contracts from the Government arms and associated entities such as defence public sector undertakings and government organizations involved in space research. Our customer base includes Government arms and notable Indian public and private sector companies including Bharat Electronics Limited (BEL), Hindustan Aeronautics

Limited (HAL), Bharat Dynamics Limited (BDL), Hindustan Shipyard Limited (HSL), Electronic Corporation of India Limited (ECIL), Tata Consultancy Services Limited (TCS), Solar Industries India Limited, Alpha Design Technologies Private Limited and Astra-Rafael Comsys Private Limited. Our foreign customers include Advanced Mechanical and Optical Systems (AMOS), Belgium, Tae Young Optics Company Limited (South Korea), and Green Optics (South Korea) etc.

The percentage-wise revenue derived from our abovementioned customers for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019 is as follows:

Customer Name	Revenue (%) in		
	Fiscal 2021	Fiscal 2020	Fiscal 2019
Bharat Electronics Limited (BEL)	16.09	15.48	18.18
Hindustan Aeronautics Limited (HAL)	0.15	0.04	0.13
Bharat Dynamics Limited (BDL)	0.34	-	0.14
Hindustan Shipyard Limited (HSL)	-	0.06	0.31
Electronic Corporation of India Limited (ECIL)	0.01	1.79	4.15
Tata Consultancy Services Limited (TCS)	0.05	1.97	0.02
Economic Explosives Limited	1.02	1.05	1.18
Alpha Design Technologies Private Limited	-	0.30	0.31
Astra-Rafael Comsys Private Limited	0.19	0.24	-
Advanced Mechanical and Optical Systems S.A.(AMOS)	-	0.28	0.78
Tae Young Optics Co Ltd	-	-	0.35
Green Optics Co. Ltd.	1.45	10.48	-

Further, we partner with international players such as Holland Shielding Systems BV Netherlands, HPS, Gmbh and Invent, Gmbh to provide our customers in India with products and technologies for defence and space applications. We have been and are currently associated with some of the critical projects in India and abroad.

Our current order book as of June 30, 2021 is ₹3,049.92 million. Our consolidated total income was ₹1,446.07 million, ₹1,490.51 million and ₹1,571.69 million for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively. Our consolidated profit after tax was ₹157.86 million, ₹196.57 million and ₹189.70 million for the fiscal years ended March 31, 2021, March 31, 2020 and March 2019, respectively.

Our Strengths

We attribute our growth and continuing success to the following competitive strengths:

We offer a wide range of products and solutions for both defence and space applications

We offer a wide range of products and solutions for defence as well as space applications. As of June 30, 2021 we have a range of 34 different categories of products and solutions, with multiple variations in each category. For details of our products and solutions portfolio, see "- *Our Products*" on page 122. We believe that offering high-quality products and operational execution focused on continual improvement supports our ability to offer a wide range of products and solutions.

We are a leading IDDM category private sector company in India which caters to four major segments of Indian defence sector i.e. defence optics, defence electronics, EMP protection solution and heavy engineering offering one-stop solution to all our customers. Most other companies specialise only in one or two segments (*Source: F&S report*). We also have the capabilities across C4ISR segment (*Source: F&S report*). The outlays by the Indian Government on the aforementioned four segments is expected to increase from approximately US$ 3.21 billion in 2021 to over US$ 14.5 billion by 2031 due to extensive fleet re-capitalisation, C4ISR orientation and greater indigenous supply preferences. The cumulative market in the same time frame is expected to be approximately US$ 99.4 billion *(Source: F&S Report).* In the space sector, we have established heritage in the earth observation domain by supporting government organizations involved in space research across multiple missions *(Source: F&S Report).* We are also the sole Indian supplier of diffraction gratings used in hyper-spectral imagers, large size optics *(Source: F&S report*). Further, as a supplier to government organizations involved in space research, our Company has been a part of most of the earth observation and space exploration missions since 2018 *(Source F&S Report).* Our involvement in various space exploration missions, has helped us develop a strong foothold in the Indian space industry by being the supplier of optics and opto-mechanical assemblies for these space exploration missions *(Source: F&S Report).* Our R&D and technological capabilities have helped us in diversifying our products and solutions. Our collaboration with certain reputed overseas technology companies enables us to further expand our products and solutions portfolio. For instance, our Company has entered into teaming agreements with various German technology companies for unfurlable and deployable antenna, subsystems and for services of parts, subassembly or assembly made out of carbon fiber reinforced polymers ("**CFRP**") for space applications (*Source: F&S Report*).

Our wide range of products and solutions catering to specific customer needs enable us to successfully service core strategic sectors in India such as defence and space in India. This allows our customers to source most of their requirements from a single vendor and enables us to expand our business from our existing customers base, as well as address a larger base of potential customers. Our ability to provide end-to-end solutions to our customers ranging from designing, developing, manufacturing and testing increases our capability to meet specific and exclusive requirements of our customers. Apart from the above, our Company's horizontal integration makes us well positioned to undertake turnkey projects in the defence sector while also being capable of supporting major tier 1 Indian defence suppliers. As one of the few companies with specialized technology capabilities such as EMP protection solutions, we are likely to be an integral stakeholder in a majority of future programmes involving local sourcing of defense and space optics and EMP protection solutions *(Source: F&S Report).* We believe that our capability in four major segments of the Indian defence sector, makes us desirable partners for foreign original equipment manufacturers which are looking for collaboration in India.

Apart from the above, our diverse products and solutions portfolio enables us to distribute our revenue across various verticals instead of excessive dependence on a particular product, vertical or customer.

We are one of the few players in high precision optics manufacturing for space and defence application in India

We are one of the few manufacturers in India with a comprehensive in-house capabilities of designing, developing and manufacturing optics for space and defence application in India. Our manufacturing facility in Nerul, Navi Mumbai has uniquely positioned us to cater to the demand for optics for space and defence application. It houses equipment and machinery, *inter alia,* for nano technology, machining, grinding, polishing and turning coupled with a robust testing set up for measuring the performance parameters of the optical components. Our in-house facilities include single point diamond turning machines, grinding and polishing machines for precision optics and large size space optics, optical thin film coatings with fully equipped metrology with contact and non-contact measurements. We have uniquely positioned ourselves to cater to demand from Government space organisation for optics in earth observation and space exploration missions. (*Source: F&S Report*) With strong experience in working with Government space organizations on critical space missions and being the sole Indian supplier of diffractive gratings used in hyper-spectral imagers and infrared lenses, we have established ourselves well in the Indian space market. (*Source: F&S Report*) We also specialise in large-sized optical mirror and are the only Indian company with the design capabilities for space-optics and opto-mechanical assemblies. (*Source: F&S Report*) This positions us as one of the key participant of value for all exploratory and observatory missions involving large space telescopes. (*Source: F&S Report)*

Strong R&D capabilities with a focus on innovation

We place strong emphasis on R&D which has helped us develop a wide range of products and solutions in the defence and space sector. We have invested in precision manufacturing infrastructure and human resource in our dedicated R&D centres located at Nerul in Navi Mumbai, Maharashtra, and Bengaluru, Karnataka. Our R&D centre at Nerul is recognised by and registered with DSIR. As of June 30, 2021, we have employed 31 engineers and officers at our R&D centres. Our partnership with some of the leading and proven overseas technology companies around the world, also provides an added impetus to R&D.

We have had several significant achievements in R&D. For instance, we have successfully developed and delivered remotely controlled surveillance and defence systems recently which will enhance our defence capabilities.

We believe that through R&D , we have developed robust design and technological capabilities, which allow us to develop new and cutting-edge products and solutions, undertake process innovation and improve existing portfolio. It has also facilitated in developing technology for future requirements and building a product pipeline such as hyper-spectral space cameras, multi-spectral aerospace cameras, arinc-818 based display etc. It further helps us in expanding our role in core sectors of defence and space. As an example, we are in process of expanding our role in space sector from being a component manufacturer to complete subsystem manufacturer for a satellite *(Source: F&S Report).* We believe that our focus on R&D also distinguishes us as a leading IDDM category company in the Indian defence industry since most of our products and components are designed, developed and manufactured by us in India. We believe R&D will be a crucial strength in remaining competitive in the years to come.

We are well positioned to benefit from the Government's "Atmanirbhar Bharat" and "Make in India" initiatives

Our R&D centre at Nerul is recognised by and registered with DSIR and we fall within category of IDDM, the highest category in the priority of categorization under Defence Acquisition Procedure since most of our products and components are designed, developed and manufactured by us in India.

India is witnessing path-breaking reforms in the defence sector. Recently, the MoD has announced the Defence Acquisition Procedure which has come into effect from October 1, 2020. This procedure focuses on significantly boosting indigenous production and turning India into a global manufacturing hub of weapons and military platforms. This procedure has been aligned with the vision of the Government's Aatmanirbhar Bharat (self-reliant India) initiative and to empower Indian defence industry through 'Make in India' projects. We believe that this policy will provide a significant boost to indigenous manufacturing companies such as ours and that with our domain expertise, R&D and manufacturing capabilities, we are poised to take full benefit of the same. For instance, the Department of Military Affairs, MoD has prepared a list of 101 items for which there would be an embargo on the import ("**Import Embargo List**"), as set out in its press release dated August 9, 2020. Some of the products listed in the Import Embargo List such as EMP Racks, EMP filters used for protection of data and power lines within a rack / shelter / room against electro-magnetic pulse or interference are currently manufactured by us. This not only helps us increase our foothold as a supplier for products which are currently manufactured by us, but also gives an opportunity to expand our existing products portfolio by using R&D.

In line with the Atmanirbhar Bharat and Make in India initiatives of the Government, we collaborate with technology companies to boost indigenous manufacturing. For instance, we are the manufacturing partner for all our international associates including, Holland Shielding Systems B.V., Netherlands, Kley, France, HPS, Gmbh and Invent, Gmbh. Through this, we have successfully indigenised certain equipments such as EMP filters and military winch systems.

In addition, our enhanced capabilities and know-how have enabled us to develop a variety of products such as EMP racks, diffractive gratings, IR optics, command and control system etc. which are 100% indigenously developed and delivered to our customers.

Strong relationships with a diverse customer base

We have a diversified customer base which ranges from Government arms and government organizations involved in defence and space research, to various defence public sector undertakings such as Bharat Dynamics Limited, Bharat Electronics Limited and Hindustan Aeronautics Limited, to various private entities such as Tata Consultancy Services, Astra-Rafael Comsys Pvt. Ltd., Solar Industries India Limited, Alpha Design Technologies Private Limited, etc. We also service international customers including Advanced Mechanical and Optical Systems (AMOS), Belgium, Chaban (Israel), Tae Young Optics Company Limited (South Korea), and Green Optics (South Korea). We believe that our established heritage of experience in designing, developing and manufacturing components for diverse customers in defence and space sector, has enabled us to develop a deep understanding of the sectors and customers' requirement. Our partnership with overseas technology companies also enables us to serve as manufacturing partner for global customers of such companies.

A key focus of our business is on providing high quality products and solutions which are designed, developed and/or manufactured to meet the specific requirements of our customers at competitive pricing. We are committed to enhancing customer satisfaction by continually improving the effectiveness of our quality management system to drive organisational performance. For instance, in addition to the existing quality certificates, we have enhanced our quality systems at the Nerul facility to align them with AS9100D Aerospace Standards. We also aim to provide our customers with quality after-sales service by efficiently handling after -sales support requirements. By doing so, we believe that we are able to deepen our customer relationships to become their preferred suppliers. We are also continually innovating and working on offering value added and technologically advanced products and solutions to our customers. Partnering with our key customers to co-develop products and solutions strengthens our relationship with these customers. Going forward, we believe that there is likely to be an increase in demand for our products and solutions on account of the Government's Atmanirbhar Bharat and Make in India initiatives that is expected to increase defence production in India. We believe that our long-standing relationship with our customers and goodwill in the industry will help us to become their most preferred supplier in a likely event of exponential increase of demand. We have also increased our presence across multiple cities in India and in Singapore for marketing and better serve our customer throughout the project life cycle including after sale services.

We have an experienced management team

Our experienced management team is a major driving force behind the Company's sustained performance. All of our management team members are either with our Company for a long time or are industry veterans bringing in high level of domain expertise and extensive intra-industry relations. The management team is led by our Promoter, Sharad Virji Shah, who is also the Chairman of the Board has over 41 years of experience in the industry and Munjal Shah, our Managing Director, who has over 23 years of experience in the industry.

Further, our key management personnel possess extensive management skills, operating experience and industry knowledge and are able to formulate business strategies, take advantage of the market opportunities and also execute them in an effective manner. Our key management personnel are committed to our long-term growth and have shown their ability to steer us through different economic cycles. In addition to our key management team, we believe that our middle management team and our skilled work force comprising of a large number of engineers and skilled employees provide us with the depth of expertise and managerial skills required to manage our business. We believe that our qualified and experienced management team and technically skilled employee base have contributed to the growth of our operations and the development of in-house processes and competencies. Through cooperation with leading international companies, we believe that we have also assimilated international management practices and corporate governance standards in our operations. For details, see the section entitled "*Our Management*" beginning on page 152.

Our Business Strategy

Our business strategy emphasizes the following elements:

Expansion of our production capacity

We currently have two manufacturing facilities located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra. We are also in the preliminary stages of augmenting our manufacturing facility located at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra by expanding its production capacity and installing new equipment from the Net Proceeds and from internal accruals. We believe our investment in infrastructure will enable us to cater to the growing demand from our customers, enhance our space optics product portfolio and offer flow formed tubes for space applications, which in turn is expected to result in an increase in our profits and revenues. For further details, see " - *Our Facilities – Expansion of our facilities*", "*Objects of the Offer - Details of the Objects of the Fresh Issue – Purchase of* machinery and equipment" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Expansion of Production Capacity*" on pages 129, 76 and 231, respectively.

Strengthen our foothold in India's expanding market

In addition to benefiting from the overall growth that is expected in India's economy and defence and space sector, we believe we can strengthen our foothold in Indian market by continuing to focus on our competitive strengths and increase our market penetration. We believe we can expand our market share by focusing on increasing our products and solutions portfolio, enhancing our existing capabilities and indigenising advance foreign technologies. Recent initiatives of the Government i.e. "Atmanirbhar Bharat Abhiyan", the Defence Acquisition Procedure and "Make in India" reflects its focus on 'self-reliance' wherein indigenisation and innovation is enabled through processes of 'Make', 'Design and Development' and 'Strategic Partnership'. We believe that expanding our products and solutions portfolio by designing, developing and/or manufacturing new products and solutions will enable us to establish new customer bases. Apart from the above, we believe we can also capture an increased market share by expanding our presence across various cities in India, especially from the perspective of marketing and after sales services.

Continue to focus on R&D

We believe that our focus on R&D has been critical to the growth of our business and has improved our ability to cater to specific requirements of our customers. As a result, we are continuously investing in technology, equipment and skilled employees and using it to improve our customers' experience. We believe our focus on innovation and development will be crucial to remaining competitive. We believe that high-quality, innovative and technology-driven products and solutions will provide us with early-mover advantages and higher profit margins and will present us with opportunities to capture any shift in customer requirements. This will also enable us to become a preferred supplier of our customers, thus giving us the opportunity to consolidate our position with our customers and increase the share of their supply needs that we fulfil. As part of our efforts towards R&D, we have set-up two R&D centres at Nerul, Navi Mumbai in Maharashtra and Bengaluru, Karnataka employing 31 engineers and officers, to undertake research, develop and experiment new designs, technologies and equipment.

We are also constantly exploring opportunities to collaborate with leading overseas technology companies around the world, which, among other benefits, allow us to enhance R&D. We also intend to increase our product centric R&D by exploring opportunities in designing, engineering and/or manufacturing products such as multi and hyper spectral cameras for drones and space, UAVs, cubesats and anti-drone systems.

Diversify our products and solutions range, with focus on growth by expansion into opportunistic areas

In order to grow our business, we intend to further diversify our products and solutions portfolio through R&D and partnering with overseas technology companies with specialized technologies in the field of defence and space sector. We believe this will allow us to offer a wider range of products and solutions in response to our customers' needs and thereby strengthen our relationship with our customers across a range of product segment. Our Company has exclusively partnered with ISISpace for manufacturing cubesats in India *(Source: F&S Report).* This has allowed us to bring proven technologies in cubesats to India, under 'Make in India' guidelines and serve many applications which require a viable platform in space, such as earth observation, data relay, communication, image capture and processing for varied application, disaster management and agriculture. We have also partnered with other technology companies such as HPS, GmbH for Large Deployable Antennas for space, Invent, GmbH for CFRP structures for space and Kley, France for military winches which will further broaden our product portfolio. We are also in the process of expanding our role from being a component manufacturer to complete subsystem manufacturer *(Source: F&S Report)*. We also believe that expanding the range of our products and solutions will enable us to further diversify our offerings (thereby reducing reliance on the current portfolio) and increase our revenues.

We also continue to pursue growth by expansion into opportunistic areas. For instance, our Subsidiary, Paras Aerospace Private Limited aims to offer UAV integration solutions and UAV services for a wide range of applications such as agriculture, power transmission, oil and gas, mining and construction. The flagship product of Paras Aerospace Private Limited will be a Cloud based NPNT Solution (offered as software-as-a-service) and Indigenous Multispectral Camera for various applications including agriculture. Further, our Subsidiary, Paras Anti-drone Technologies Private Limited will design sub modules and we will be involved in integrating the solution. Paras Anti-drone Technologies Private Limited will create its own intellectual property and technical know-how in collaboration with our Company. Paras Anti-drone Technologies aims to be one of the first indigenous anti-drone technology development company in India and is currently collaborating with leading UAV anti-drone technology firms to further develop its expertise in designing customer-specific modules. We aim to forward integrate our business offerings and aerospace domain such as drones which will in turn increase business opportunities for our Company. Further, Paras Aerospace has entered into partnerships with leading UAV technologists from Israel and Italy.

Increasing our reach in the international market

We primarily cater to the requirements of the Indian market. Through our extensive experience and proven track record, we are strongly positioned for providing products and solutions to international customers. We will continue to focus on our existing markets in Israel and South Korea and intend to provide our products and solutions to markets in the United States and Europe. We have recently received orders from the United States and United Arab Emirates for manufacturing IR Lens and Electro-Mechanical Masts, respectively.) We believe that our engagement with suppliers, OEMs and partners under the Make in India program will enable us to interact with a diverse range of foreign customers. We also intend to enter into partnership agreements with experienced agents to explore business opportunities in new international markets. One of our customers has made an application for receiving the DSP-05 license from the Department of State, United States of America to enable the export of certain commodities by us. Pursuant to this, we have recently received our first optics order from United States of America. We believe that obtaining this license by the customer will further increase our exports to the United States, being the biggest optics market in the world.

Our Products

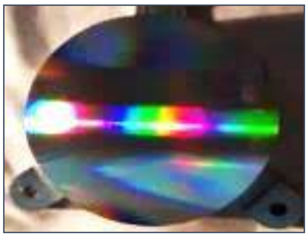
We manufacture products under five verticals, defence and space optics, defence electronics, heavy engineering for defence; EMP protection solutions, and niche technologies.

Defence and Space Optics

As part of our defence and space optics operations, we manufacture high end optics for defence and space applications such as:

<u>Infrared lenses for thermal imaging systems and night vision cameras:</u>

These are the optical components for thermal imaging cameras or night vision devices which are extensively used by the armed forces and border security personnel for all EO/IR (electro optics and infrared) systems used by armed forces.



<u>Diffractive gratings for space cameras</u>

This is an essential optical element in hyper-spectral camera used in space applications like earth observation etc.

<u>Large size optics for space imaging systems</u>

These are large size mirrors used in space telescopes where the size of optics ranges from 0.5 meter to 1.2 meters diameter used for various imaging applications in earth-observation satellites.

<u>Optical domes for missile systems</u>

These are the optical elements used for missiles which help the missiles to sight its targets efficiently.

Metal mirrors for astronomy and space research

These are mirrors made from Aluminium and/or similar metals and offer very high-reflective surface for large size long-range imaging systems such as telescopes.

Gyroscope components for ring laser and other gyroscope systems

These are ultra-high precision components in a gyroscope which directly influence the positional accuracy of the gyroscope which in turn increases the accuracy of the inertial navigation system used in various applications such as Space, Avionics etc.

Opto-mechanical assemblies for space and defence applications

These are assemblies comprising of precision optics assembled together with precision mechanics to form an array of optical lenses used for defence space applications.

Defence Electronics

As part of our defence electronics operations we provide a wide array of computing and electronic systems for defence applications such as:

Rugged control system for land and naval defence applications

These are ruggedised computing sub systems designed for automating mission critical functions such as fire control, command control, target tracking etc. These are fully custom developed systems and meet the harshest environmental conditions and yet deliver dependable performance.

Naval and shelter mounted command and control systems

These are human – machine interface systems which are command and control systems with multiples display and high-end computing which are used for application such as radar data processing and fire control.

Rugged displays for land and naval defence application

These are liquid crystal display monitors which work under harsh environmental conditions with high performance including sun-readability and low power consumption.

Rugged panel personal computers for land, naval and avionic defence applications

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

Rugged communication systems for land and naval defence applications

These are high-performance commercially-off-the-shelf communication sub-systems, which are ruggedised into military grade systems to work in harsh environments.

Rugged consoles and wired cabinets for land and naval defence applications

These are command and control systems which are custom configured to user requirements.

Non-contact proximity sensor for naval applications

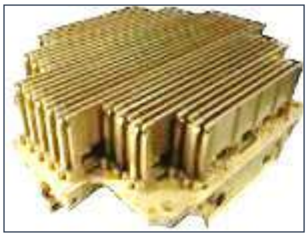
This is a non-contact electro-mechanical device which offers accurate proximity sensing under the most severe underwater conditions like high pressure and salinity.

Heavy Engineering for Defence

Under our heavy engineering for defence operations category, we provide mechanical manufacturing support to other verticals of our business. In addition, under this vertical, we provide heavy engineering products and solutions such as:

Flow formed tubes for rocket and missile applications

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



Vacuum brazed cold plates for radar applications

These are cooling plates used for heat removal from high power electronics in an active array radar.

Remotely controlled border defence system for land defence application

This is a front-line surveillance and defence system which detects the threats and upon intervention from the commander controls the weapon system to neutralise the threat.

Titanium structures and assemblies for naval applications

These are mechanical assemblies which are manufactured using titanium metal and are used for various applications such as transducer hardware for naval ships and submarines.

Large and heavy dynamic structures with built-in automation for strategic applications for various defence and non-defence applications

These are heavy-duty test rigs used for various applications such as simulating under-water conditions and testing transducer performance.

Indigenously designed flow-forming machines for various applications

These are indigenously designed and manufactured flow-forming machines that are used for manufacturing motor tubes for defence and space applications.

Racks, cabinets and consoles for various land and naval defence applications

These are custom built heavy-duty mechanical racks and cabinets for rugged applications and military use.

EMP Protection Solutions

Our EMP protection solutions include designing, developing, manufacturing and commissioning various solutions for EMP protection for strategic applications, where we offer solutions such as:

Turnkey EMP shielding of a site or control rooms or data centers or command centers

We provide shielding for strategic areas and rooms like data centers, control rooms and command centers which provide protection against electro-magnetic 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 for power and data

These are a wide range of filters used for protection of data and power lines within a rack or shelter or room against electro-magnetic pulses or interference.

Shielded doors meant for electro-magnetic interference and EMP shielding requirements

These are specially designed doors which provide electro-magnetic shielding between two isolated compartments usually fitted on-board naval ships or portable shelters.

Honeycomb air vents, waveguides and other entry point shielding components

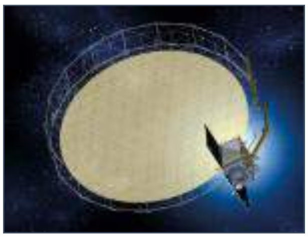
These are shielded points-of-entries used for protection against electro-magnetic interferences.

Onsite installation, commissioning and testing

We have in-house expertise and experience to handle onsite installations, commissioning and testing of EMP protected sites.

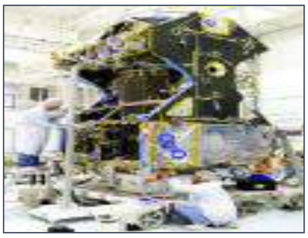
Niche Technologies

As part of this vertical, we aim to source technologies from our exclusive partners in various countries and manufacture products for clients in India and abroad. Some of the current products we offer are:



Large deployable antennas for space applications

These are the deployable space antennas with diameter of up to 18 metres when opened. These are launched in folded condition and have mechanisms to open up into its desired shape after it has reached its expected altitude in LEO or GEO orbits. These are mostly used for Earth observation and communication applications.



Carbon fiber reinforced polymer ("**CFRP**") structures for space applications

These are the high strength light weight structures made up of carbon fiber for space applications. These structures are used for mounting critical systems such as cameras, optics, etc. for the satellite or space mission.

Avionic suites for commercial and military avionic applications

These are the complete avionics suites or glass cockpits including auto-pilot system in an aircraft cockpit. These are the human machine interface i.e. displays, controls, communications, sensors etc. which help the pilots to control the aircraft.

Military winches for land, naval and avionic applications

These are heavy duty computerised lifting systems used to pull or push heavy structures or systems or antennas, etc. on a military platform such as naval ship or submarine, armoured vehicle/tank, and helicopter/airplane.

Turret stabilization for tank and infantry vehicle applications

This is a turnkey system which helps to stabilise the turret of a tank or an infantry vehicle. This product helps to compensate movement of the vehicle in all the three dimensions and allows the turret to lock onto the target without any influence of the external conditions.

Capsule size drones for defence and HLS applications

These are small sized, lightweight and low cost drones which have surveillance capabilities and can be launched from a 40mm handheld launcher.

CubeSats for various space applications for communication, imaging etc.

These are miniature satellites used in Low Earth Orbits and are used for various applications such as remote sensing, communication etc.

Our Order Book

Set forth below are details of our order book as on June 30, 2021:

Particulars	Number of orders	Value (₹ million)
Defence and Space Optics	37	2,026.39
Defence Electronics and EMP Protection Solutions	49	705.63

Particulars	Number of orders	Value (₹ million)
Heavy Engineering for Defence	34	317.90
Total Order Book:		**3,049.92**

Our Customers and Suppliers

We have long standing relationships with most of our customers. Our customer base ranges from, government organizations involved in defence and space research to various defence public sector undertakings such as Bharat Electronics Limited (BEL), Bharat Dynamics Limited (BDL) and Hindustan Aeronautics Limited (HAL). Further, we supply our products and solutions to private entities including Tata Consultancy Services Limited, and Alpha Design Technologies Limited. However, in such cases, the ultimate end user in most cases is the MoD or the DoS. Additionally, we also service international customers Advanced Mechanical and Optical Systems (AMOS), Belgium, Chaban (Israel), Tae Young Optics Company Limited (South Korea), and Green Optics (South Korea). Government organizations involved in space research and BEL are the most significant customers in terms of value of orders.

Typically, the procurement by government related entities takes place through a tender process. In the tender process, the customer initially issues an expression of interest ("**EOI**") publicly and usually on its website. As a response to the EOI, bidders such as our Company, send proposals bidding for the particular contract, typically without specific price information. Based on such proposals, the customer then issues a request for information ("**RFI**") with specific requirements, pursuant to which only certain suppliers apply who can satisfy such requirements. The customer then issues a request for quotation or tender documents, pursuant to which suppliers send the detailed proposal including the price quote. Thereafter, the customer conducts a technical evaluation and price evaluation. The lowest bidder satisfying the technical criteria (L1 and in some cases L1 and L2) is decided based on all costs including logistics, warranty and servicing. Finally, the customer issues a purchase order based on which the supplier will provide the products and services. Under the terms of the purchase orders we receive, bullet payments are made at the time of delivery on proof of dispatch, proof of receipt and inspection of the products. The final products are delivered as per the delivery schedule under the purchase orders. Our customers mention specifications of the products and we are required to supply the products in accordance with such specifications.

We provide a warranty period for our products (typically 12 months from the date of acceptance of products). Any manufacturing defects in our products during the warranty period are required to be repaired or replaced by us at our expense. Depending on the customer, we are also required to provide performance bank guarantee. Any delay in the supply of goods may lead to the levy of liquidated damages or invocation of the performance bank guarantee by our customers. The value of the performance bank guarantees ranges from 5% to 10% of the contract value.

We undertake procurement of raw materials from various sources with the suppliers selected on a purchase order basis. We are in the industry for over four decades and have a pool of long-standing suppliers. Further, when selecting new suppliers, we take into consideration their reputation, product quality, price, reliability, infrastructure, delivery time and credit terms.

Our Facilities

Manufacturing

As on date of this Prospectus, we have two manufacturing facilities located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra.

Location	Work undertaken	Year of commissioning	Leased/owned	Land Area (sq. feet)	Constructed Area (sq. feet)
Ambernath (Thane, Maharashtra)	All mechanical activities in the Company	2009	Long term lease (95 years from May 1, 2008)	232,167	25,428
Nerul (Navi Mumbai, Maharashtra)	All optics activities in the Company and Defence electronics and EMP Solutions activities including all integration activities.	2005	Long term lease (95 years from September 1, 1974)	43,593	20,820

The installed/utilized capacity of our machines cannot be specified as the same is dependent on the nature of the product, its design and specifications, raw material, and other relevant details. Since we are engaged in designing, developing, manufacturing and testing of a wide range of defence and space engineering products and solutions, which are customised to order placed by our customers, an estimate with respect to installed or utilised capacity cannot be specified. The capacity of the manufacturing operations varies significantly depending on products manufactured and hence an estimate of the installed / utilized capacity cannot be provided accurately.

Both of our manufacturing facilities are accredited with quality management system certificates for compliance with ISO 9001:2015 requirements while our Nerul Facility has been accredited with AS9100D certification.

Further, each of our manufacturing facilities have the ability to manufacture a wide range of products, which provides us with the necessary flexibility to cater to changing demands in the market, thereby avoiding dependence on any one product category.

In addition, for certain of the processes across our business verticals such as laser cutting, anodising, surface treatment and electroplating involved in the manufacturing process of all the products, we outsource such processes to our developed partners and sub-contractors who have dedicated facilities for such processes. We ensure efficiency in our business activities by such outsourcing. Further, as a result of such outsourcing, we maintain spare capacity on our production floor to cater to any urgent requirements of our customers.


Flow-forming Machines


CNC Machine Workshop


CNC Grinding & Polishing Setup


NC Grinding & Polishing Setup


Single Point Diamond Turning Machines


Optical Coating Setup


Cabling & Harnessing Setup


System Integration Setup


All-Round Testing Setup

Expansion of our Facilities

We are in the preliminary stages of augmenting our manufacturing facility located at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra by expanding its production capacity and installing new equipment from the proceeds of the Offer and from internal accruals ("**Expansion**"). For further details, see " – *Our Business Strategy – Expansion of our production capacity*" on page 121.

The Expansion is in process on land parcels adjoining our existing facilities, which we hold on a long-term lease hold basis, admeasuring (i) 21,569 square metres located at Ambernath, Maharashtra and (ii) 4,050 square metres located at Nerul, Navi Mumbai, Maharashtra, respectively. While we did not incur additional costs in relation to the acquisition of such land parcels, we incurred certain costs, including in relation to the stamp duty payment, registration charges, survey fees and other miscellaneous fees.

Estimated cost of the Expansion

The total estimated cost of the Expansion is upto ₹ 479.99 million. However, such total estimated cost and related fund requirements have not been appraised by any bank or financial institution. See, "*Risk Factors – 30. We intend to utilise a portion of the Net Proceeds for our capital expenditure requirements. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates have not been appraised by any independent agency and may be subject to change based on various factors, some of which are beyond our control. Further, we have not yet placed orders for certain of* *the machinery and equipment to be purchased and set up as part of our proposed expansion of our manufacturing facilities at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra.*" on page 34. The detailed break-down of estimated cost is set forth below

(₹ million)

S. No.	Particulars	Estimated/Approximate cost
1.	Building and civil work	90.00
2.	Machinery and equipment	376.29
3.	Utilities, consultancy fees and miscellaneous	13.70
	Total	**479.99**

We intend to utilize ₹346.57 million from the Net Proceeds for the purchase of machinery and equipment. The Expansion will otherwise be funded from our internal accruals.

Building and civil work: Building and civil works for the Expansion at Ambernath and Nerul include site development, construction, renovation and engineering related work including building the factory shed, roof, doors and windows, drainage and sewerage system and electrical planning and equipment. The total estimated cost for building and civil works for the Expansion is ₹90.00 million. As on March 31, 2021, we have capitalised ₹65.80 million in buildings and further incurred ₹ 5.11 million as capital work in progress towards under construction building and civil works for the Expansion.

Machinery and equipment: We intend to utilize ₹346.57 million from the Net Proceeds for the purchase of machinery and equipment. Further, we have already purchased machinery and equipment of ₹29.72 million from internal accruals. While we have placed orders for aggregate amount of ₹67.25 million for the purchase of new and upgraded machineries, we are yet to place orders for such machinery and equipment for an aggregate amount of ₹279.32 million. For details, see "*Objects of the Offer – Purchase of machinery and equipment*" on page 76.

Utilities, consultancy fees and miscellaneous: We propose to utilise an aggregate amount of ₹13.70 million towards utilities, consultancy charges payable to an independent chartered accountant and an independent certified engineer, engaged for the purposes of providing consultation in relation to the Expansion and other miscellaneous charges including purchase and installation of rack storage and electrical equipment.

R&D facilities

Our R&D activities are mainly undertaken at our facilities at Nerul in Navi Mumbai, Maharashtra, and Bengaluru, Karnataka. Our R&D facilities at Nerul, Navi Mumbai are recognised by and registered with DSIR.

Our R&D activities are focused on innovating and creating new products and solutions, and also on improving our production processes and the quality of our products and solutions. We believe that our focus on technology development and R&D distinguishes us as a leading IDDM category company in the Indian defence industry as most of our products are designed, developed and manufactured in India. Set forth below are details of our R&D activities:

a. Optics: We specialize in large-sized optical mirror and are the only Indian company with the design capabilities for space-optics and opto-mechanical assemblies. (*Source: F&S report*)

b. Electronics: We are involved in extensive research in defence electronics with current efforts in areas including remotely controlled weapon station, electronics time fuze and Arinc-818 based avionic display.

c. Heavy Engineering: We are doing extensive research in flowform shells for *inter alia* space rockets, cold plates, naval periscopes.

d. EMP: We are involved in R&D activities to develop EMP filters for various signals. Currently, we are involved in research for shielding of DG sets and vehicles etc.

As of June 30, 2021, our R&D team comprises of 31 engineers and officers and they have in-depth knowledge of the design and engineering of our products. We believe that our R&D team is capable of developing a wide range of products, upgrading products with combat operational capability and operational performance and maintaining a pipeline of products to meet our future needs.

Design & Development Team

Additionally, our Subsidiary, Paras Aerospace is also in the process of relocating its operation and R&D centre to Nerul, Navi Mumbai.

As part of our R&D partnership products vertical, we source technologies from our partners in various countries and manufacture products for clients in India and abroad. Some of our exclusive partnerships are as follows:

Name	Collaboration/Partnership	Term	Profit Sharing
Holland Shielding Systems BV Netherlands	Exclusive manufacturing partnership for India for EMP Protection Solutions	Five years from January 20, 2017 with auto renewable	Any profit sharing terms will be decided on the basis of work share of each of the parties for a particular contract on case to case basis.
HPS, Gmbh	Exclusive partnership for India for large deployable antennas for space applications.	Two years from April 30, 2019 and further renewed till April 26, 2023	Any profit sharing terms will be decided on the basis of sub-contract to be entered with HPS, Gmbh for each project
Invent, Gmbh	Exclusive partnership for India to manufacture CFRP structures and systems for space applications.	Two years from June 13, 2019 and further renewed till June 14, 2023	Any profit sharing terms will be decided on the basis of sub-contract to be entered with Invent, Gmbh for each project
Kley, France	Exclusive partnership for manufacturing of military winches for Naval, Avionic and Armoured Vehicle Platforms	One year from April 8, 2019 with auto-renewal	Any profit sharing terms will be decided on the basis of sub-contract to be entered with Kley, France for each project
Spear UAV, Israel (through our Subsidiary, Paras Aerospace Private Limited)	Non-binding intent to collaborate for requirements of loitering munition drones	-	-
ISISpace	To enter into partnership to build platforms, sub-systems, mission, etc. for CubeSats (miniaturised satellites) offering various solutions for agriculture, disaster management, earth observation etc.	Three years from September 2, 2020	-

For risks in relation to the agreements entered into by our Company with the abovementioned entities, see *"Risk Factors - 3. Our Company has executed various agreements with third parties, including in relation to securing contracts and manufacturing of products, which may impose certain obligations on us and the termination of which may adversely affect our business, results of operations, financial condition and prospects. Our Company has executed various agreements with third parties, including in relation to securing contracts and manufacturing of products, which may impose certain obligations on us and the termination of which may adversely affect our business, results of operations, financial condition and prospects."* on page 20.

Infrastructural Facilities

Electricity

All of our manufacturing facilities, R&D facilities, branch offices and the Registered and Corporate office draw electricity from the local power distribution companies' system. In addition, all of them, are equipped with diesel generators which provide back-up power in certain areas in the event of break downs or power grid failure.

Water

Our water requirements are met by the respective state water boards in Ambernath, Navi Mumbai, Thane, and Bengaluru.

Quality Assurance

We focus on product quality in our manufacturing operations and believe that this is essential for client satisfaction and for sustainable and profitable growth of our Company. We have received an ISO 9001:2015 accreditation for our quality management system and our Nerul facility has been accredited with AS9100D certification. Further, our R&D centre at Nerul is recognised by and registered with DSIR. We strive to regularly improve our systems to ensure that we are always in line with the latest technology and changes in national and international standards.

We have established an in-house testing infrastructure, which helps us to monitor our quality management and to meet quality requirements of our customers. As of June 30, 2021, we employed 20 personnel for quality control functions across our operations.

Competition

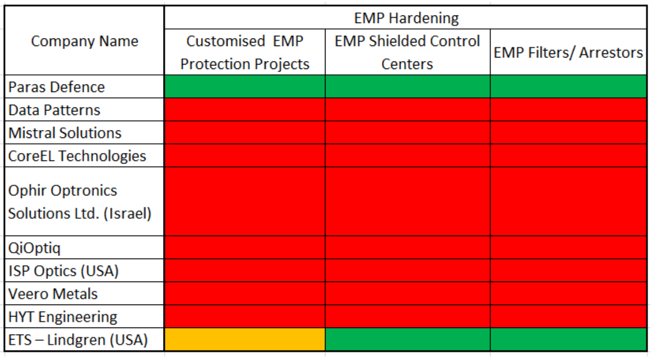
While there are several companies which manufacture certain of the products that we sell in various geographical markets, we do not have any direct competitor for our business. Further, our ability to offer a wide range of products and end to end solutions to our customers meeting their varying requirements, differentiate us from our competition.

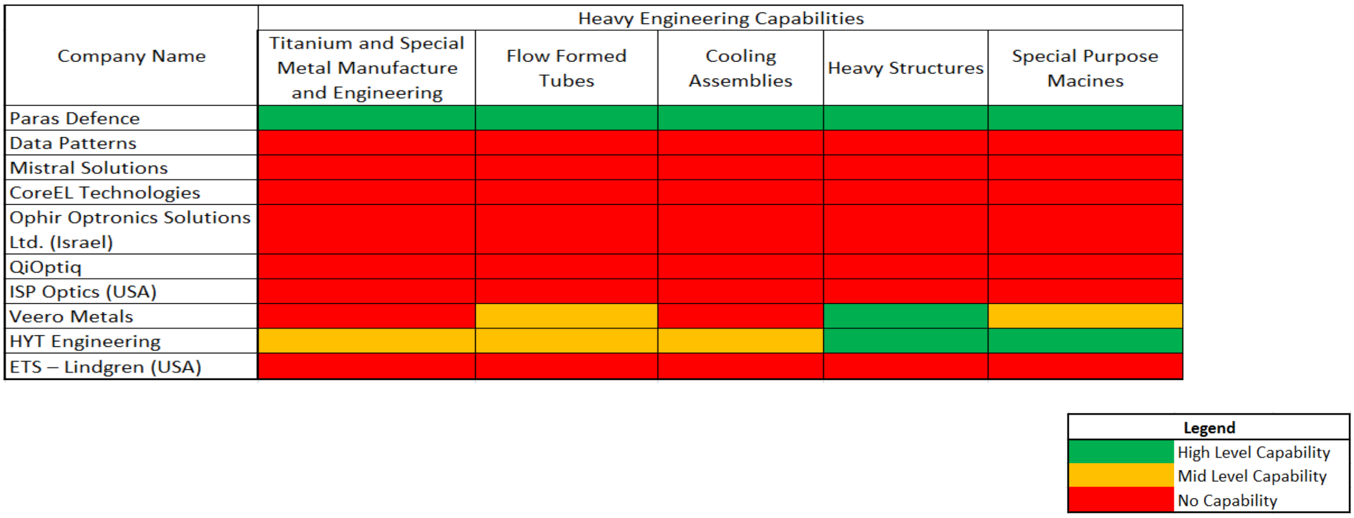
We believe that since the parameters of competition are less firmly established than in certain other types of businesses, it is difficult to predict how the competitive landscape of our business will develop over the long term. General competitive factors in the market, which may affect the level of competition over the short and medium term, include product features, design, quality, price, delivery, general customer experience, time to market, availability of after-sale and logistics support, and relationships between producers and their customers.

The table below indicates the major companies that produce such products for the Indian market.

Company Name	Defence Electronics Capabilities						
	Control Systems	Specialized Computers	Displays	MIL Spec Racks	Software	Integration	Sensors
Paras Defence							
Data Patterns							
Mistral Solutions							
CoreEL Technologies							
Ophir Optronics Solutions Ltd. (Israel)							
QiOptiq							
ISP Optics (USA)							
Veero Metals							
HYT Engineering							
ETS – Lindgren (USA)							

Company Name	Defence Optics			
	Lenses	Specialized Lenses	Optical Elements	Precission Engineering
Paras Defence				
Data Patterns				
Mistral Solutions				
CoreEL Technologies				
Ophir Optronics Solutions Ltd. (Israel)				
QiOptiq				
ISP Optics (USA)				
Veero Metals				
HYT Engineering				
ETS – Lindgren (USA)				





(Source: Frost & Sullivan)

Among the companies listed above, our Company is well aligned to cater to opportunities across all four main product segments considered above, as compared to most other companies specialize which specialize only in one to two segments *(Source: F&S Report)*.

Our Company's horizontal integration is a major competitive advantage as it makes the company better positioned to deliver tailored products for the Indian Armed Forces whilst also being capable of supporting major Tier 1 Indian defence suppliers such as Larsen & Toubro, Tata Advanced Systems Limited *(Source F&S Report).* As one of the few companies with specialized technology competencies such as optics manufacturing and EMP protection our Company is likely to be an integral stakeholder in majority of future programmes involving local sourcing of EMP protection solutions for defence programs *(Source: F&S Report).*

Further, our Company has established the reliability of its products while being a supplier for customers such as government organizations involved in space research. This gives our Company a competitive edge over the new entrants in the industry *(Source: F&S Report).*

For risks in relation to the competition we face, see "*Risk Factors – 35. We operate in a competitive business environment. Failure to compete effectively against our competitors and new entrants to the industry in any of our business activities may adversely affect our business, financial condition and results of operations.*" on page 36.

Sales and Marketing

Our marketing strategy is structured as a customer-centric approach wherein our business decisions revolve around the needs of the customer and takes advantage of regular interaction with customers by utilising their feedback and guidance to assess the product's lifecycle and anticipate future applications for our current technologies. Our customer centric approach and our track record of successful projects have earned us a reputation of a dependable partner of our customers for their future programs. We also participate in defence and space exhibitions and conferences and undertake seminars to showcase our products and services as part of our promotional activities.

Human Resources

As of June 30, 2021, we employed 341 employees out of which 159 are on payroll of our Company and 182 are contract labourers. In addition to our full-time employees, we frequently hire workers on a contractual basis, largely for manufacturing and sales. A breakdown of our full-time employees as of the dates indicated:

Function of Employees	As of June 30	As of March 31		
	2021	2021	2020	2019
Operations and Manufacturing	224	224	207	200
R&D	31	32	30	21
Corporate functions and services	55	58	58	47
Sales and marketing	31	32	28	20

Our management policies, working environment, career development opportunities and employee benefits are instrumental in maintaining good employee relations and employee retention. We identify, develop and retain our talent through an array of initiatives which include talent acquisition, learning and development, compensation and benefits, employee engagement and performance management. Our Company manages our payroll system and ensures that we adhere to the relevant employment laws and statutory requirements. The team has also implemented a process to evaluate our employees annually based on their performance to ensure that our staff are duly recognized and rewarded for their work.

Insurance

Our operations are subject to risks inherent to the engineering and manufacturing industry, such as work accidents, storm, fire, tempest, earthquake, flood, inundation, explosions including hazards that may cause severe damage, including the physical destruction of property, breakdown of machinery and other force majeure events. We are subject to losses resulting from defects or damages arising during transit of our products.

We maintain insurance coverage, in amounts which we believe are commercially appropriate, including insurance in relation to directors' and officers' liability, storm, fire, tempest and other special perils, all industrial risks, such as leakage and contamination, spontaneous combustion and breakdown of machinery. We also maintain coverage under a marine cargo policy insuring our products during transit.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance.

Transportation

Typically, our products are shipped directly to our customers. In certain cases, our customers may directly pick the goods at our own facilities. The mode of transportation for a particular shipment include road, water and air to deliver our products to our customers based on mutually agreed terms and conditions and on the urgency, size and value of the order. We have arrangements with local as well as national carriers and transport companies for transportation of products. Further, we also engage third-party logistics services providers to provide support on our transportation requirements.

Awards and Accolades

Over the years, we have received several awards and accolades which are more particularly described in the section "*History and Certain Corporate Matters*" on page 143.

Health, Safety and Environment

We are committed to following best practices and complying with all applicable health, safety and environmental legislation and other requirements in our operations.

Employee health and safety is of high importance to us. Any mishaps or accidents at our facilities could lead to property damage, production loss, adverse publicity and accident claims. We aim to become a zero-accident organisation and continually take initiatives to reduce the risk of accidents and prevent environmental pollution at our facilities. Additionally, in order to ensure safety at our workplace we carry out regular identification and assessment of risks, accessible first-aid health facilities, siren effectiveness inspection at our plants, conduct awareness sessions to increase staff awareness and promote safe working practices. We also carry out regular fire drills. Our safety management team carries out regular safety inspections of our production facilities to ensure compliance with safety measures. Our production staff are provided with regular training on the operation of production equipment and occupational safety gear. Further, we have been accredited with environment management system and occupational health and safety management system for compliance with ISO 14001:2015 and ISO 45001:2018 requirements, respectively.

The key elements of our safety management initiatives are the formulation and implementation of the health and safety policy, planning of activities to achieve health and safety for our personnel, monitoring and review of performance and external and internal safety audits. Suitable risk mitigating measures are taken in advance to ensure that the business is conducted in a risk conscious manner.

We are subject to extensive health, safety and environmental laws, regulations and production process safety and environmental technical guidelines which govern our processes and facilities. For further details, see "*Key Regulations and Policies in India*" on page 137.

Property

Our Registered Office and one of the manufacturing facilities is located at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai 400 706, Maharashtra, India, which was leased to us by Maharashtra Industrial Development Corporation for a period of 95 years from September 1, 1974. Our second manufacturing facility situated at Ambernath in Thane, Maharashtra has also been on leasehold basis from Maharashtra Industrial Development Corporation for a period of 95 years from May 1, 2008. Further, our R&D activities are mainly undertaken at our facilities at Nerul in Navi Mumbai, Maharashtra, Maharashtra and Bengaluru, Karnataka. Additionally, our Company also enters into short term leave and license agreements for establishing guest house of our Company.

Intellectual Property

We possess extensive technical knowledge about our products. Our Company has entered into a license agreement dated May 22, 2020 with Council of Scientific and Industrial Research-National Aerospace Laboratories, Bangalore ("**CSIR**") for technology transfer of Bi-Level Positive Airway System. Under this agreement, the Company has been granted a non-exclusive license for manufacturing and commercial sale of the product in India for COVID -19 applications. Recently, our Company has entered into a transfer of technology agreement dated June 15, 2021 with CSIR -Indian Institute of Petroleum, Dehradun for providing pressure vacuum swing adsorption design package of 500 LPM M02 for taking up production of medical oxygen concentrator. Further, our Company has entered into (a) transfer of technology agreement dated June 2, 2021 with CSIR for grant of license for the technologies for UV disinfectant retro-fit systems for (i) HVAC units in buildings, malls, auditorium, buses and transport vehicles; and (ii) circulating air flow systems for elevators, toilets etc, and (b) transfer of technology agreement dated June 17, 2021 with CSIR for grant of license for the technology for standalone UV air disinfection system for rooms and spaces. Our technical knowledge is a significant independent asset.

As of the date of this Prospectus, our Company has 4 registered trademarks, which have been registered with the Registrar of Trademarks under various classes of the Trademarks Act. We have filed applications for registration of the trademark in relation to our corporate logo i.e. , under classes 6, 7 and 9, which is currently pending. The application under class 6 has been "Objected", whereas the applications under classes 7 and 9 have been assigned the status "Opposed". Further, our applications for the registration of the (a) trademark under classes 8 and 37 have been assigned the status "Objected" and "Opposed" respectively, and (b) trademark TechCARE under class 10 has been assigned the status "Opposed". We have also applied for designs under the Designs Act, 2000. For further details, see "*Risk Factors – 11. If we fail to keep our technical knowledge and process know-how confidential, we may suffer a loss of our competitive advantage or we may negatively impact the overall implementation of the programme being worked on.*" on page 24 and "*Risk Factors – 5. Any failure to protect or enforce our rights to own or use trademarks and brand name and identity could have an adverse effect on our business and competitive position. Further, the application for registering our corporate logo as trademark has been made and is currently pending.*" on page 21.

Corporate Social Responsibility

Our commitment to corporate social responsibility ("**CSR**") is demonstrated in how we conduct our business by providing a safe workplace for our employees, minimizing impact to the environment and being a positive corporate citizen in the communities in which we operate by helping people achieve their ambitions. Our CSR programmes and projects extend beyond monetary contributions and feature carefully planned initiatives, which vary with the needs of the communities in which we operate. Our CSR programmes are focused on the areas of (i) promotion of healthcare and sanitation, where we strive to improve the health and hygiene of society, (ii) promotion of education, where we seek to promote elementary to professional education and support students belonging to weaker sections of society, (iii) empowerment of women, where we seek to promote women empowerment and gender equality, (iv) ensuring environmental sustainability and ecological balance, (v) protecting our national heritage art and culture, (vi) taking measures for the benefit of the armed forces, veterans, war widows and their dependents, (vii) promotion of rural sports , including training to promote rural sports, nationally recognized sports, Paralympic and Olympic sports, (viii) contribution to the Prime Minister Relief Fund, (ix) contribution to technology incubators, and (x) undertaking projects for the development of rural areas and development of slum areas.

Our CSR activities are guided by our CSR policy ("**CSR Policy**"), which was approved by our Board on March 7, 2020. The CSR Committee is responsible for (a) to formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013; (b) indicate the activities to be undertaken by the Company as specified in the Companies Act; (c) to review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company and the annual CSR plan to the Board; (c) to monitor the CSR activities and compliance with the CSR policy from time to time; (d) to review and implement, if required, any other matter related to CSR activities and applicable laws.

Further to Section 135 of the Companies Act, 2013 our Board shall endeavour that we spend at least 2% of the average net profits made during the immediately three preceding financial years on CSR activities. For Fiscals 2021, 2020, and 2019, our CSR expenditures were ₹ 5.35 million, ₹4.05 million, and ₹2.26 million respectively.

Impact of COVID-19

In late calendar 2019, COVID-19, commonly known as "novel coronavirus" was first reported in Wuhan, China. Since then, the virus has progressively spread globally to many countries. The World Health Organization declared the COVID-19 outbreak as a health emergency of international concern on January 30, 2020 and thereafter categorised the outbreak as a pandemic on March 11, 2020.

The COVID-19 pandemic and associated responses have adversely affected workforces, consumer sentiment, economies and financial markets around the world, including in India. In order to contain the spread of the COVID-19 pandemic, the GoI along with State Governments declared a lockdown of the country, including severe travel and transport restrictions and a directive to all citizens to shelter in place, unless essential. The lockdown required private, commercial and industrial establishments to remain closed. As a result, our business operations were temporarily disrupted on account of the temporary shutdown of our offices with effect from March 21, 2020 to April 22, 2020, pursuant to the directives from the central/local authorities which has impacted our ability to maintain continued operations resulting in some loss of production and cash flows. The COVID-19 pandemic impacted our Company due to our dependencies on South Korea and other neighbouring countries for our raw material requirements. There have been delays in execution of orders. In addition, there have been delays from government organisations due to non-inspection of finished goods. While we have already implemented a business continuity plan and we shall be implementing other plans for minimising delays in production, the extent of loss to the project schedules of our Order Book will be impacted to a certain extent which is yet to be evaluated. During the period of the lockdown, we continued paying salaries/wages to all employees including outsourced manpower.

We have published preventive measures and advisory to fight COVID-19. We have also formulated standard operating procedure for attending work for our employees. The future impact of COVID-19 or any other severe communicable disease on our business and results of operations depends on several factors including those discussed in "*Risk Factors – 16. The continuing effect of the COVID-19 pandemic on our business and operations is highly uncertain and cannot be predicted*" on page 26. For details in relation to the impact of COVID-19 on our Company, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Impact of Covid-19 on our operations and financial condition"* on page 235.

Legal Proceedings

For details on any outstanding litigation against our Company, see "*Outstanding Litigation and other Material Developments*" beginning on page 254.

KEY REGULATIONS AND POLICIES IN INDIA

The following description is an indicative summary of certain key sector specific laws and regulations in India, which are applicable to us. The information detailed in this section has been obtained from publications available in the public domain. The regulations and their descriptions set out below may not be exhaustive and are only intended to provide general information to the bidders and are neither designed nor intended to substitute for professional legal advice. The indicative summary is based on the current provisions of applicable law, which are subject to change or modification or amended by subsequent legislative, regulatory, administrative or judicial decisions. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

I. Regulation of the Defence Manufacturing Sector

1. *Industries (Development and Regulation) Act, 1951, as amended ("IDAR Act")*

The IDAR Act has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries, including among others, all types of electronic aerospace and defence equipment. The IDAR Act is administered by the Ministry of Commerce & Industries through the DPIIT.

2. *Defence Acquisition Procedure ("DAP"), 2020*

The MoD has announced the DAP, 2020 which has come into effect from October 1, 2020 and has superseded the Defence Procurement Procedure, 2016. DAP focuses on significantly boosting indigenous production and turning India into a global manufacturing hub of weapons and military platforms. DAP has been aligned with the vision of the Government's Aatmanirbhar Bharat (self-reliant India) initiative and aims to empower Indian domestic defence industry through 'Make in India' projects. This policy will significantly boost indigenous defence. The Department of Military Affairs, MoD has prepared a list of 101 items for which there would be an embargo on the import (Import Embargo List), as set out in the press release dated August 9, 2020 issued by MoD. This list comprises of not just simple parts but also some high technology weapon systems such as artillery guns, assault rifles, corvettes, sonar systems, transport aircrafts, light combat helicopters (LCHs), radars and many other items to fulfil the needs of our defence services. Further, the DAP aims to develop India into a global hub for defence manufacturing and has been aligned to encourage foreign companies to set up in India. Additionally, the DAP contains detailed guidelines, *inter alia,* in relation to: (i) acquisition categories, acquisition planning and indigenous content; (ii) acquisition procedures for categories under 'Buy' and 'Buy and Make' schemes; (iii) procedure for procurement under 'Make' and 'Innovation' categories; and (iv) procedure for acquisition of systems designed and developed by the DRDO/DPSUs/OFB; (v) fast track procedure; (vi) standardization of contract document; (vii) revitalising defence industrial ecosystem through strategic partnerships; (viii) acquisition of system products and information and communication technology systems; (ix) leasing; (x) other capital procurement procedure; (xi) post contract management; and (xii) procedure for defence ship building. It also contains guiding principles on the intellectual property rights of the government in 'Make-I' projects, which are funded by the MoD. The government reserves the right to work patents, either by itself or by another entity on its behalf, when a contractor fails to work the patent within a reasonable period of time.

The DAP outlines the defence offset policy, which is aimed at leveraging capital acquisitions and technology to develop the Indian defence industry by fostering development of internationally competitive enterprises and augmenting capacity for research, design and development related to defence products. Provisions on offsets would be applicable to 'Buy (Global)' categories of procurement, where the estimated acceptance on necessity cost is ₹ 20,000 million or more. If an Indian vendor participating in the 'Buy (Global)' category fails to meet the minimum requirement of 30% indigenous content in the product, it would be required to discharge offsets. The required value of such offset obligations would be 30% of the estimated cost of the acquisition. The DAP will remain in force till September 30, 2025 or till reviewed.

3. *Draft Defence Production & Export Promotion Policy, 2020 as amended ("Draft DPEPP")*

The MoD released the Draft DPEPP to provide further impetus to realise the goal of self-reliance under the goal of Aatmanirbhar Bharat, which is to develop a dynamic, robust and competitive defence industry, including aerospace and naval shipbuilding industry, to cater to the needs of armed forces, along with giving end to end solutions ranging from design to production, with active participation from the public and private sectors, thus fulfilling the twin objectives of self-reliance as well as exports. The Draft DPPEP aims to implement measures so as to achieve a turnover of ₹ 1,750,000 million (US$ 25 billion) including export of ₹ 350,000 million (US$ 5 billion) in aerospace and defence goods and services by 2025. Further, its objective is to reform as well as standardize defence procurement by providing support to micro, small and medium enterprises/ start-ups in order to indigenize the manufacturing of imported components. Additionally, the Draft DPPEP has the following goals: (i) to reduce dependence on imports and take forward the "Make in India" initiative through domestic design and development; (ii) to promote export of defence products and become part of the global defence value chains; (iii) to create an environment that encourages research and development, rewards innovation, creates Indian intellectual property ownership and promotes a robust and self-reliance defence industry; (iv) enhance investment promotion with the association of the Ministry of Civil Aviation by offering incentives to global and domestic original equipment manufacturers to set up design and manufacturing facilities in India; and (v) liberalize foreign direct investment in the defence sector for attracting global original equipment manufacturers to shift manufacturing facilities and expand India's presence in international supply chains.

4. ***Aircraft Act, 1934 as amended ("Aircraft Act"), the Aircraft Rules, 1937 as amended ("Aircraft Rules") and the Drone Rules, 2021 ("Drone Rules").***

The Aircraft Act and the Aircraft Rules were enacted to control the manufacture, possession, use, operation, sale, and the import and export of aircrafts. They stipulate parameters for determining airworthiness, maintenance of aircrafts, general conditions for flying and safety, registration of aircrafts and conduct of investigations. The Directorate General of Civil Aviation ("**DGCA**") is the competent authority for providing the abovementioned license and approvals. The DGCA is the regulatory body in the field of civil aviation primarily responsible for regulation of air transport services to/ from/ within India and for enforcement of civil air regulations, air safety and airworthiness standards. Further, the Bureau of Civil Aviation Security ("**BCAS**") is an independent authority responsible for laying down standards and measures with respect to security of civil flights at international and domestic airports in India.

Pursuant to the Aircraft (Amendment) Act, 2020, three regulatory bodies under the Ministry of Civil Aviation were accorded the status of statutory organisations. The DGCA is responsible for carrying out safety oversight and regulatory functions, the BCAS is responsible for carrying out regulatory and oversight functions in respect of matters relating to civil aviation security and the Aircraft Accidents Investigation Bureau is responsible for matters related to investigation of aircraft accidents or incidents.

The Ministry of Civil Aviation, on August 25, 2021, notified the Drone Rules, which repealed the Unmanned Aircraft System Rules, 2021. The Drone Rules define a 'drone' as an unmanned aircraft system and it applies to: (i) all persons owning or possessing, or engaged in leasing, operating, transferring or maintaining an unmanned aircraft system in India; (ii) all unmanned aircraft systems that are registered in India; and (iii) all unmanned aircraft systems that are being operated for the time being, in or over India. The Drone Rules provides detailed provisions *inter alia* on: (i) classification of unmanned aircraft systems; (ii) certification of unmanned aircraft systems; (iii) registration of unmanned aircraft systems; (iv) operation of unmanned aircraft systems; (v) remote pilot licenses; and (vi) unmanned aircraft system traffic management. The Drone Rules authorise the Director General of Civil Aviation or an officer authorised by the Central Government, State Government or Union Territory Administration, to a levy a penalty up to rupees one lakh, for a contravention of the Drone Rules.

5. ***Draft Space Activities Bill, 2017 as amended ("Draft Space Bill")***

The Draft Space Bill aims to implement a national space legislation for supporting the overall growth of the space activities in India. This would encourage enhanced participation of non-governmental/ private sector agencies in space activities in India in compliance with international treaty obligations, which is becoming very relevant today. It proposes that the Central Government put in place a space activity regulatory mechanism to promote the growth of every matter relating to space activity, including exploration and use of outer space and to foster the development of scientific and technical potential in the sector, as well as a mechanism for the authorisation and licensing of commercial space activity. The Draft Space Bill is pending clearance from the parliament of India.

6. ***Explosives Act, 1884 as amended ("Explosives Act") and the Explosives Rules, 2008 as amended ("Explosives Rules")***

Under the Explosives Act, the Central Government has the power to regulate the manufacture, possession, use, sale, transport, import and export of explosives and grant/ refusal of license for the same activities. The Central Government prohibits the manufacture, possession or importation of specially dangerous explosives. In furtherance to the purpose of this legislation, the Central Government has notified the Explosive Rules to regulate the manufacture, import, export, transport and possession for sale or use of explosives.

7. ***The Essential Defence Services Act, 2021, as amended ("EDS Act")***

The EDS Act received its assent from the President of India on August 11, 2021 and was enacted with the purpose of providing for the maintenance of essential defence services to ensure the security of nation and the life and property of public at large. The EDS Act defines essential defence services as any service in: (i) any establishment or undertaking dealing with production of goods or equipment required for any purposes connected to defence; (ii) any establishment of the armed forces or connected with them; (iii) any establishment connected with defence, or (iv) any other service, as the Central Government may, by notification in the official gazette, declare to be essential defence services. The EDS Act, *inter alia*, empowers the Central Government to prohibit: (i) strikes in essential defence services; and (ii) lockouts or lay-offs in industrial establishments or units engaged in essential defence services. Further, the EDS Act also provides for penalties in form of imprisonment or fine or both, among others, for commencing illegal strikes, giving financial aid to illegal strikes and illegal laying-off by the employers. The EDS Act will cease to have effect on the expiry of one year from the date on which it receives the assent of the President of India.

II. Regulations relating to Foreign Trade

The foreign policy of India is governed and regulated by the Foreign Trade (Development and Regulation) Act, 1992, as amended ("**Foreign Trade Act**"). The Foreign Trade Act has empowered the Central Government to make provisions for the development and regulation of foreign trade by way of facilitating imports into as well as augmenting exports from the country and in all other matters related to foreign trade. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. It is authorised to periodically formulate the Indian Foreign Trade Policy, 2015-20 ("**Foreign Trade Policy**") and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with this policy. The Foreign Trade Policy provides for certain schemes for the promotion of export of finished goods and import of inputs. Further, the Director General of Foreign Trade extended the benefits of the Foreign Trade Policy upto September 30, 2021 pursuant to notification no. 48/2015-2020, dated March 31, 2021.

The Foreign Trade Act, read with the Foreign Trade Policy, also provides that no person or company can make exports or imports without having obtained an importer exporter code number unless such person or company is specifically exempted. An application for an importer exporter code number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce. An importer exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

III. Environment Laws

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state and in the Centre. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries, and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure, and investigation. All industries are required to obtain consent orders from the PCBs, which are required to be periodically renewed.

1. *Environment (Protection) Act, 1986 as amended ("EPA"), the Environment Protection Rules, 1986 as amended ("EPA Rules") and the Draft Environment Impact Assessment Notification, 2020 as amended ("Draft EIA")*

The EPA has been enacted with an objective of protection and improvement of the environment and for matters connected therewith. As per the EPA, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the Act, including the power to direct the closure, prohibition or regulation of any industry, operation or process. The EPA Rules lay down specific provisions regarding standards for emission or discharge of environmental pollutants, prohibition on carrying out industrial activities in certain geographical locations, functions of environmental laboratories and submission of samples for analysis. There are also provisions under the EPA and EPA Rules with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities and agencies in certain cases, establishment of environmental laboratories and appointment of government analysts.

Further, the Ministry of Environment, Forest and Climate Change has issued Draft EIA, 2020 which proposes to replace the erstwhile Environment Impact Assessment Notification, 2006. The Draft EIA *inter alia* contemplates two kinds of approvals, being (i) prior environment clearance with the approval of expert committees; and (ii) environmental permission or provision without the approval of expert committees. Certain projects including clay and sand extraction, digging well or foundations of buildings, solar thermal power plants and common effluent treatment plants have been exempted from such approvals.

2. *Water (Prevention and Control of Pollution) Act, 1974 as amended ("Water Act")*

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent. The State PCBs may cause the local magistrates to restrain the activities of entities likely to cause pollution.

3. *Air (Prevention and Control of Pollution) Act, 1981 as amended ("Air Act")*

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity or establishing or operating any industrial plant in an air pollution control area. The State PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding State PCBs.

4. ***Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 as amended ("Hazardous Chemical Rules")***

The Hazardous Chemical Rules provides for the rules for handling hazardous chemicals described in the schedules to the Hazardous Chemical Rules. Entities which engage in any industrial activity involving hazardous chemicals are required to adhere to these rules. Further, prior to the commencement of any activity which involves hazardous chemicals, the occupier of such facility is required to notify the concerned authority three months prior to the commencement of the proposed activity. Provisions with regard to major incidents involving hazardous chemicals, safety measures as well as provisions for the import and transport of hazardous chemicals have also been provided. Penalties for contravention of the provisions of the Hazardous Chemicals Rules will be as specified in the EPA.

5. ***The Noise Pollution (Regulation & Control) Rules 2000 as amended ("Noise Regulation Rules")***

The Noise Regulation Rules regulate noise levels in industrial (75 decibels in day time and 70 decibels in night time), commercial (65 decibels in day time and 55 decibels in night time), residential zones (55 decibels in day time and 45 decibels in night time) and silence zone (50 decibels in day time and 40 decibels in night time) and set ambient air quality standards in respect of noise for different areas/ zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near hospitals, educational institutions, courts etc. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the EPA.

6. ***Public Liability Insurance Act, 1991 as amended ("Public Liability Act") and the Public Liability Insurance Rules, 1991 as amended ("Public Liability Rules")***

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of 'hazardous substances' covered by the Public Liability Act has been enumerated by the Government pursuant to a notification. The owner or handler is also required to take out an insurance policy insuring against liability under this legislation. The Public Liability Rules mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer. Any party violating the provisions of the Public Liability Act can be imposed with a fine, imprisonment or both.

IV. Intellectual Property Laws

1. ***Trade Marks Act, 1999 as amended ("Trade Marks Act") and the Trade Marks Rules, 2017 as amended ("Trade Marks Rules")***

The Trade Marks Act provides for the application and registration of trademarks in India. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading and to obtain relief in case of infringement of such marks. Application for the registration of trademarks has to be made to Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trade Marks Act. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties in form of imprisonment or fine or both for infringement, falsifying and falsely applying trademarks and using them to cause confusion among the public. The Trade Marks Rules, which substituted the earlier Trade Marks Rules, 2002, lay down certain guidelines regarding procedure. Some of the salient features of the Trade Marks Rules include the process for determination of 'well-known' trademarks, representation of sound marks, recognition of e-mail as a mode of service, new registration fees and mandatory filing of statements of users.

V. Taxation Laws

The tax related laws that are pertinent include the Income Tax Act, 1961 as amended by the Finance Act in respective years, Income Tax Rules, 1962, Customs Tariff Act, 1975, Indian Stamp Act, 1899 and various state-wise legislations made thereunder and GST which includes the Central Goods and Services Tax Act, 2017, various State Goods and Services Tax legislations and the Integrated Goods and Services Tax Act, 2017.

VI. Labour Law Regulations

1. ***Factories Act, 1948 as amended ("Factories Act")***

The Factories Act provides for a healthy working environment for the workers/ labourers. The Factories Act regulates occupational safety, health and welfare of workers of the industries, in which 10 or more workers are employed on any day of the preceding 12 months and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, even while there may not be an electrically aided manufacturing process being carried on.

This legislation is being enforced by the Central Government through officers appointed under the Factories Act i.e. Inspectors of Factories, Deputy Chief Inspectors etc. who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of the Factories Act includes provisions as to the approval of factory building plans before construction or extension, investigation of complaints, maintenance of registers and the submission of yearly and half-yearly returns.

2. The Code on Wages, 2019

The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Central Government has notified certain provisions of this code mainly in relation to the constitution of the advisory board. Additionally, the Central Government has also notified the Code on Wages (Central Advisory Board) Rules, 2021, which provide for the constitution of a central advisory board to advise the Central Government on, *inter alia,* fixation of minimum wages for certain kinds of employees.

3. The Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The provisions of this code will be brought into force on a date to be notified by the Central Government.

4. The Industrial Relations Code, 2020

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

5. The Code on Social Security, 2020

The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. On April 30, 2021, the Ministry of Labour and Employment notified Section 142 of the Code on Social Security, 2020, which became effective on May 3, 2021. Section 142 of the Code on Social Security, 2020 allows the ministry to collect Aadhaar data of workers for its national database of unorganised workers. The other provisions of this code will be brought into force on a date to be notified by the Central Government.

6. Shops and establishments legislations in various states

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of opening and closing hours, daily and weekly working hours, rest intervals, overtime, holidays, leave, health and safety measures, termination of service, wages for overtime work, maintenance of shops and establishments and other rights and obligations of the employers and employees. There are penalties prescribed in the form of monetary fine or imprisonment for violation of the legislations.

In addition to the above, we are subject to a wide variety of generally applicable labour laws concerning condition of working, benefit and welfare of our labourers and employees such as the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Employees' (Provident Fund and Miscellaneous Provision) Act, 1952.

VII. Other laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Company is also amenable to various central and state tax laws such as the Foreign Exchange Management Act, 1999 ("**FEMA**") and regulations issued by RBI on Foreign Exchange Management regulate all transactions including exports from India to outside, foreign currency, foreign exchange, foreign security, imports of goods and services from outside India to India, securities as defined in Public Debt Act 1994, banking, financial and insurance services, sale, purchase and exchange of any kind (i.e. transfer) and any citizen of India, residing in the country or outside. The FEMA provides for monetary penalties, recovery procedures and imprisonment terms for various offences. Further, our Company is required to comply with the provisions of the Indian Contract Act, 1872, Transfer of Property Act, 1882, Legal Metrology Act, 2009, to the extent applicable, SEBI Listing Regulations, RBI guidelines, IBC, each as amended and other applicable laws and regulations imposed by the central and state governments and other authorities for its day-to-day operations.

We are also subject to the fire control and safety rules and regulations framed by the specific state governments where we own, operate and maintain establishments. The legislations include provisions in relation to fire safety and life saving measures by occupiers of buildings, licensing provisions and penalties for non-compliance.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was incorporated as "Paras Flow Form Engineering Limited" under the Companies Act, 1956, at Mumbai, pursuant to a certificate of incorporation dated June 16, 2009, issued by the RoC. Our Company received the certificate for commencement of business on July 24, 2009. Subsequently, the name of our Company was changed to "Paras Flowform Engineering Limited" pursuant to a resolution passed by our Shareholders in an extraordinary general meeting held on September 22, 2009 to rectify the name of our Company, and a fresh certificate of incorporation, dated September 25, 2009 was issued by the RoC. Further, the name of our Company was changed to "Paras Defence and Space Technologies Limited" pursuant to a resolution passed by our Shareholders in an extraordinary general meeting held on December 2, 2015 to reflect the business of our Company as stated in the MoA, and a fresh certificate of incorporation, dated January 29, 2016 was issued by the RoC.

Our predecessor, M/s. Paras Engineering Co. ("**PEC**"), a proprietary concern, was established by our Promoter, Sharad Virji Shah in 1979. PEC was involved in the business of manufacturing precision machine components, pressed and fabricated components, precision spares, assemblies spring and fastners. The taking over of the PEC in all its entirety including all its assets and liabilities was one of the main objects of our Company at the time of its incorporation. Our Company completed the acquisition of the plants and machinery of PEC on April 1, 2012.

Changes in the Registered Office

The following table sets forth details of the changes in the Registered Office of our Company since the date of its incorporation:

Date of change	Details of change in the address of the Registered Office*	Reasons for change in the address of the Registered Office
February 1, 2012	The registered office of our Company was changed from Plot No. M-6, M.I.D.C., Additional Ambernath Industrial Area, Ambernath, Thane 421 506, Maharashtra, India to A-396/A-397, TTC Industrial Area, MIDC, Mahape, Navi Mumbai 400 703, Maharashtra, India.	Administrative and operational convenience
August 17, 2016	The registered office of our Company was changed from A-396/A-397, TTC Industrial Area, MIDC, Mahape, Navi Mumbai 400 703, Maharashtra, India to Plot No. M-6, Addl. MIDC, Ambernath (E), Thane 421 506, Maharashtra, India.	Administrative and operational convenience
July 2, 2018	The registered office of our Company was changed from Plot No. M-6, Addl. MIDC, Ambernath (E), Thane 421 506, Maharashtra, India to D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai 4000 706, Maharashtra, India.	Administrative and operational convenience

* *The Company vide its Board resolution dated July 16, 2009, has corrected the address of the registered office and there has not been any change in the registered office of the Company.*

Major events and milestones

The table below sets forth the key events in the history of our Company:

Calendar Year	Particulars
2009	Incorporation of our Company
2015	Bagged an order for developing electronic control system
2016	Started developing and manufacturing optics for space
2017	Secured order for developing and manufacturing EMP racks
2018	Expanded the presence of the Company in Bangalore
2018	Amalgamation of Mechvac India Limited and Concept Shapers and Electronics Private Limited with our Company
2019	Established the subsidiary, Paras Aerospace Private Limited, to venture into drone systems and services
2020	MDAVF* made an investment in our Company

**MDAVF does not hold securities of the Company with effect from the Investor Exit Date.*

Awards and accreditations

The table below sets forth key awards and accreditations received by our Company:

Calendar year	Particulars
2017	Our Company received a certificate of appreciation by Bharat Electronic Limited, Naval Systems (S&CS) SBU for meeting the quality standards and timely supplies
2020	Our Company received a certificate of recognition for outstanding contribution in quality and excellence in realm of customer satisfaction in India 5000 Best MSME Awards
2020	Our manufacturing facilities at Ambernath and Nerul have been accredited with quality management system certificate for compliance with ISO 9001:2015 requirements
2020	Our Company has been accredited with ISO 14001:2015 and ISO 45001:2018 for the environment management system and occupational, health and safety management system, respectively

Time and cost overrun

Our Company has not faced any time or cost overruns in setting up of projects, except in the ordinary course of business.

Defaults or re-scheduling of borrowings

There have been no defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks in respect of our Company's borrowings. Pursuant to the RBI allowing banks and lending institutions to offer moratoriums to their customers to defer payments under loan agreements until August 31, 2020, we availed a moratorium offered by the RBI to defer payments under a few loan agreements. For further details, see "*Financial Indebtedness*" beginning on page 229.

Main objects of our Company

The main objects contained in the Memorandum of Association are as follows:

i. *"To carry on the business of designing developing, engineering, manufacturing, integrating, testing, commissioning, validating, fabricating, erecting, installing, remodelling, delivering, assembling, repairing, refurbishing, upgrading, overhauling, hiring, supporting, distributing, marketing, buying, selling, importing, exporting and trading in all types varieties, descriptions, specifications, characteristics, and applications of engineering and technological products, Ultra-Precision Components, Sub-Systems & Systems equipment, tools, machines used in Defence and Space sector, including commissioning systems and projects including turn-key projects, special purpose project, comprising of Mechanical, Optic, Electrical, Electronic, Software, Power Electronic parts required for Defence, Space, Aerospace and allied industry, by contact or non-contact method, with in-house or out-sourced facilities.*

ii. *To Design, Develop, Manufacture, Integrate, Test, Install & Commission parts, components, sub-systems, systems & projects in the area of Electro Magnetics including but not limited to EMI/EMC, EMP & IEMI.*

iii. *To perform trade of special metals and manufacture using special metals like Titanium, Copper, Aluminium Bronze, Miraging Steel, HS Steel etc. Perform complete project management from design to commissioning for various project requirements of the customer."*

The main objects as contained in our Memorandum of Association enable our company to carry on the business presently being carried on.

Amendments to our Memorandum of Association

The amendments to our Memorandum of Association in the last ten years are set out below.

Date of Shareholders' resolution	Details of the amendments*
August 7, 2013	The Main Objects Clause (A)(1) was deleted.
March 1, 2014	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 30,000,000 divided into 3,000,000 Equity Shares of ₹ 10 each to ₹ 50,000,000 divided into 5,000,000 Equity Shares of ₹ 10 each.
November 2, 2015	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 50,000,000 divided into 5,000,000 Equity Shares of ₹ 10 each to ₹ 52,600,000 divided into 5,260,000 Equity Shares of ₹ 10 each. Amendment to Clause III(A) of the main objects whereby sub-clauses 2 and 3 were added as follows: "2. *To carry on the business as builders and general construction contractors and own, sell, acquire, process, develop, construct demolish, enlarge, rebuild, renovate, decorate, repair, maintain, let out, hire, lease, rent, pledge, mortgage, invest intermediaries, or otherwise deal in construction of all description like land, buildings, flats, shops, commercial, educational and non-commercial complexes, houses and other immovable properties of any tenure and any interest therein, hotels, cinema houses, auditoriums, gallery, club houses, roads, body buildings, colleges, schools, townships, freehold and leasehold ground and land, developing, property in general.* 3. *To carry on in India or abroad either on its own or in collaboration with or technical know-how from any organization or person the business to establish, design, fabricate, manufacture, assemble, jobwork, install, recondition, overhaul, remodel, service, erect, install, maintain, manage, repair, erect, operate, buy, sell, trade, import, export, market, distribute, hire, let on hire, lease, and to as agent, broker, representative, supplier, consultant, stockiest or otherwise to deal in all verities, descriptions, specifications, characteristics, and applications of engineering and technological products, ferrous & non ferrous metals, turn key projects, special purpose machine, heavy*

Date of Shareholders' resolution	Details of the amendments*
	fabrication of pressure vessel, heavy machining, process equipments, flowforming, tool room products, fasteners sheet metal parts, springs, machineries, equipments, engineering machines, plants & machine tools, engineering works, engineering machines, plants & machine tools, hardware articles, engineering products, spare parts, replacement parts, dies, jigs, fixtures, fittings, gauges, tackles, apparatus, appliances, mechanical implements, alloy tools, cutting tools, instruments, devices, systems sheet metal fabrication, foundry machines and equipments whether automatic, semi automatic, manual and equipments of all description whether mechanical, electrical or electronic, assemblies thereof and their parts, products, assemblies, sub assemblies, components, raw materials, peripherals, devices used for all purpose including industrial, agricultural and domestic purposes." Clause III(B) was re-numbered from sub-clause 4 to sub-clause 49 and Clause III(C) was deleted in its entirety.
December 2, 2015	The main objects sub-clause 1 of Clause III(A) were substituted for the following clause and sub-clauses 2 and 3 of Clause III(A) was deleted in its entirety: "*1. To carry on in India or abroad either on its own or in collaboration with or technical knowhow from any organization or person the business to establish, design, fabricate, manufacture, assemble, jobwork, install, recondition, overhaul, remodel, service, erect, install, maintain, manage, repair, erect, operate, buy, sell, trade, import, export, market, distribute, hire, let on hire, lease, and to as agent, broker, representative, supplier, consultant, stockiest or otherwise to deal in all verities, descriptions, specifications, characteristics, and applications of and for defense and aerospace and Space Technologies equipment including engineering and technological products, ferrous & non-ferrous metals, turn key projects, special purpose machine, heavy fabrication of pressure vessel, heavy machining, process equipments, tool room products, fasteners sheet metal parts, springs, machineries, equipments, engineering machines, plants & machine tools, engineering works, engineering machines, plants & machine tools, hardware articles, engineering products, spare parts, replacement parts, dies, jigs, fixtures, fittings, gauges, tackles, apparatus, appliances, mechanical implements, alloy tools, cutting tools, instruments, devices, systems sheet metal fabrication, foundry machines and equipments whether automatic, semi automatic, manual and equipments of all description whether mechanical, electrical or electronic, assemblies thereof and their parts, products, assemblies, sub assemblies, components, raw materials, peripherals, devices used for the purpose of defence and aerospace and Space Technologies*." Further, Clause III(B) was re-numbered from sub-clause 2 to sub-clause 47. Amendment to Clause I where the name of our Company was changed from 'Paras Flowform Engineering Limited' to 'Paras Defence and Space Technologies Limited'.
June 7, 2018	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 52,600,000 divided into 5,260,000 Equity Shares of ₹ 10 each to ₹ 352,600,000 divided into 35,260,000 Equity Shares of ₹ 10 each.
July 2, 2018	The main objects sub-clause 1 of Clause III(A) was substituted for the following clauses: "*1. To carry on the business of designing developing, engineering, manufacturing, integrating, testing, commissioning, validating, fabricating, erecting, installing, remodelling, delivering, assembling, repairing, refurbishing, upgrading, overhauling, hiring, supporting, distributing, marketing, buying, selling, importing, exporting and trading in all types varieties, descriptions, specifications, characteristics, and applications of engineering and technological products, Ultra-Precision Components, Sub-Systems & Systems equipment, tools, machines used in Defence and Space sector, including commissioning systems and projects including turn-key projects, special purpose project, comprising of Mechanical, Optic, Electrical, Electronic, Software, Power Electronic parts required for Defence, Space, Aerospace and allied industry, by contact or non-contact method, with in-house or out-sourced facilities.* *2. To Design, Develop, Manufacture, Integrate, Test, Install & Commission parts, components, sub-systems, systems & projects in the area of Electro Magnetics including but not limited to EMI/EMC, EMP & IEMI.* *3. To perform trade of special metals and manufacture using special metals like Titanium, Copper, Aluminum Bronze, Miraging Steel, HS Steel etc. Perform complete project management from design to commissioning for various project requirements of the customer."* Further, Clause III(A) was re-numbered from sub-clause 4 to sub-clause 49.

Date of Shareholders' resolution	Details of the amendments*
January 8, 2019	Amendment to Clause V of the Memorandum of Association to rectify the typographical error by replacing the words "Rupees Thirty Five Crores Twenty Six Thousand Only" with "Rupees Thirty Five Crores Twenty Six Lacs Only".
March 13, 2020	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 352,600,000 divided into 35,260,000 Equity Shares of ₹ 10 each to ₹ 453,850,000 divided into 45,385,000 Equity Shares of ₹ 10 each.
August 5, 2020	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 453,850,000 divided into 45,385,000 Equity Shares of ₹ 10 each to ₹ 585,000,000 divided into 45,385,000 Equity Shares of ₹ 10 each and 1,311,500 Preference Shares of ₹100 each. Further, Clause V of the Memorandum of Association was amended to reflect re-classification of the authorized share capital from ₹ 585,000,000 divided into 45,385,000 Equity Shares of ₹ 10 each and 1,311,500 Preference Shares of ₹100 each to ₹ 585,000,000 divided into 28,510,000 Equity Shares of ₹ 10 each and 2,999,000 Preference Shares of ₹ 100 each.
March 18, 2021	Amendment to Clause V of the Memorandum of Association to reflect increase in authorised share capital from ₹ 585,000,000 divided into 28,510,000 Equity Shares of ₹ 10 each and 2,999,000 Preference Shares of ₹100 each to ₹ 605,000,000 divided into 30,510,000 Equity Shares of ₹ 10 each and 2,999,000 Preference Shares of ₹ 100 each.
May 27, 2021	The sub-clause 5 of Clause III(B) was substituted for the following clause: *"5. To purchase, import, export, design, develop, manufacture, assemble, produce, exhibit, use, manipulate, work, distribute, buy, sell or otherwise deal in all kinds of raw materials, spare parts, accessories, tools, jigs, dies, moulds, fixtures, mechanical instruments and devices, agricultural implements, automative parts, gauges, appliances, apparatuses, lathes, shapers, drilling grinders, boring machines, slotters, milling machines, scientific and precision instruments, surgical instruments and parts, components, devices, systems and equipments used for medical, healthcare, industrial, consumer and other applications."*
July 17, 2021	Amendment to Clause V of the Memorandum of Association to reflect re-classification of the authorised share capital from ₹ 605,000,000 divided into 30,510,000 Equity Shares of ₹ 10 each and 2,999,000 Preference Shares of ₹ 100 each to ₹ 605,000,000 divided into 50,920,000 Equity Shares of ₹ 10 each and 958,000 Preference Shares of ₹ 100 each

Corporate Profile of our Company

For details in relation to our corporate profile including details of our business, profile, activities, services, market, growth, competition, launch of key products, entry into new geographies or exit from existing markets, suppliers, customers, capacity build-up, technology, and managerial competence, see the chapter titled "*Our Business*", "*Our Management*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Government and Other Approvals*" beginning on pages 116, 152, 231, and 257, respectively.

Total number of Shareholders of our Company

As on date of this Prospectus, our Company has 65 Shareholders. For details, see "*Capital Structure - Shareholding Pattern of our Company*" on page 68.

Holding company, joint venture

As of the date of this Prospectus, our Company does not have any holding company or a joint venture.

Our Subsidiaries

As on the date of this Prospectus, our Company has five Subsidiaries, details of which are provided below.

1. Holland Shielding Systems (India) Private Limited ("Holland Shielding Systems")

Corporate Information

Holland Shielding Systems was incorporated as a private limited company on March 12, 2018 pursuant to certificate of incorporation issued by the RoC, under the Companies Act. Its registered office is situated at 2nd floor, Plot no. D-112, TTC Industrial Area, Nerul (E), Navi Mumbai, Mumbai 400 706, Maharashtra, India.

The board of directors of Holland Shielding Systems had passed a resolution on March 17, 2020 for the striking off its name from the records of RoC. Holland Shielding Systems has filed a form STK-2 with the RoC for the striking off of its name and action has been initiated for strike-off as on date of this Prospectus.

Nature of Business

Holland Shielding Systems is involved in the business of conducting manufacturing activities in India for meeting the global requirements of Holland Shielding Systems B. V., Netherlands.

Capital Structure

The capital structure of Holland Shielding Systems is as follows:

Authorised	Aggregate Nominal Value (in ₹)
10,000 equity shares of ₹ 10 each	100,000
Issued, subscribed and paid up	
10,000 equity shares of ₹ 10 each	100,000

Shareholding Pattern

The shareholding pattern of Holland Shielding Systems is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Munjal Sharad Shah*	100	1.00
2.	Paras Defence and Space Technologies Limited	9,900	99.00

* *Holding share on behalf of our Company*

2. Paras Aerospace Private Limited ("Paras Aerospace")

Corporate Information

Paras Aerospace was incorporated as a private limited company on February 13, 2019 as Paras Aerospace Solutions Private Limited under the Companies Act. Subsequently, its name changed to Paras Aerospace Private Limited and a fresh certificate of incorporation was issued on October 23, 2020. Its registered office is situated at 12, Sanjeevappa layout, Nagavarapalya, C.V. Raman Nagar, Bangalore 560 093, Karnataka, India.

Nature of Business

Paras Aerospace is involved in the business of providing drone services and distributing fluke high value testing and calibration systems.

Capital Structure

The capital structure of Paras Aerospace is as follows:

Authorised	Aggregate Nominal Value (in ₹)
10,000 equity shares of ₹ 10 each	100,000
Issued, subscribed and paid up	
10,000 equity shares of ₹ 10 each	100,000

Shareholding Pattern

The shareholding pattern of Paras Aerospace is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Munjal Sharad Shah*	1	0.01
2.	Paras Defence and Space Technologies Limited	5,999	59.99
3.	Swati Sinha	4,000	40.00

* *Holding share on behalf of our Company*

3. Paras Anti-drone Technologies Private Limited ("Paras Anti-drone")

Corporate Information

Paras Anti-drone was incorporated as a private limited company on February 25, 2019 as Paras Strategic Technologies Private Limited under the Companies Act. Subsequently, its name changed to Paras Anti-drone Technologies Private

Limited and a fresh certificate of incorporation was issued on October 19, 2020. Its registered office situated at 1st floor, Plot no. D-112, TTC Industrial Area, Nerul (E), Navi Mumbai 400 706, Maharashtra, India.

Nature of Business

Paras Anti-drone is involved in the business of handling space sub-systems and satellites.

Capital Structure

The capital structure of Paras Anti-drone is as follows:

Authorised	Aggregate Nominal Value (in ₹)
10,000 equity shares of ₹ 10 each	100,000
Issued, subscribed and paid up	
10,000 equity shares of ₹ 10 each	100,000

Shareholding Pattern

The shareholding pattern of Paras Anti-drone is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Munjal Sharad Shah*	1	0.01
2.	Swati Sinha	1500	15.00
3.	Ashutosh Baheti	3000	30.00
4.	Paras Defence and Space Technologies Limited	5,499	54.99

* *Holding share on behalf of our Company*

4. Paras Green Optics Private Limited ("Paras Green Optics")

Corporate Information

Paras Green Optics was incorporated as a private limited company on October 29, 2018 pursuant to certificate of incorporation issued by the RoC, under the Companies Act. Its registered office situated at 1st floor, D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai 400 076, Maharashtra, India.

Nature of Business

Paras Green Optics is involved in the business of manufacturing of optical domes and large optics.

Capital Structure

The capital structure of Paras Green Optics is as follows:

Authorised	Aggregate Nominal Value (in ₹)
10,000 equity shares of ₹ 10 each	100,000
Issued, subscribed and paid up	
10,000 equity shares of ₹ 10 each	100,000

Shareholding Pattern

The shareholding pattern of Paras Green Optics is as follows:

S. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of shareholding (%)
1.	Munjal Sharad Shah*	1	0.01
2.	Paras Defence and Space Technologies Limited	9,999	99.99

* *Holding share on behalf of our Company*

5. **Opel Technologies Pte. Ltd. ("Opel Technologies")**

Corporate Information

Opel Technologies was incorporated as a private company limited by shares on January 2, 2019 as Paras Space Technologies Pte. Limited under the laws of Singapore. Subsequently, its name changed to Opel Technologies Pte. Ltd. and a fresh certificate confirming incorporation of company was issued on July 13, 2020. Its registered office situated at 54, Arab Street, Singapore 199 751. Opel Technologies is a Material Subsidiary of our Company.

Nature of Business

Opel Technologies is involved in the business of facilitating cost effective global sourcing and offering direct import options to our customers.

Capital Structure

The capital structure of Opel Technologies is as follows:

Issued and paid up ordinary share capital	Aggregate Nominal Value (in S$)
100 ordinary shares of S$ 1 each	100

Shareholding Pattern

The shareholding pattern of Opel Technologies is as follows:

S. No.	Name of the shareholder	No. of ordinary shares of face value S$ 1 each	Percentage of total Ordinary shareholding (%)
1.	Paras Defence and Space Technologies Limited	100	100

Accumulated Profits or Losses

There are no accumulated profits or losses of the Subsidiaries, which are not accounted for, by the Company.

Common Pursuits

None of the Subsidiaries of the Company are engaged in activities similar to the Company.

Other Confirmations

a) Except as disclosed in "*Restated Financial Statements – Annexure VI – Notes to Restated Consolidated Financial Information – Note 34 – Related Party Disclosures*" beginning on page 212, our Subsidiaries do not have any business interests in our Company:

b) None of our Subsidiaries are listed in India or abroad.

c) None of our Subsidiaries have made any public or rights issue in the last three years preceding the date of this Prospectus.

Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years

Except as disclosed below, our Company has not made any material acquisitions or divestments of any business or undertaking, and has not undertaken any mergers, amalgamation or revaluation of assets in the last 10 years.

Scheme of amalgamation of Paras Gate India Private Limited ("PGIPL") and Neetnav Realtors Private Limited ("NRPL") with our Company

On January 17, 2015, the Board of Directors approved the scheme of amalgamation ("**Scheme**") under Sections 391 to 394 read with Section 100 to 104 of the Companies Act, 1956 and other provisions of the Companies Act which provided for amalgamation of PGIPL and NRPL (collectively, "**Transferor Companies**") with our Company in terms of the Scheme. The Scheme was approved by the Hon'ble High Court of Judicature at Bombay pursuant to its order dated September 4, 2015. The appointed date of the scheme was April 1, 2014. As of the effective date of the scheme, being September 30, 2015 ("**Effective Date**"), the entire business and undertakings of the Transferor Company including all its properties, assets, liabilities, rights, duties and obligations were transferred to our Company. In accordance with the Scheme, our Company issued and allotted Equity Shares, credited as fully paid up, to the extent indicated below, to the shareholders of Transferor Companies holding fully paid up equity shares in Transferor Companies in the following proportion:

(i) 200 fully paid up Equity Shares of our Company issued and allotted for every 1 equity share of ₹ 10 each held in PGIPL; and

(ii) 1 fully paid up Equity Share of our Company issued and allotted for every 1 equity share of ₹ 10 each held in NRPL.

Scheme of amalgamation of Mechvac India Limited ("MIL") and Concept Shapers and Electronics Private Limited ("CSEPL") with our Company

On January 12, 2018, the Board of Directors approved the scheme of amalgamation ("**Scheme**") under Sections 230 to 232 and other provisions of the Companies Act, which provided for amalgamation of MIL and CSEPL (collectively, "**Transferor Companies**") with our Company in terms of the Scheme. The scheme of amalgamation was approved by the National Company Law Tribunal, Mumbai Bench pursuant to its order dated June 7, 2018. The appointed date of the scheme was April 1, 2017. As of the effective date of the scheme, being June 26, 2018 ("**Effective Date**"), the entire business and undertakings of the Transferor Company including all its properties, assets, liabilities, rights, duties and obligations were transferred to our Company. In accordance with the Scheme, our Company issued and allotted Equity Shares, credited as fully paid up, to the extent indicated below, to the shareholders of Transferor Companies holding fully paid up equity shares in Transferor Companies in the following proportion:

(i) 100 fully paid up Equity Shares of our Company issued and allotted for every 784 equity shares of ₹ 10 each held in MIL; and

(ii) 100 fully paid up Equity Shares of our Company issued and allotted for every 1535 equity shares of ₹ 10 each held in CSEPL.

In addition, the authorised share capital of the Transferor Companies was combined into the authorised share capital of our Company with effect from the Effective Date. For details, see "- *Amendments to our Memorandum of Association*" on page 144.

Significant financial and strategic partners

As of the date of this Prospectus, our Company does not have any significant financial and strategic partnerships.

Details of guarantees given to third parties by the Promoter Selling Shareholders

Except as disclosed below, no guarantee has been issued by the Promoter Selling Shareholders which are outstanding as on the date of this Prospectus.

The Promoter Selling Shareholders, Shilpa Amit Mahajan and Ami Munjal Shah have issued a declaration of guarantee dated March 31, 2021 in relation to outstanding cash credit and bank guarantee facilities each availed by our Company from NKGSB Co-operative Bank Limited amounting to ₹150 million and ₹145 million, respectively, as on March 31, 2021.

Further, our Company has availed a loan facility amounting to ₹100 million from NKGSB Co-operative Bank Limited in relation to which our Promoter Selling Shareholders, Shilpa Amit Mahajan and Ami Munjal Shah have issued a deed of guarantee dated June 4, 2021.

The aforementioned guarantees are effective for a period till the underlying facilities are repaid by our Company. In the event of any default by our Company towards payment of the aforementioned facilities, the Promoter Selling Shareholders shall be liable for the payment of the outstanding amount, including expenses incurred by the bank and any loss suffered by reason of such default. For further details, see "*Restated Financial Statements - Annexure VI – Notes to the Restated Consolidated Financial Information - Note 15: Non-current Borrowings*" on page 200.

Summary of key agreements

Agreements with Key Managerial Personnel, Director, Promoters or any other employee

As on the date of this Prospectus, there are no agreements entered into by our Key Managerial Personnel or Promoters or Director or any other employee of our Company, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Shareholders' Agreements

Other than as disclosed below, our Company has not entered into any Shareholders' agreements that are subsisting as on the date of this Prospectus.

Subscription cum shareholders agreement dated August 5, 2020 ("SSHA") and the amendment and conditional termination agreement dated January 28, 2021 to the SSHA ("Amendment Agreement) entered into among our Company, Promoters, the other Shareholders and MDAVF (through its investment manager IDBI Capital Market & Securities Limited ("Investor")) (collectively "Parties")

Pursuant to the SSHA, MDAVF subscribed to 29,99,000 OCPS ("**Subscription Preference Shares**") and 507 Equity Shares ("**Subscription Equity Shares**") for an aggregate consideration of ₹ 299.90 million and ₹ 0.1 million, respectively. The SSHA, *inter alia*, sets out the rights and obligations amongst the Parties and provides certain rights, including the right to appoint an investor director, tag along and drag along rights in the event any transfer of securities and certain information rights.

Further, in terms of the Amendment Agreement, the SSHA including the special rights of the Investor under the SSHA shall automatically stand terminated without any further action by any party with effect from the Investor Exit Date, being, the date on which all the Subscription Preference Shares will be redeemed by the Company or the date on which the Subscription Equity Shares will be transferred and the payment for such transfer has been made to the Investor, whichever is later. Further, in terms of the SSHA read with the Amendment Agreement, the Company is required to undertake the Pre-IPO Placement (in part or in full), at any time prior to the filing of the updated draft of the red herring prospectus with SEBI ("**Updated DRHP Filing**") and is required to use the requisite portion of the proceeds of the Pre-IPO Placement towards redemption of the outstanding Subscription Preference Shares, at a price which shall provide an IRR of 20% per annum on the consideration paid by the MDAVF for the purchase of the Subscription Preference Shares ("**Redemption**"). Additionally, simultaneous with or immediately before or 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 at such price which shall provide MDAVF an IRR of 20% per annum on the consideration paid by MDAVF for the purchase of the Subscription Equity Shares. The outstanding OCPS have been redeemed from the proceeds of the Pre-IPO Placement and internal accruals, in accordance with applicable laws and MDAVF has transferred 507 Equity Shares at a consideration of ₹ 235 per Equity Share on August 12, 2021 to Munjal Sharad Shah. Accordingly, the SSHA has been terminated with effect from the Investor Exit Date.

Share subscription and shareholders agreements each dated March 25, 2021 ("SSSAs") executed by our Company and our Promoters separately with certain investors, namely Chandrakant Vallabhaji Gogri, Pooja Unichem LLP, Devansh Ventures LLP, Jaya Chandrakant Gogri, Jayshree Harit Shah, Mukul Mahavir Agrawal and Priyank Mukesh Dedhia ("Investors")

Pursuant to the SSSAs, the Investors subscribed to a total of 1,840,000 Equity Shares for an aggregate consideration of ₹ 230 million. The details of the Equity Shares subscribed to by the Investors and the consideration paid by the Investors are as follows:

S. No.	Name of the Investor	Number of Equity Shares	Consideration (in ₹ million)
1.	Chandrakant Vallabhaji Gogri	80,000	10.00
2.	Pooja Unichem LLP	300,000	37.50
3.	Devansh Ventures LLP	72,000	9.00
4.	Jaya Chandrakant Gogri	760,000	95.00
5.	Jayshree Harit Shah	220,000	27.50
6.	Mukul Mahavir Agrawal	400,000	50.00
7.	Priyank Mukesh Dedhia	8,000	1.00

The SSSAs, *inter alia*, set out the rights and obligations amongst the parties and provides certain rights, including put option rights to the Investors in the event that the Offer is not completed within the prescribed exit period i.e. within 12 months from the date on which certain transactions as contemplated under the SSSAs are consummated. Further, in terms of the SSSAs, the SSAAs will get terminated upon the earlier of (i) the Investors ceasing to hold any securities of the Company, and (ii) the date on which listing and trading approval is received from the Stock Exchanges in relation to the Offer. For details in relation to the allotments made, see *"Capital Structure – Notes to the capital structure – Share capital history of our Company"* on page 62.

Key terms of other subsisting material agreements

Our Company has not entered into any other subsisting material agreement including with strategic partners, joint venture partners, and/ or financial partners other than in the ordinary course of business of our Company.

OUR MANAGEMENT

Board of Directors

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on date of this Prospectus, our Board comprises of seven Directors, including two Executive Directors and five Non-Executive Directors of which four are Independent Directors. Our Board comprises of two woman Directors. The following table sets forth details regarding the Board as of the date of this Prospectus:

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other directorships
1.	Sharad Virji Shah **DIN:** 00622001 **Designation:** Chairman and Non-Executive Director **Term:** Liable to retire by rotation **Period of directorship:** Director since June 16, 2009 **Address:** A-1301, Kalinga, Nirmal Nagar, Mulund Goregaon Link Road, Mulund (West), Mumbai 400 080, Maharashtra, India **Occupation:** Business **Date of birth:** December 18, 1947 **Age**: 73 years	**Indian companies**: • Paras Green Optics Private Limited
2.	Munjal Sharad Shah **DIN:** 01080863 **Designation:** Managing Director **Term:** For a period of five years from March 15, 2019 up to March 14, 2024 and liable to retire by rotation **Period of directorship:** Director since June 16, 2009 **Address:** A-1301, Kalinga, Nirmal Nagar, Mulund Goregaon Link Road, Mulund (West), Mumbai 400 080, Maharashtra, India **Occupation:** Business **Date of birth:** May 27, 1977 **Age**: 44 years	**Indian Companies:** • Paras Green Optics Private Limited • Holland Shielding Systems (India) Private Limited • Paras Aerospace Private Limited • Paras Anti-drone Technologies Private Limited
3.	Shilpa Amit Mahajan **DIN:** 01087912 **Designation:** Whole-Time Director **Term:** For a period of five years from September 28, 2018 up to September 27, 2023 and liable to retire by rotation **Period of directorship:** Director since June 25, 2018 **Address:** Hrushikesh, C/101, Swami Samarth Nagar, Lokhandwala Complex, Andheri West, Mumbai 400 053, Maharashtra, India **Occupation:** Business **Date of birth:** November 9, 1979	**Indian Companies:** • Holland Shielding Systems (India) Private Limited • Paras Aerospace Private Limited • Paras Anti-drone Technologies Private Limited

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other directorships
	Age: 41 years	
4.	Sunil Kumar Sharma **DIN:** 03614952 **Designation:** Independent Director **Term:** For a period of five years from January 8, 2019 up to January 7, 2024 **Period of directorship:** Director since January 8, 2019 **Address:** 33, D-Block, Near Ganesha Temple, CQAL Layout, Sahakar Nagar, Bangalore North, Bengaluru 560 092, Karnataka, India **Occupation:** Service **Date of birth:** September 22, 1956 **Age**: 64 years	**Indian Companies:** • Astra Micro Wave Products Limited • Smile Electronics Limited • Bhavyabhanu Electronics Private Limited
5.	Manmohan Handa **DIN:** 06942720 **Designation:** Independent Director **Term:** Five years from January 8, 2019 till January 7, 2024 **Period of directorship:** Director since January 8, 2019 **Address:** B 304, Bel White Square Apartments, Vidyaranyapura Main Road, Vidyaranyapura, Bangalore North, Bengaluru 560 097, Karnataka, India **Occupation:** Service **Date of birth:** April 30, 1956 **Age**: 65 years	Nil
6.	Hina Gokhale **DIN:** 08712659 **Designation:** Independent Director **Term:** Five years with effect from April 1, 2020 to March 31, 2025 **Period of directorship:** Director since April 1, 2020 **Address:** B-101, White House, Lakeview Road, IIT Bombay, Powai, Mumbai 400 076, Maharashtra, India **Occupation:** Service **Date of birth:** September 10, 1958 **Age**: 63 years	Nil
7.	Suresh Katyal **DIN:** 08979402 **Designation:** Independent Director	Nil

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other directorships
	Term: Five years with effect from January 5, 2021 to January 4, 2026 **Period of directorship:** Director since January 5, 2021 **Address:** House No. 822, Phase-7, Mohali, S.A.S. Nagar, Sector 62, Mohali 160 062, Punjab, India **Occupation:** Service **Date of birth:** April 3, 1956 **Age**: 65 years	

Relationship between our Directors and our Key Managerial Personnel

Except as disclosed below, none of our Directors are related to each other or to any of the Key Managerial Personnel:

S. No.	Name of Director	Related to	Nature of Relationship
1.	Sharad Virji Shah	Munjal Sharad Shah	Father
		Ami Munjal Shah	Father in law
		Harsh Dhirendra Bhansali	Father in law
2.	Munjal Sharad Shah	Sharad Virji Shah	Son
		Ami Munjal Shah	Spouse
		Anish Mehta	Brother in law
		Harsh Dhirendra Bhansali	Brother in law
3.	Shilpa Amit Mahajan	Amit Navin Mahajan	Spouse

Brief biographies of our Directors

Sharad Virji Shah is the Chairman and Non-Executive Director of our Company. Being our Promoter, he has been associated with our Company since our incorporation. He has completed his education up to secondary school certificate level. He had established our predecessor, M/s. Paras Engineering Co. concern in 1979. He has worked in different areas of engineering and manufacturing and has played a major role in leadership of our Company.

Sharad Virji Shah is unable to trace copies of documents pertaining to his educational qualifications. For further details, see *"Risk Factors – 18. We have not been able to obtain certain records of the educational qualifications of Sharad Virji Shah and our KMPs namely, Harsh Dhirendra Bhansali and Anish Mehta, and have relied on declarations and undertakings furnished by them for details of their profiles included in this Prospectus*".

Munjal Sharad Shah is the Managing Director of our Company. Being our Promoter, he has been associated with our Company since our incorporation. He has completed his education up to higher secondary certificate level. He has over 23 years of experience in the areas of flow forming, special purpose machines and equipment, turnkey mechanical units, titanium structures, among others primarily for defence applications and has played a major role in leadership of our Company.

Shilpa Amit Mahajan is the Whole-Time Director of our Company and has been on our Board since June 25, 2018. She has completed her education up to secondary school certificate level and holds a diploma in interior design from Shreemati Nathibai Damodar Thackersay Women's University, Mumbai. Prior to joining our Company, she was associated with Concept Shapers and Electronics Private Limited as director.

Sunil Kumar Sharma is an Independent Director of our Company and has been on our Board since January 8, 2019. He holds a degree of bachelor of engineering (electronics) from Bangalore University and a master's degree in business administration in production management from Bangalore University. He has 38 years of experience of working with Bharat Electronics Limited and served as its managing director from January 1, 2014 to September 30, 2016.

Manmohan Handa is an Independent Director of our Company and has been on our Board since January 8, 2019. He holds a bachelor's degree of science in mechanical engineering from Kurukshetra University and completed a post graduate diploma in material management from Indian Institute of Material Management. He has 38 years of experience of working with Bharat Electronics Limited and served as a director of its Bangalore complex from July 31, 2014 to April 30, 2016.

Hina Gokhale is an Independent Director of our Company and has been on our Board since April 1, 2020. She holds a bachelor's degree in science from Gujarat University and master's degree and a Ph.D. in statistics from University of Pittsburgh. She has over 31 years of work experience in the areas of human resources, experiment design and analysis, policy development and project management. Prior to joining our Company, she has held several positions in DRDO, New Delhi. She is a visiting faculty at Indian Institute of Technology, Bombay. She has also served as the vice chancellor of the Defence Institute of Advance Technology, Pune.

Suresh Katyal is an Independent Director of our Company and has been on our Board since January 5, 2021. He holds a bachelor's degree of science in engineering and a master's degree in business administration from Punjab University. He has 38 years of experience of working with Bharat Electronics Limited and has worked in different areas of product assurance, quality control, testing, telecom and broadcasting and defence.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There are no arrangements or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of the senior management.

Service contracts with Directors

Except statutory entitlements for benefits upon termination of their employment in our Company or retirement, none of our Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Details of borrowing powers

In accordance with the provisions of the Articles of Association, the Board of Directors may, borrow or raise any monies required for the purpose of our Company and may secure the payment of any sums of money so received, provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in general meeting exceed the aggregate of the paid up capital of the Company and its free reserves. In this regard, our Company, at its Shareholders' meeting dated September 30, 2019, has, resolved that subject to the provisions of the Companies Act including without limitation Section 180(1)(c) of the Companies Act and the rules and regulations issued thereunder, the Board of Directors is authorized to borrow money for the purpose of the business of the Company up to an amount of ₹ 2,500 million.

Terms of appointment of our Executive Directors

Munjal Sharad Shah

Pursuant to resolution passed by the Board of Directors at its meeting held on February 21, 2019 and by the Shareholders in their EGM held on March 15, 2019, and in terms of the letter of appointment dated March 15, 2019, Munjal Sharad Shah was appointed as the Managing Director of our Company with effect from March 15, 2019, for a term of five years, unless terminated earlier or extended under the Companies Act. Further, our Company entered into an agreement with Munjal Sharad Shah on September 30, 2019 with respect to the terms of appointment which were further revised pursuant to an agreement executed on July 6, 2021. Our Board of Directors in their meeting held on July 6, 2021, approved the following remuneration for Munjal Sharad Shah:

S. No.	Particulars	Details
1.	Basic Salary	₹ 500,000 per month excluding perquisites and allowances with such increments as may be recommended by the Nomination and Remuneration Committee and as may be approved by the Board subject to a ceiling of ₹ 1,000,000 per month.
2.	Performance linked variable remuneration	Performance linked variable remuneration according to the scheme of the Company for each of the financial years may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors based on economic value added in the business and other relevant factors and having regard to performance for each year.
3.	Perquisites and benefits	• Housing (i.e., unfurnished residential accommodation or house rent allowance) • Furnishing at residence

S. No.	Particulars	Details
		• Supplementary allowance • Leave travel assistance • Payment/ reimbursement of domiciliary medical expenses for self and family • Payment/ reimbursement of food vouchers and petrol • Company cars with driver for official use, provision of telephone(s) at residence • Payment/ reimbursement of telephone expenses • Housing loan, contingency loan as per rules and policy of our Company • Earned/ privilege leave, casual/ sick leave as per Company policy prevailing from time to time • Such other perquisites and allowances as per the policy/ rules of our Company in force and/ or as may be approved by the Board of Directors from time to time.

Shilpa Amit Mahajan

Pursuant to resolution passed by the Board of Directors at its meeting held on September 25, 2018 and by the Shareholders in their AGM held on September 28, 2018, and in terms of the letter of appointment dated September 28, 2018, Shilpa Amit Mahajan was appointed as the Whole-Time Director of our Company with effect from September 28, 2018, for a term of five years, unless terminated earlier or extended under the Companies Act. Further, our Company entered into an agreement with Shilpa Amit Mahajan on July 6, 2021 with respect to the terms of appointment. Our Board of Directors in their meeting held on July 6, 2021, approved the following remuneration for Shilpa Amit Mahajan:

S. No.	Particulars	Details
1.	Basic Salary	₹100,000 per month excluding perquisites and allowances with such increments as may be recommended by the Nomination and Remuneration Committee and approved by the Board subject to a ceiling of ₹300,000 per month.
2.	Performance linked variable remuneration	Performance linked variable remuneration according to the scheme of the Company for each of the financial years may be recommended by Nomination and Remuneration Committee and decided by the Board of Directors based on economic value added in the business and other relevant factors and having regard to performance for each year.
3.	Perquisites and benefits	• Housing (i.e., unfurnished residential accommodation or house rent allowance) • Furnishing at residence • Supplementary allowance • Leave travel assistance • Payment/ reimbursement of domiciliary medical expenses for self and family • Payment/ reimbursement of food vouchers and petrol • Company cars with driver for official use, provision of telephone(s) at residence • Payment/ reimbursement of telephone expenses • Housing loan, contingency loan as per rules and policy of our Company • Earned/ privilege leave, casual/ sick leave as per extant Company policy prevailing from time to time • Such other perquisites and allowances as per the policy/ rules of our Company in force and/ or as may be approved by the Board of Directors from time to time.

Payment or benefit to Directors of our Company

Other than as disclosed below, our Company has not paid any compensation or granted any benefit to any of our Directors (including contingent or deferred compensation) in all capacities in Fiscal 2021. Further, there is no contingent or deferred compensation payable to any of our Directors which accrued in Fiscal 2021.

1. **Remuneration to Executive Directors:**

Details of remuneration paid to our Executive Directors during Fiscal 2021 are set forth in the table below:

(*in ₹ million*)

Name of Director	Remuneration
Munjal Sharad Shah	6.03
Shilpa Amit Mahajan	1.37
Total	**7.40**

2. **Remuneration to Non-Executive Directors**

Pursuant to resolution passed by the Board of Directors at its meeting on March 24, 2020, the Non-Executive Directors and Independent Directors are entitled to receive sitting fees of ₹ 0.05 million per meeting of the Board of Directors and Committees of the Board with effect from April 1, 2020, within the limits prescribed under the Companies Act and the rules made thereunder. These sitting fees exclude reimbursement for expenses incurred for attending the meeting.

Details of sitting fees paid to the Non-Executive Directors during Fiscal 2021, are set forth in the table below:

(*in ₹ million*)

Name of Director	Sitting fees paid
Sharad Virji Shah	0.50
Sunil Kumar Sharma	0.50
Manmohan Handa	0.50
Hina Gokhale	0.45
Suresh Katyal	0.15
Srinivas Kalur*	-
Total	**2.10**

* *Resigned from Board with effect from August 2, 2021.*

Remuneration from Subsidiaries

None of our Directors received remuneration or are entitled to receive remuneration from our Subsidiaries during Fiscal 2021.

Bonus or profit-sharing plan for the Directors

None of our Directors are entitled to any bonus or profit sharing plans of our Company, other than the performance linked incentives given to Munjal Sharad Shah and Shilpa Amit Mahajan as stated in "–*Terms of appointment of our Executive Directors*" on page 155.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

The shareholding of the Directors in our Company as of the date of filing this Prospectus is set forth below:

Name of Director	Number of Equity Shares	Percentage Shareholding (%)
Sharad Virji Shah	8,524,840	27.53
Munjal Sharad Shah	9,908,137	32.00
Shilpa Amit Mahajan	762,245	2.46

Interest of Directors

1. Our Non-Executive Non-Independent Directors and Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and Committees thereof and reimbursement of expenses available to them and commission payable to them as approved by the Board. All our Executive Directors may be deemed to be interested to the extent of other remuneration and reimbursement of expenses payable to them as stated in "- *Terms of appointment of our Executive Directors*" on page 155.

2. No sum has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested, by any person, either to induce him to become, or to qualify him as, as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

3. Except as disclosed in "*Our Promoter and Promoter Group*" beginning on page 168, none of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company in the preceding three years.

4. Sharad Virji Shah and Munjal Sharad Shah are also the Promoters of our Company and may accordingly be deemed to be interested in the promotion or formation of our Company. Our Directors may also be regarded as interested in the Equity Shares held by them, if any (together with dividends and any other distributions in respect of such Equity Shares).

5. Further, none of our Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

6. Except as disclosed in "*Restated Financial Statements*" beginning on page 172 and as disclosed in this section, none of our Directors have any interest in our business.

7. No loans have been availed by our Directors or the Key Managerial Personnel from our Company.

Changes in the Board of Directors in the last three years

The following table provides details of the changes in the Board in the last three years:

S. No.	Name of Director	Date of appointment or cessation	Reason
1.	Ami Munjal Shah	September 25, 2018	Resigned as an Executive Director
2.	Munjal Sharad Shah	September 28, 2018	Appointment as a Managing Director
3.	Shilpa Amit Mahajan	September 28, 2018	Appointment as a Whole-Time Director
4.	Sharad Virji Shah	September 28, 2018	Change in designation from executive Director to Chairman and Non-Executive Director
5.	Amit Navin Mahajan	September 28, 2018	Resigned as an additional Director
6.	Sunil Kumar Sharma	January 8, 2019	Appointed as an Independent Director
7.	Manmohan Handa	January 8, 2019	Appointed as an Independent Director
8.	Munjal Sharad Shah	February 20, 2019	Resigned as a Managing Director
9.	Munjal Sharad Shah	March 15, 2019	Appointed as a Managing Director
10.	Hina Gokhale	April 1, 2020	Appointed as an Independent Director
11.	Anantapadmanabhan Anantaram Sarma	September 14, 2020	Appointed as a nominee Director
12.	Anantapadmanabhan Anantaram Sarma	November 23, 2020	Resigned as a nominee Director
13.	Srinivas Kalur	December 29, 2020	Appointed as a nominee Director
14.	Suresh Katyal	January 5, 2021	Appointed as an Independent Director
15.	Srinivas Kalur	August 2, 2021	Resigned as a nominee Director

Corporate governance

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. As on the date of this Prospectus, we are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including the constitution of the Board and committees thereof, and formulation and adoption of various policies. The corporate governance framework of our Company is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of the committees, thereof, each as required under applicable law.

The Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations. The Board of Directors functions either as a full board, or through various committees constituted to oversee specific operational areas.

Committees of the Board

In addition to the committees of the Board detailed below, the Board of Directors may, from time to time, constitute committees for various functions.

Audit Committee

The audit committee of the Board ("**Audit Committee**") consists of three members. The members of the Audit Committee are:

S. No.	Name	Committee designation
1.	Manmohan Handa	Chairman
2.	Sunil Kumar Sharma	Member
3.	Munjal Sharad Shah	Member

The Audit Committee was originally constituted as pursuant to a resolution passed by the Board at its meeting held on January 25, 2019 and last re-constituted pursuant to a resolution passed by the Board at its meeting held on April 5, 2019. The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations.

The terms of reference of the Audit Committee was amended in supersession to the previous terms of reference pursuant to a resolution passed by the Board at its meeting held on August 12, 2021 to include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;

3. Reviewing and monitoring the statutory auditor's independence and performance and effectiveness of audit process;

4. Approving payments to statutory auditors for any other service rendered by the statutory auditors;

5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval with particular reference to:

    - matters required to be included in the directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
    - changes, if any, in accounting policies and practices and reasons for the same;
    - major accounting entries involving estimates based on exercise of judgement by the management;
    - significant adjustments made in the financial statements arising out of audit findings;
    - compliance with listing and other legal requirements relating to financial statements;
    - disclosure of any related party transactions; and
    - modified opinion(s) in the draft audit report;

6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;

8. Approval or any subsequent modification of transactions of the Company with related parties;

9. Scrutinising of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the Company, wherever it is necessary;

11. Evaluating of internal financial controls and risk management systems;

12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

15. Discussing with internal auditors on any significant findings and follow-up thereon;

16. Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. Reviewing the functioning of the whistle-blower mechanism;

20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background etc. of the candidate;

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/ or specified/ provided under the Companies Act, the Listing Regulations or by any other regulatory authority;

22. Reviewing the utilisation of loans and/ or advances from/ investment by the holding company in any subsidiary(ies) exceeding ₹ 100 crore or 10% of the asset size of the subsidiary(ies), whichever is lower including existing loans/ advances/ investments; and

23. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. of the Company and its shareholders.

Nomination and Remuneration Committee

The nomination and remuneration committee of the Board ("**Nomination and Remuneration Committee**") consists of three members. The members of the Nomination and Remuneration Committee are:

S. No	Name	Committee designation
1.	Manmohan Handa	Chairman
2.	Sunil Kumar Sharma	Member
3.	Sharad Virji Shah	Member

The Nomination and Remuneration Committee was constituted pursuant to a meeting of the Board held on January 25, 2019. The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations.

The terms of reference of the Nomination and Remuneration Committee was amended in supersession to the previous terms of reference pursuant to a resolution passed by the Board at its meeting held on July 2, 2020 to include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;

5. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

6. Analysing, monitoring and reviewing various human resource and compensation matters;

7. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

8. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

9. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;

11. Framing suitable policies and systems to ensure that there is no violation by an employee of any applicable laws in India or overseas, including:

    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;

12. Performing such other activities as may be delegated by the Board and/ or specified/ provided under the Companies Act, the SEBI Listing Regulations or by any other regulatory authority; and

13. Recommending to the Board, all remuneration, in whatever form, payable to senior management.

Stakeholders' Relationship Committee

The stakeholders' relationship committee of the Board ("**Stakeholders' Relationship Committee**") consists of three members. The members of the Stakeholders' Relationship Committee are:

S. No	Name	Committee designation
1.	Sharad Virji Shah	Chairman
2.	Munjal Sharad Shah	Member
3.	Manmohan Handa	Member

The Stakeholders' Relationship Committee was constituted by the Board at their meeting held on January 25, 2019. The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations.

The terms of reference of the Stakeholders' Relationship Committee was amended in supersession to the previous terms of reference pursuant to a resolution passed by the Board at its meeting held on July 2, 2020 to include the following:

1. Consider and resolve grievances of security holders of the Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

2. Review of measures taken for effective exercise of voting rights by shareholders. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;

3. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend/warrants/annual reports/statutory notices by the shareholders of the Company;

4. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

5. To approve, register, refuse to register transfer or transmission of shares and other securities;

6. To sub-divide, consolidate and/or replace any share or other securities certificate(s) of the Company;

7. Allotment and listing of shares;

8. To authorise affixation of common seal of the Company;

9. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;

10. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;

11. To dematerialize or rematerialize the issued shares;

12. Ensure proper and timely attendance and redressal of investor queries and grievances;

13. Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and

14. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Social Responsibility Committee

The corporate social responsibility committee of the Board ("**Corporate Social Responsibility Committee**") consists of three members. The members of the Corporate Social Responsibility Committee are:

S. No	Name	Committee designation
1.	Munjal Sharad Shah	Chairman
2.	Shilpa Amit Mahajan	Member
3.	Manmohan Handa	Member

The Corporate Social Responsibility Committee was constituted by the Board at their meeting held on August 20, 2018 and re-constituted by a meeting of the Board on January 25, 2019. The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act.

The terms of reference of the Corporate Social Responsibility Committee, as approved by the Board on its meeting held on August 20, 2018, include:

1. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as per the Companies Act;

2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;

3. To monitor the Corporate Social Responsibility Policy of the company from time to time; and

4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Risk Management Committee

The risk management committee of the Board ("**Risk Management Committee**") consists of three members. The members of the Risk Management Committee are:

S. No	Name	Committee designation
1.	Sharad Virji Shah	Chairman
2.	Munjal Sharad Shah	Member
3.	Shilpa Amit Mahajan	Member
4.	Manmohan Handa	Member

The Risk Management Committee was constituted by the Board at their meeting on November 16, 2019 and re-constituted by a circular resolution passed by the Board on September 1, 2021. The scope and functions of the Risk Management Committee are in accordance with Regulation 21 of the SEBI Listing Regulations.

The terms of reference of the Risk Management Committee, was amended in supersession to the previous terms of reference pursuant to a resolution passed by the Board at its meeting held on August 12, 2021 to include the following:

1. To formulate a detailed risk management policy which shall include:

    a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

    b) Measures for risk mitigation including systems and processes for internal control of identified risks; and

c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and

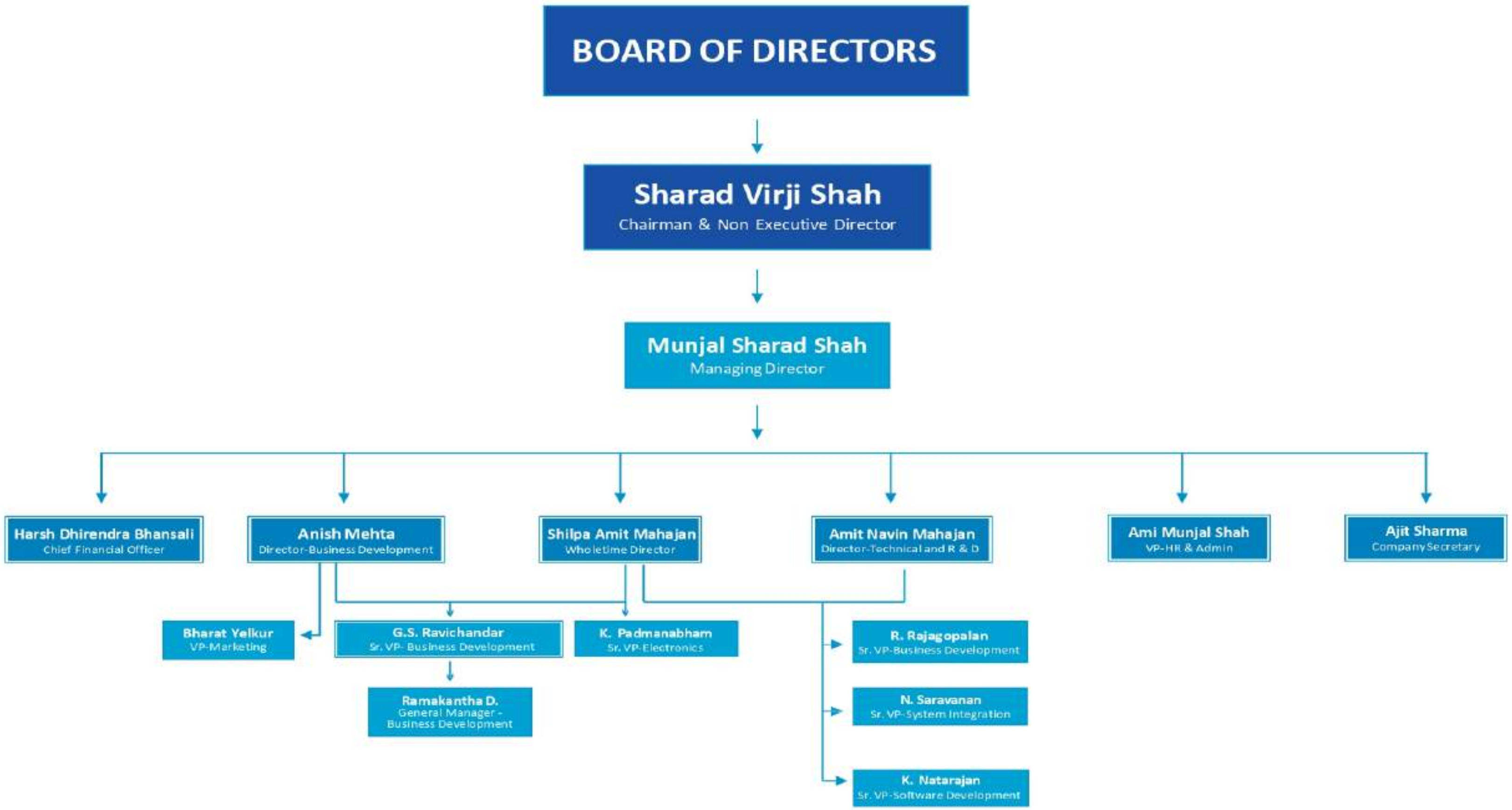
6. The appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

Other Committees

In addition to the aforesaid committees of the Board, our Company has constituted various other committees, such as, IPO Committee, finance committee and borrowing committee, to oversee and govern various functions and activities of our Company, as applicable.

Management Organisation Chart



Key Managerial Personnel

In addition to our Executive Directors, whose details are provided in "*Brief biographies of our Directors*" above, the details of our other Key Managerial Personnel in terms of the SEBI ICDR Regulations, as on the date of this Prospectus are set forth below:

Anish Mehta is the Director – Business Development of our Company. He has completed his education up to higher secondary certificate level. He has over 20 years of work experience in, among others, business operations and logistics. Currently, he is the chairman of the Defence and Aerospace Committee of Indian Chamber of International Business (ICIB) and is a centenary member of the Maharashtra Chamber of Commerce, Industry and Agriculture. He joined our Company on October 5, 2009 as General Manager and was re-designated as. Director-Business Development with effect from October 1, 2018. Prior to joining our Company, he was associated with our predecessor M/s Paras Engineering Company as an Assistant Manager – Sales and Marketing. During Financial Year 2021, he received a remuneration of ₹ 0.98 million.

Ami Munjal Shah is Vice President - Human Resource & Administration of our Company. She has completed her education to higher secondary certificate level. She has 11 years of work experience in human resources and business administration. She was also the director of our Company for the period from June 16, 2009 to September 25, 2018 and has been appointed as the Vice President – Human Resource and Administration with effect from October 1, 2018. During Financial Year 2021, she received a remuneration of ₹ 3.48 million.

Amit Navin Mahajan is the Director – Technical and R&D of our Company. He has completed a bachelor's degree in instrumentation engineering from University of Mumbai. He has over 18 years of work experience in defence electronics and systems. He was appointed as Director – Business Sale of our Company on October 1, 2018 and was re-designated as Director – Technical and R&D with effect from October 1, 2020. Prior to joining our Company, he was associated with Concept Shapers and Electronics Private Limited. During Financial Year 2021, he received a remuneration of ₹ 1.42 million.

Harsh Dhirendra Bhansali is the Chief Financial Officer of our Company. He has completed his education up to higher secondary certificate level. He has over 15 years of work experience in finance and accounts. Prior to joining our Company, he was associated with our predecessor M/s Paras Engineering Company as the finance manager. During Financial Year 2021, he received a remuneration of ₹ 1.80 million.

R. Rajagopalan is the Senior Vice President – Business Development of our Company. He holds a bachelor's degree in engineering (honours) in electrical and electronics engineering from University of Madras and a post graduate diploma in management from Indian Institute of Management, Bangalore. He joined our Company with effect from July 4, 2018. Prior to joining our Company, he was associated with C2C Innovations Private Limited as Chief of Strategy & Sales. During Financial Year 2021, he received a remuneration of ₹ 4.50 million.

K. Natarajan is the Senior Vice President – Software Development of our Company. He holds a bachelor's degree in engineering from the Regional Engineering College, Tiruchirapalli, Tamil Nadu. He joined our Company with effect from July 16, 2018. Prior to joining our Company, he was associated with Realtime Techsolutions Private Limited as Vice President (Engineering). During Financial Year 2021, he received a remuneration of ₹ 3.37 million.

N. Saravanan is the Senior Vice President – System Integration of our Company. He holds a degree of master of science in applied science (Physics – Applied Electronics) from Faculty of Engineering, University of Madras and completed a master's degree in technology (industrial electronics) from Mangalore University. He has over 30 years of work experience in, among others, military and aerospace sectors. He joined our Company with effect from July 16, 2018. Prior to joining our Company, he was associated with Realtime Techsolutions Private Limited as an executive director and president. During Financial Year 2021, he received a remuneration of ₹ 3.37 million.

Bharat Yelkur is the Vice President – Marketing of our Company. He has completed his education up to intermediate public education level. He has 24 years of experience in optical manufacturing, business development communication, optical sale and marketing. He joined our Company with effect from October 1, 2018. Prior to joining our Company, he has associated with Mechvac India Limited as Vice President and Technology Options India Private Limited as Manager – Technical Sales. During Financial Year 2021, he received a remuneration of ₹ 1.80 million**.**

G.S. Ravichandar is the Senior Vice President – Head of Naval Business Developments of our Company. He holds a bachelor's degree in mechanical engineering from the University of Mysore. He has over 35 years of work experience in, among others, naval engineering, naval programs and associated technologies. He joined our Company with effect from February 1, 2019. Prior to joining our Company, he was associated with Bharat Electronics Limited as an assistant general manager. During Financial Year 2021, he received a remuneration of ₹ 2.23 million.

K. Padmanabham is the Senior Vice President – Electronics of our Company. He holds a bachelor's degree in engineering (electronics and communication) from the Osmania University, Hyderabad and a master of technology (advanced electronics) from Jawaharlal Nehru Technological University, Hyderabad. He has 35 years of work experience in designing, development and production of aerospace electronics system, including 20 years of experience in missile integration and testing. He joined our Company with effect from July 1, 2019 as a consultant and was later appointed as the Senior Vice President – Electronics with effect from February 1, 2020. Prior to joining our Company, he was associated with Analogic Controls India Limited as managing director. During Financial Year 2021, he received a remuneration of ₹ 1.38 million.

Ajit Sharma is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in commerce (accounting and finance) from University of Mumbai and a diploma in Business Management from Prin. L.N. Welingkar Institute of Management Development & Research, Mumbai. He is a fellow member of the Institute of Company Secretaries of India. He has over 8 years of work experience in, among others, secretarial matters and corporate governance. He joined our Company with effect from April 1, 2019. Prior to joining our Company, he was working as a practising company secretary. During Financial Year 2021, he received a remuneration of ₹ 1.06 million.

Ramakantha D. is the General Manager - Business Development of our Company. He holds a bachelor's degree in engineering (mechanical) from Karnatak University. He joined our Company with effect from October 11, 2019. Prior to joining our Company, he was associated with Bharat Electronics Limited for 25 years. During Financial Year 2021, he received a remuneration of ₹ 0.80 million.

Relationship between our Key Managerial Personnel

Other than as stated above in *"– Relationship between our Directors and our Key Managerial Personnel"* and as disclosed below, there is no relationship between our Key Managerial Personnel.

S. No.	Name of Key Managerial Personnel	Related to	Nature of relationship
1.	Anish Mehta	Ami Munjal Shah	Brother

Confirmations

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel have been appointed.

Service Contracts with Key Managerial Personnel

None of the Key Managerial Personnel of our Company have entered into a service contract with our Company, pursuant to which they are entitled to any benefits upon termination of employment.

Bonus or profit sharing plans of the Key Managerial Personnel

None of the Key Managerial Personnel are party to any bonus or profit sharing plan of our Company.

Status of Key Managerial Personnel

All the Key Managerial Personnel are permanent employees of our Company. Our Company does not have high attrition rate of Key Managerial Personnel as compared to the industry.

Shareholding of Key Managerial Personnel

Except as set out below, none of our Key Managerial Personnel hold any Equity Shares in our Company:

S. No.	Name of the Key Managerial Personnel	Number of Equity Shares	Percentage (%) shareholding
1.	Munjal Sharad Shah	9,908,137	32.00
2.	Ami Munjal Shah	1,313,008	4.24
3.	Anish Mehta	1,420,630	4.59
4.	Shilpa Amit Mahajan	762,245	2.46
5.	Amit Navin Mahajan	762,245	2.46

Changes in the Key Managerial Personnel

Other than as disclosed in "- *Changes in the Board of Directors in the last three years"* on page 158, the changes in the Key Managerial Personnel other than by way of retirement in the normal course in the preceding three years are as follows:

Name	Designation	Date of change	Reason for change
Prasantamadhab Barua	Chief financial officer	November 3, 2018	Resignation
Mansi Sharma	Company secretary	March 1, 2019	Resignation
Ajit Sharma	Company Secretary and Compliance Officer	April 5, 2019	Appointment
Harsh Dhirendra Bhansali	Chief Financial Officer	March 24, 2020	Appointment

Interest of Key Managerial Personnel

None of our Key Managerial Personnel have any interest in our Company other than to the extent of the remuneration, bonus, to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company, if any. For details relating to interest of Munjal Sharad Shah and Shilpa Amit Mahajan, who are also our Key Managerial Personnel, see "- *Interest of Directors*" on page 157.

Employees Stock Options

Our Company has no employee stock option plan.

Payment or Benefit to Key Managerial Personnel

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

The Promoters of our Company are:

1. Sharad Virji Shah

2. Munjal Sharad Shah

As on the date of this Prospectus, our Promoters, in aggregate, hold 18,432,977 Equity Shares in our Company, representing 59.53% of the issued, subscribed and paid-up Equity Share capital of our Company. For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure*", beginning on page 62.

Details of our Promoters

1. **Sharad Virji Shah**

Sharad Virji Shah, aged 73 years, is a citizen of India. He is the Chairman and Non-Executive Director of our Company. For further details, see "*Our Management*" beginning on page 152.

His PAN is ALBPS0548P and his Aadhaar card number is [redacted]As on the date of this Prospectus, he does not hold a driving license.

2. **Munjal Sharad Shah**

Munjal Sharad Shah, aged 44 years, is a citizen of India. He is the Managing Director of our Company. For further details, see "*Our Management*" beginning on page 152.

His PAN is ALJPS7360P and his driving license number is MH03 20110008667. His Aadhaar card number is [redacted]

Our Company confirms that the PAN, bank account numbers and passport numbers of our Promoters have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Change in control of our Company

Our Promoters are the original promoters of our Company and the control of our Company has not been acquired in the last five years the date of filing this Prospectus.

Interests of our Promoters

Interest of Promoters in the promotion of our Company

Our Promoters are interested in our Company to the extent they have promoted our Company, and their respective directorship and shareholding in our Company, directly and indirectly, the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them in our Company. For details of the shareholding of our Promoters in our Company, see "*Capital Structure*" beginning on page 62.

Further, Sharad Virji Shah and Munjal Sharad Shah are also interested in our Company as Chairman and Non-Executive Director and Managing Director of our Company, respectively. For details on the terms of their appointment, see "*Our Management*" beginning on page 152.

Interest of Promoters in properties of our Company, land, construction of building, supply of machinery

Except for the properties acquired by our Company from Concept Shapers and Electronics Private Limited pursuant to the scheme of amalgamation approved by the National Company Law Tribunal, Mumbai bench *vide* its order dated June 7, 2018, our Promoters are not interested in the properties acquired by our Company in the three years preceding the date of filing this Prospectus with SEBI or proposed to be acquired by our Company, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery. For details in relation to the scheme of amalgamation, see "*History and Certain Corporate Matters – Details regarding material acquisitions or divestments of business or undertakings, mergers, amalgamations or revaluation of assets in the last ten years*", on page 149.

Business Interests

Except as disclosed in this Prospectus, the Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to the Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by it or by such firm or company in connection with the promotion or formation of our Company. For further details in relation to the same, see "*Restated Financial Statements*", beginning on page 172.

Payment or benefits to our Promoters or Promoter Group

Except in the ordinary course of business and as disclosed in "*Our Management*" and "*Restated Financial Statements*" beginning on pages 152 and 172 respectively, no amount or benefit has been paid or given to any of our Promoters or members of the Promoter Group in the two immediately preceding years from the date of this Prospectus and no amount or benefit is intended to be paid or given to any of our Promoters or members of the Promoter Group.

Material guarantees given by our Promoters

Our Promoters have not given any material guarantees to any third parties with respect to the Equity Shares, as on the date of this Prospectus.

Disassociation by our Promoters in the three immediately preceding years

Except as disclosed below, our Promoters have not disassociated themselves from any companies or firms during the three immediately preceding years the date of filing of this Prospectus:

S. No.	Name of disassociated entity	Promoters who were disassociated	Reasons and circumstances leading to the disassociation and terms of disassociation	Date of disassociation
1.	Concept Shapers and Electronics Private Limited ("**CSEPL**")	Munjal Sharad Shah	Amalgamation of CSEPL with our Company	June 7, 2018
2.	Concept Shapers and Electronics Private Limited ("**CSEPL**")	Sharad Virji Shah	Amalgamation of CSEPL with our Company	June 7, 2018
3.	Remy Entertainment & Banquets Private Limited	Munjal Sharad Shah	Due to pre-occupation	November 4, 2019

Promoter Group

In addition to our Promoters, the individuals that form a part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are set out below:

Sr. No.	Name of the Relative	Nature of relationship
1.	Niranjana Sharad Shah	Spouse of Sharad Virji Shah
2.	Chandrakant Shah	Brother of Sharad Virji Shah
3.	Nitin Shah	Brother of Sharad Virji Shah
4.	Chandan Chheda	Sister of Sharad Virji Shah
5.	Kaajal Harsh Bhansali	Daughter of Sharad Virji Shah and sister of Munjal Sharad Shah
6.	Harendra Bhalla	Brother-in-law of Sharad Virji Shah
7.	Ami Munjal Shah	Spouse of Munjal Sharad Shah and daughter-in-law of Sharad Virji Shah
8.	Anushka Munjal Shah	Daughter of Munjal Sharad Shah
9.	Jiwanshi Munjal Shah	Daughter of Munjal Sharad Shah
10.	Hemant Mehta	Father in-law of Munjal Sharad Shah
11.	Malti Mehta	Mother in-law of Munjal Sharad Shah
12.	Anish Mehta	Brother in-law of Munjal Sharad Shah

GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term "Group Company" includes such companies (other than promoters and subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Statements, as covered under the applicable accounting standards, and also other companies as considered material by our Board. Pursuant to resolutions dated March 2, 2021 and August 12, 2021, our Board has noted that in accordance with the SEBI ICDR Regulations and for the purpose of disclosure in this Prospectus, group companies of our Company shall include (i) the companies with which there were related party transactions as disclosed in the Restated Financial Statements; or (ii) such other company as deemed material by our Board. For the purposes of (ii) above, in terms of the materiality policy, a company (other than our Subsidiaries) shall be considered material and disclosed as a group company if the companies which are members of the Promoter Group of our Company and with which there were transactions in the most recent financial year and any stub period for which restated audited financial statements are included in the Offer Documents, which individually or in the aggregate, exceed 10% of the total restated revenue of the Company for the latest restated annual financial statements.

Accordingly, based on the parameters outlined above, our Company does not have any group company as on the date of this Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. According to the dividend policy adopted by the Board of Directors on March 24, 2020, the dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, capital expenditure requirement, the overall financial position of our Company, past dividend declaration trends, any other applicable criteria from the legal or regulatory framework applicable to our Company and other factors considered relevant by the Board of Directors, including as set out in the dividend policy adopted by the Board of Directors.

We have not declared any dividends for Fiscals 2021, 2020 and 2019. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. For details of risks in relation to our capability to pay dividend, see "*Risk Factors – 64. Our Company's ability to pay dividends in the future will depend upon future earnings, financial conditions, cash flows, working capital requirements and capital expenditures*." on page 48.

In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under the SSHA, the loan or financing documents that our Company is currently a party to or may enter into from time to time. For more information on restrictive covenants under our loan agreements, see "*Financial Indebtedness*" beginning on page 229.

SECTION V: FINANCIAL INFORMATION

RESTATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area
Nerul, Navi Mumbai- 400706
Maharashtra, India

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of **Paras Defence and Space Technologies Limited** (the "Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Statement of Cash Flows for the years ended March 31, 2021, 2020 and 2019, the Statement of Basis of Preparation and Significant Accounting Policies, read together with the annexures and other explanatory information thereto (collectively, the "**Restated Consolidated Financial Information**"), as approved by the Board of Directors of the Company at their meeting held on July 06, 2021 for the purpose of inclusion in the Red Herring Prospectus ("**RHP**")/ Prospectus (collectively referred to as "**Offer Documents**") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Managements' Responsibility for the Restated Consolidated Financial Information:

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, Relevant Stock Exchanges and Registrar of Companies, Maharashtra at Mumbai in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 (I) of Annexure V to the Restated Consolidated Financial Information. The Management's responsibility includes designing,

implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibility:

3. We have examined such Restated Consolidated Financial Information taking into consideration:

a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated October 20, 2020 in connection with the proposed IPO of the Company;

b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

Restated Consolidated Financial Information as per audited Consolidated Financial Statements:

4. These Restated Consolidated Financial Information have been compiled by the management from the audited consolidated financial statements of the Group as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") notified under the section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on July 06, 2021, September 14, 2020 and September 7, 2019 respectively.

5. For the purpose of our examination, we have relied on Auditors' report issued by us dated July 06, 2021, September 14, 2020 and September 7, 2019 on the consolidated financial statements of the Group as at and for the year ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively, as referred in Paragraph 4 above.

6. As indicated in our audit reports referred above:

a) we did not audit financial statements of the subsidiaries whose share of total assets, total revenues and net cash inflows / (outflows) included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditors, as set out in **Appendix A** and whose reports have been furnished to us by the Company's 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 components, is based solely on the reports of the other auditors:

(Rs in millions)

Particulars	As at / for the year ended March 31, 2021	As at / for the year ended March 31, 2020	As at / for the year ended March 31, 2019
Total assets	26.61	4.84	0.35
Total revenue	169.95	4.99	0
Total net cash inflow / (outflow)	0.09	0.02	0.25

b) We did not audit the financial information of two subsidiaries, namely Paras Aerospace Solution Private Limited (Now known as Paras Aerospace Private Limited) and Paras Strategic Technologies Private Limited (Now known as Paras Anti-Drone Technologies Private Limited), for the year ended March 31, 2019 whose financial information reflect total assets of Rs. 0.2 million, total revenue of Rs. Nil and net cash inflows aggregating to Rs. 0.2 million. These financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it related to the amounts and disclosures included in respect of these subsidiaries are based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

7. Based on our examination and according to the information and explanations given to us and based on the para 5 and 6 above, we report that the Restated Consolidated Financial Information:

a) has been prepared after incorporating adjustments, if any, for the changes in accounting policies and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020 and 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the year ended March 31, 2021;

b) There were no qualifications in Auditor's Report on the Consolidated Audited Financial Statements of the Group for the year ended March 31 2021, March 31, 2020 and March 31, 2019, which require any adjustments to the Restated Consolidated Financial Information.; and

c) have been prepared in accordance with the Act, SEBI ICDR Regulations and the Guidance Note.

8. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the date of the report on the consolidated financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the RHP to be filed with Securities and Exchange Board of India, Relevant Stock Exchanges and Registrar of Companies, Maharashtra at Mumbai in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Chaturvedi & Shah LLP**
Chartered Accountants
Firm's Registration Number: 101720W / W100355

R. Koria
Partner
Membership No: 035629
UDIN: 21035629AAAACC4441

Place: Mumbai
Date: July 06, 2021

Appendix A
List of Subsidiaries audited by other auditors

For the year ended March 31, 2021 and March 31, 2020

Sr. No.	Name of the Subsidiary	Name of Auditors
1	OPEL Technologies PTE. Ltd. (Formerly known as Paras Space Technologies Pte. Ltd.)	MGI Alliance Singapore Pac Public Accountants and Chartered Accountants

For the year ended March 31, 2019

Sr. No.	Name of the Subsidiary	Name of Auditors
1	Holland Shielding (India) Private Limited	Nitin Maru & Associates Chartered Accountants
2	Paras Green Optics Private Limited	Nitin Maru & Associates Chartered Accountants
3	Paras Space Technologies Pte. Ltd	MGI Alliance Singapore Pac Public Accountants and Chartered Accountants

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

ANNEXURE-I

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(All amounts in INR Millions unless otherwise stated)

	PARTICULARS	Annexure VI, Note No.	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
I.	**ASSETS**							
1)	**Non Current Assets**							
(a)	Property, Plant and Equipment	1	1,551.33		1,557.88		1,658.88	
(b)	Capital Work in Progress	1	5.11		49.05		26.30	
(c)	Intangible Assets	2	14.98		20.45		24.05	
(d)	Financial Assets							
	i) Investments	3	11.26		0.50		0.50	
	ii) Other Financial Assets	4	11.90		2.81		4.24	
(e)	Non Current Tax Assets		0.03		-		-	
(f)	Other Non Current Assets	5	12.30	**1,606.91**	14.09	**1,644.78**	8.71	**1,722.68**
2)	**Current Assets**							
(a)	Inventories	6	747.11		604.30		645.27	
(b)	Financial Assets							
	i) Trade Receivables	7	948.55		975.99		832.27	
	ii) Cash and Cash Equivalents	8	46.83		12.54		1.79	
	iii) Bank Balances other than (ii) above	9	36.33		31.26		16.78	
	iv) Loans	10	0.49		0.33		1.51	
	v) Other Financial Assets	11	4.83		6.36		5.14	
(c)	Other Current Assets	12	195.33		123.23		72.04	
			1,979.47		**1,754.01**		**1,574.80**	
(d)	Assets held for Sale	40	41.20	**2,020.67**	25.07	**1,779.08**	-	**1,574.80**
	TOTAL ASSETS			**3,627.58**		**3,423.86**		**3,297.48**
II.	**EQUITY AND LIABILITIES**							
	EQUITY							
(a)	Equity Share Capital	13	298.53		284.12		56.82	
(b)	Other Equity	14	1,767.82		1,442.10		1,466.84	
	Equity attributable to Owners			**2,066.35**		**1,726.22**		**1,523.66**
	Non Controlling Interest			0.69		-		-
	TOTAL EQUITY			**2,067.04**		**1,726.22**		**1,523.66**
	LIABILITIES							
1)	**Non Current Liabilities**							
(a)	Financial Liabilities							
	i) Borrowings	15	255.30		367.50		381.99	
	ii) Lease Liabilities	16	0.59		1.01		-	
(b)	Provisions	17	11.93		12.96		16.88	
(c)	Deferred Tax Liabilities (Net)	18	231.40	**499.22**	234.96	**616.43**	277.82	**676.69**
2)	**Current Liabilities**							
(a)	Financial Liabilities							
	i) Borrowings	19	680.38		601.97		379.26	
	ii) Lease Liabilities	20	0.62		0.61		-	
	iii) Trade Payables	21						
	Total Outstanding dues of Micro enterprises and small enterprises		9.34		69.87		72.70	
	Total Outstanding dues of creditors other than Micro enterprises and small enterprises		143.88		200.56		459.83	
	iii) Other Financial Liabilities	22	151.93		88.52		111.61	
(b)	Other Current Liabilities	23	6.08		60.46		16.08	
(c)	Provisions	24	1.48		1.53		1.51	
(d)	Current Tax Liabilities (Net)		67.61	**1,061.32**	57.69	**1,081.21**	56.14	**1,097.13**
	TOTAL EQUITY AND LIABILITIES			**3,627.58**		**3,423.86**		**3,297.48**

Note: The above Statement should be read with the Annexure V and Annexure VI to the Restated Consolidated Financial Information.

As per our report of even date

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

For and on behalf of the Board of Directors

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: 6th July 2021

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
ANNEXURE-II
RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts in INR Millions unless otherwise stated)

	PARTICULARS	Annexure VI, Note No.	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
1	Revenue From Operations	25	1,433.30	1,470.43	1,543.99
2	Other Income	26	12.77	20.08	27.70
3	**Total Income (1+2)**		**1,446.07**	**1,490.51**	**1,571.69**
4	**Expenses**				
	Cost of Materials Consumed		598.67	739.75	955.23
	Purchases of Stock In Trade		134.87	4.31	-
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	27	(80.44)	(15.81)	(116.39)
	Employee Benefits Expense	28	117.38	109.64	89.77
	Finance Costs	29	124.10	97.73	93.86
	Depreciation and Amortisation Expense	30	96.54	97.13	94.06
	Other Expenses	31	228.84	239.84	187.05
	Total Expenses		**1,219.96**	**1,272.59**	**1,303.58**
5	**Profit Before Exceptional Items and Tax (3-4)**		226.11	217.92	268.11
6	Exceptional Items		-	-	-
7	**Profit Before Tax (5-6)**		**226.11**	**217.92**	**268.11**
8	**Tax Expenses :**	18			
	Current Tax		72.86	66.19	68.84
	Deferred Tax		(4.61)	(44.88)	9.58
	Income Tax for Earlier Years		-	0.04	(0.01)
			68.25	**21.35**	**78.41**
9	**Profit for the Year (7-8)**		**157.86**	**196.57**	**189.70**
10	**Other Comprehensive Income**				
(i)	**Items that will not be reclassified to profit or loss**				
	Remeasurement Losses / (Gains) on Defined Benefit Plans		(4.19)	(8.03)	6.17
	Tax Effect on above		1.05	2.02	(1.80)
(ii)	**Items that will be reclassified to Profit or Loss**				
	Exchange differences in translating the financial statement of a foreign operation		0.04	0.02	-
	Total Other Comprehensive Income		**(3.10)**	**(5.99)**	**4.37**
11	**Total Comprehensive Income for the Year (9-10)**		**160.96**	**202.56**	**185.33**
12	**Profit attributable to**				
	Equity Holders of the Parent		157.25	196.57	189.70
	Non-Controlling Interest		0.61	-	-
13	**Other Comprehensive Income attributable to**				
	Equity Holders of the Parent		(3.10)	(5.99)	4.37
	Non-Controlling Interest		-	-	-
14	**Total comprehensive income attributable to**				
	Equity Holders of the Parent		160.35	202.56	185.33
	Non-Controlling Interest		0.61	-	-
15	**Earnings per Equity Share of Rs. 10/- each**	32			
	Basic (Rs.)		5.55	6.92	6.75
	Diluted (Rs.)		5.55	6.92	6.74

Note: The above Statement should be read with the Annexure V and Annexure VI to the Restated Consolidated Financial Information.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

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: 6th July 2021

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
ANNEXURE-III
RESTATED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(Rs. in Millions)

PARTICULARS	Balance as at 1st April, 2018	Changes during 2018-19	Balance as at 31st March, 2019	Changes during 2019-20	Balance as at 31st March, 2020	Changes during 2020-21	Balance as at 31st March, 2021
Equity Share Capital	**55.82**	1.00	**56.82**	227.30	**284.12**	14.41	**298.53**

B. OTHER EQUITY (Rs. in Millions)

PARTICULARS	Attributable to Equity Holders of Parent								Non Controlling Interest	Total
	Reserves and Surplus				Revaluation Reserve	Item of Other Comprehensive Income		Total		
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings		Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans			
Balance as at 1st April, 2018	**(80.84)**	**394.47**	**1.19**	**449.61**	**418.31**	**-**	**(0.23)**	**1,182.51**	**-**	**1,182.51**
Conversion of Compulsorily Convertible Debentures (Refer Note No. 13.2)	-	99.00	-	-	-	-	-	99.00	-	99.00
Total Comprehensive Income for the year	-	-	-	189.70	-	0.00	(4.37)	185.33	-	185.33
Balance as at 31st March, 2019	**(80.84)**	**493.47**	**1.19**	**639.31**	**418.31**	**0.00**	**(4.60)**	**1,466.84**	**-**	**1,466.84**
Balance as at 1st April, 2019	(80.84)	493.47	1.19	639.31	418.31	0.00	(4.60)	1,466.84	-	1,466.84
Utilised for Issue of Bonus Shares (Refer Note No. 13.3)	-	(227.30)	-	-	-	-	-	(227.30)	-	(227.30)
Total Comprehensive Income for the year	-	-	-	196.57	-	(0.02)	6.01	202.56	-	202.56
Balance as at 31st March, 2020	**(80.84)**	**266.17**	**1.19**	**835.88**	**418.31**	**(0.02)**	**1.41**	**1,442.10**	**-**	**1,442.10**
Balance as at 1st April, 2020	(80.84)	266.17	1.19	835.88	418.31	(0.02)	1.41	1,442.10	-	1,442.10
On issue of Equity Shares (Refer Note No. 13.4 & 13.5)	-	165.70	-	-	-	-	-	165.70	-	165.70
Expenses Incurred for Isssue of Equity Shares	-	(0.33)	-	-	-	-	-	(0.33)	-	(0.33)
Total Comprehensive Income for the year	-	-	-	157.25	-	(0.04)	3.14	160.35	0.61	160.96
Balance as at 31st March, 2021	**(80.84)**	**431.54**	**1.19**	**993.13**	**418.31**	**(0.06)**	**4.55**	**1,767.82**	**0.61**	**1,768.43**

Note: The above Statement should be read with the Annexure V and Annexure VI to the Restated Consolidated Financial Information.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

R. KORIA
Partner
Membership No. 35629

Place: Mumbai
Date: 6th July, 2021

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

AJIT SHARMA
Company Secretary
Membership No. F10165

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
ANNEXURE-IV
RESTATED CONSOLIDATED STATEMENT OF CASH FLOWS

(Rs. in Millions)

	PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before Tax as per the Restated Consolidated Statement of Profit and Loss	226.11	217.92	268.11
	ADJUSTED FOR :			
	Depreciation and Amortisation Expense	96.54	97.13	94.06
	Dividend on Non Current Investments	-	(0.05)	(0.05)
	Interest Income	(2.43)	(2.36)	(1.61)
	Finance Costs	124.10	97.73	93.86
	Loss / (Profit) on Sale of Property, Plant and Equipment (Net)	(0.39)	0.79	0.54
	Impairment loss on Assets held for sale	0.72		
	Initial Public Offering Related Expenses	-	4.50	-
	Account Written Back (Net)	-	(9.33)	-
	Bad Debts / Advances written off (Net)	1.31	-	4.22
	Provision for Expected Credit Loss	11.53	13.49	6.68
	Provision for Doubtful Advance	-	5.00	-
	Provision for Doubtful Advance written back	(5.00)	-	-
	Unrealised Foreign Exchange differences	(0.73)	3.82	(2.84)
	Lease Liability Reversal	(0.03)	-	-
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**451.73**	**428.64**	**462.97**
	ADJUSTMENTS FOR :			
	Trade and Other Receivables	(31.77)	(211.42)	(567.18)
	Inventories	(142.81)	40.97	(207.33)
	Trade and Other Payables	(164.95)	(213.79)	261.00
	CASH GENERATED FROM / (USED IN) OPERATIONS	**112.20**	**44.40**	**(50.54)**
	Direct Taxes Paid (Including Interest)	(69.35)	(70.40)	(69.98)
	NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	**42.85**	**(26.00)**	**(120.52)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Property, Plant and Equipment and Capital Work-in-Progress	(53.25)	(40.51)	(96.56)
	Sale of Property, Plant and Equipment	0.61	0.18	-
	Purchase of Investment	(10.76)		
	Sale of Investment	0.09	-	-
	Fixed Deposits	-	(10.00)	-
	Interest Income	0.67	1.53	0.99
	Dividend Income	-	0.05	0.05
	NET CASH USED IN INVESTING ACTIVITIES	**(62.64)**	**(48.75)**	**(95.52)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceed from Issue of Equity Shares (Net of Expenses)	179.77	-	-
	Proceed from 0.01% Optionally Convertible Preference Shares	299.90	-	-
	Redemption of 0.01% Optionally Convertible Preference Shares	(160.20)		
	Proceed from Issue of Compulsorily Convertible Debentures	-	-	100.00
	Proceed from Non Current Borrowings (Term Loans)	1.42	51.10	77.30
	Repayment of Non Current Borrowings	(52.78)	(89.38)	(60.87)
	Current Borrowings (Net)	(78.95)	226.94	168.73
	Payment related to Initial Public Offering	(14.80)	(4.50)	-
	Lease Liabilities	(0.73)	(0.35)	-
	Finance Costs	(105.68)	(95.25)	(80.85)
	Margin Money (Net)	(14.16)	(3.05)	9.79
	NET CASH GENERATED FROM FINANCING ACTIVITIES	**53.79**	**85.51**	**214.10**
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**34.00**	**10.76**	**(1.94)**
	CASH AND CASH EQUIVALENTS (OPENING BALANCE)	12.54	1.79	3.73
	Effect of Exchange rate on Cash and Cash Equivalents	0.29	(0.01)	-
	CASH AND CASH EQUIVALENTS (CLOSING BALANCE) (Refer Note 8.1 of Annexure VI)	**46.83**	**12.54**	**1.79**

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

Particulars	31.03.2021	31.03.2020	31.03.2019
OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**1,033.23**	**848.76**	**663.60**
Add : Changes from Cash Flow from Financing Activities (Net)	9.39	188.66	185.16
Add : Change on account of processing fees	0.21	0.03	-
Add :Changes in fair value	17.67	-	-
Less: Inter Corporate Deposits Written Back	-	4.22	-
CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**1,060.50**	**1,033.23**	**848.76**

(i) The above Restated 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 Years' figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

Note: The above Statement should be read with the Annexure V and Annexure VI to the Restated Consolidated Financial Information.

As per our Report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of Board of Directors

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: 6th July, 2021

1 Corporate Information

Paras Defence & Space Technologies Limited (the "Company" or the "Holding Company") and its subsidiaries (collectively referred to as the "Group"), as detailed in Note 41 of Annexure VI, is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. 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 Holding Company is in the process of listing of its equity shares and it has also filed the Draft Red Herring Prospectus (DRHP) with the Security Exchange Board of India (SEBI) and concerned Stock Exchanges.

2 Significant accounting policies and assumptions

I) Statement of compliance and basis of preparation:

The Restated Consolidated Financial Information of the Group comprises of the Restated Consolidated Statements of Assets and Liabilities as at 31st March, 2021, 31st March, 2020, 31st March, 2019 and the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash flows for the year ended 31st March , 2021, 31st March , 2020 and 31st March, 2019, the Basis for Preparation and Significant Accounting Poilices and the Statement of Notes to the Restated Consolidated Financial Information (hereinafter collectively referred to as 'Restated Consolidated Financial Information').
The Restated Consolidated Financial Information was approved by the Board of Directors of the Company in their meeting held on 6th July, 2021

The Restated Consolidated Financial Information has been prepared for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:
- Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act").
- Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; and
- The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

The Restated Consolidated Financial Information have been compiled from annual audited consolidated financial statements for the years ended 31st March, 2021, 31st March, 2020 and 31st March, 2019 prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act to the extent applicable (hereinafter collectively referred to as "Audited Consolidated Financial Statements").

The Restated Consolidated Financial Information has been compiled by the Management from the Audited Consolidated Financial Statements for respective years and:
- there are no audit qualification on these audited consolidated financial statements;
- there were no changes in accounting policies during the respective years of these financial statements except for the new and amended Ind AS-116- 'Leases';
- there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Consolidated Financial Statements of the Group as at and for the year ended 31st March, 2021 and the requirements of the SEBI Regulations.

II) Functional and presentation currency:

The Restated Consolidated Financial Information is presented in Indian Rupees; which is the functional currency of the Group. All amounts have been rounded to the nearest million, upto two places of decimal, unless otherwise stated.

III) Basis of measurement:

The Restated consolidated financial statements have been prepared and presented on going concern basis and historical cost basis, except for the following assets and liabilities, which have been measured as indicated below:

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).

- Employee's Defined Benefit Plans measured per actuarial valuation.

IV) Principles of Consolidation:

The Restated Consolidated Financial Information 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 Holding Company's investment in each subsidiary and the Holding Company's portion of equity of each subsidiary. The difference between the cost of investment in the subsidiaries and the Holding Company's share of net assets at the time of acquisition of control in the subsidiaries is recognised in the consolidated financial statement as goodwill. However, resultant gain (bargain purchase) is recognized in other comprehensive income on the acquisition date and accumulated to capital reserve in equity.

iii) In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the respective years. All assets and liabilities are converted at rates prevailing at the end of the respective years. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).

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

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

vi) Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

V) Significant Accounting policies

(A) Property, Plant and Equipment:

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In case of Property, Plant and Equipment, the Group has availed the fair value as deemed cost on the date of transition i.e. 1st April, 2016.

Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital Work-in-Progress" and expenses incurred relating to it, net of income earned during the development stage, are disclosed as pre-operative expenses under "Capital Work-in-Progress".

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on property, plant and equipment is provided on straight line method for the year for which the assets have been used as under:

(a) Depreciation on assets is provided over the useful life of assets as prescribed under Schedule II of Companies Act, 2013.

(b) Leasehold land is amortised over the period of lease.

The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

(B) Intangible Assets and Amortisation:

Intangible Assets are stated at cost, net off accumulated amortization and impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Restated Consolidated Statement of Profit and Loss. The period of amortisation is as under :

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

(C) Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net off income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the year in which they occur.

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

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU), may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognised in the Restated 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.

(E) Government Grants and Subsidy:

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

(F) Taxes on Income:

Tax expense represents the sum of current tax (income tax for earlier years) and deferred tax. Tax is recognised in the Restated 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.

(G) Inventories:

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

(H) Financial Instruments:

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

Financial Assets -Initial recognition and measurement:

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

Financial assets - Subsequent measurement:

For the purpose of subsequent measurement, financial assets are classified in two broad categories:-

a) Financial assets at fair value

b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the Restated Consolidated Statement of Profit and Loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net off any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

a) Business model test: The objective of the Group's business model is to hold the financial asset to collect the contractual cash flow.

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

a) Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets.

b) Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

All other financial asset are measured at fair value through profit or loss.

Financial assets - Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial asset) 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 months ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full, lifetime ECL is used.

Financial Liabilities - Initial recognition and measurement:

The Financial Liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net off directly attributable transaction costs.

Financial Liabilities - Subsequent measurement:

Financial Liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts are as approximate fair value due to the short maturity of these instruments.

Financial Liabilities - Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

Financial liability - Derecognition:

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

(I) Fair Value:

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

(J) Investment in Subsidiaries:

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

(K) Revenue Recognition and Other Income:

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 is transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the Government). Consideration is generally due upon satisfaction of performance obligations and the receivable consideration is recognized when it becomes unconditional.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Revenue is measured based on the transaction price which is the consideration adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Contract Balances - Trade Receivables:
A receivable represents the Group's right to an amount of consideration that is unconditional.
Contract liabilities:
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.
Other Income:
Incentives on exports and other Government incentives related to operations are recognised in the Restated Consolidated Statement of Profit and Loss after due consideration of certainty of utilization/receipt of such incentives.

Interest Income:
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
Dividend Income:
Dividend Income is recognised when the right to receive the payment is established.
Rental income:
Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included as other income in the Restated Consolidated Statement of Profit and Loss.

(L) Foreign currency transactions and translation:
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Restated 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 foreign currency are translated using the exchange rates at the dates of the transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing on 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 Restated Consolidated Statement of Profit and Loss, within finance costs. All other finance gains / losses are presented in the Restated 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.

(M) Employee Benefits:
Short term employee benefits are recognized as an expense in the Restated 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 plan, 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 Restated 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 the Restated Consolidated Statement of Profit and Loss in subsequent periods.

(N) Lease:

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

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

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements 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 comprise 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, whether it will exercise an extension or a termination option.

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

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

The Group as a lessor

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

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

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

(O) Research and Development:

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

(P) Provisions, Contingent Liabilities and Contingent Assets:

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset but is recognised as an asset.

(Q) Segment reporting:

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

(R) Cash and cash equivalents:

Cash and cash equivalents in the Restated Consolidated Financial Information 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 Restated Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net off outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(S) Earnings per share:

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

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

(T) Current / Non-current classification:

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

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

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when it is:

a) Expected to be settled in normal operating cycle,
b) Held primarily for the purpose of trading,
c) Due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Group has identified twelve months as its operating cycle.

(U) Offsetting financial instruments:

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

(V) Held for Sale:

Non-Current Assets are classified as Held for Sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable from the date of classification, management are committed to the sale and the asset is available for immediate sale in its present condition. Non-Current Assets are classified as Held for Sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less cost to sell. Any resulting impairment loss is recognised in the Restated 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

VI) Key accounting estimates and judgements

The preparation of the Group's Restated Consolidated Financial Information requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Depreciation/amortisation and useful lives of property plant and equipment/intangible assets:

Property, plant and equipment/intangible assets are depreciated/amortised over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

(B) Provisions:

Provisions and liabilities are recognized in the period in which it becomes probable that there will be 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 requires application of judgement to existing facts and circumstances which could be subject to change. Since the cash outflows can take place in the upcoming years, the carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

(C) Defined benefit obligation:

The costs of providing post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates and mortality rates.

(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.

NOTE : 1 PROPERTY, PLANT AND EQUIPMENT

(Rs. in Millions)

Particulars	Freehold-Land	Leasehold-Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Right of Use of Assets (Building)	Total
Balance as at 1st April, 2018	**37.78**	**546.33**	**370.13**	**799.68**	**14.23**	**37.66**	**6.76**	**1.80**	**-**	**1,814.37**
Additions	-	-	27.26	0.38	13.69	0.83	7.47	1.51	-	51.14
Disposals / Adjustment	-	-	-	1.15	-	-	-	-	-	1.15
Balance As at 31st March, 2019	**37.78**	**546.33**	**397.39**	**798.91**	**27.92**	**38.49**	**14.23**	**3.31**	**-**	**1,864.36**
Additions	-	-	-	6.31	1.65	1.31	2.44	2.97	1.97	16.65
Disposals / Adjustment	-	-	-	1.11	1.31	0.01	0.15	0.22	-	2.80
Transfer to Held for Sale (Refer Note No.40)	-	-	26.51	-	-	-	-	-	-	26.51
Balance As at 31st March, 2020	**37.78**	**546.33**	**370.88**	**804.11**	**28.26**	**39.79**	**16.52**	**6.06**	**1.97**	**1,851.70**
Additions	-	-	65.80	25.43	3.05	1.54	3.00	2.55	1.32	102.69
Disposals / Adjustment	-	-	-	-	0.35	0.94	-	-	1.97	3.26
Transfer to Held for Sale (Refer Note No. 40)	-	-	18.68	-	0.72	-	1.11	-	-	20.51
Balance As at 31st March, 2021	**37.78**	**546.33**	**418.00**	**829.54**	**30.24**	**40.39**	**18.41**	**8.61**	**1.32**	**1,930.62**
Depreciation										
Balance As at 1st April, 2018	**-**	**16.24**	**30.70**	**56.33**	**2.99**	**7.18**	**2.62**	**0.91**	**-**	**116.97**
Depreciation for the Year	-	8.12	16.79	54.39	2.34	5.14	1.80	0.54	-	89.12
Disposals / Adjustment	-	-	-	0.61	-	-	-	-	-	0.61
Balance As at 31st March, 2019	**-**	**24.36**	**47.49**	**110.11**	**5.33**	**12.32**	**4.42**	**1.45**	**-**	**205.48**
Depreciation for the Year	-	8.12	17.01	54.35	3.01	4.97	2.55	1.17	0.44	91.62
Disposals / Adjustment	-	-	-	0.63	0.90	0.01	0.12	0.17	-	1.83
Transfer to Held for Sale (Refer Note No.40)	-	-	1.45	-	-	-	-	-	-	1.45
Balance As at 31st March, 2020	**-**	**32.48**	**63.05**	**163.83**	**7.44**	**17.28**	**6.85**	**2.45**	**0.44**	**293.82**
Depreciation for the Year	-	8.12	16.51	54.02	2.78	4.53	2.54	1.89	0.66	91.05
Disposals / Adjustment	-	-	-	-	0.16	0.77	-	-	0.99	1.92
Transfer to Held for Sale (Refer Note No.40)	-	-	2.86	-	0.27	-	0.53	-	-	3.66
Balance As at 31st March, 2021	**-**	**40.60**	**76.70**	**217.85**	**9.79**	**21.04**	**8.86**	**4.34**	**0.11**	**379.29**
Net Carrying Value										
Balance As at 31st March, 2019	**37.78**	**521.97**	**349.90**	**688.80**	**22.59**	**26.17**	**9.81**	**1.86**	**-**	**1,658.88**
Balance As at 31st March, 2020	**37.78**	**513.85**	**307.83**	**640.28**	**20.82**	**22.51**	**9.67**	**3.61**	**1.53**	**1,557.88**
Balance As at 31st March, 2021	**37.78**	**505.73**	**341.30**	**611.69**	**20.45**	**19.35**	**9.55**	**4.27**	**1.21**	**1,551.33**

1.1 Property, Plant and Equipment include assets pledged / hypothecated as security (Refer note no. 15 and 19).

1.2 Vehicles, having carrying value of Rs. 16.24 millions (31st March, 2020 : Rs. 21.33 millions , 31st March, 2019 : Rs. 26.16 millions), 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.

1.3 Refer Note No. 33 (B) for contractual commitments for the acquisition of Property, Plant & Equipments.

1.4 CAPITAL WORK IN PROGRESS INCLUDES:

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Building under Construction	5.11	45.52	26.30
Pre-operative Expenses (Refer Note No.1.5)	-	3.53	-
TOTAL	**5.11**	**49.05**	**26.30**

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

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Employee Benefits Expense	0.51	-	-
Finance Costs	4.62	3.53	-
Pre-operative Expenses for the Year	**5.13**	**3.53**	-
Add : Pre-operative Expenses upto Previous Year	3.53	-	-
	8.66	**3.53**	**-**
Less: Allocated during the year to Property, Plant & Equipment	8.66	-	-
TOTAL	**-**	**3.53**	**-**

1.6 Building includes cost of shares in Co-operative society of Rs. 750 (31st March 2020 : Rs. 750 , 31st March 2019 : Rs. 750) .

1.7 In accordance with the Indian Accounting standards -36 on "Impairment of Assets", the management during the years carried out 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 for the years ended 31st March 2021, 31st March 2020 and 31st March 2019.

NOTE : 2 INTANGIBLE ASSETS

(Rs. in Millions)

Particulars	Computer Software*	Process Technology / Technical know- How*	TOTAL
Balance As at 1st April, 2018	**0.03**	**18.56**	**18.59**
Additions	0.40	12.36	12.76
Balance As at 31st March, 2019	**0.43**	**30.92**	**31.35**
Additions	1.91	-	1.91
Balance As at 31st March, 2020	**2.34**	**30.92**	**33.26**
Additions	0.02	-	0.02
Balance As at 31st March, 2021	**2.36**	**30.92**	**33.28**
Amortisation			
Balance As at 1st April, 2018	**0.02**	**2.34**	**2.36**
Amortisation charge for the Year	0.03	4.91	4.94
Balance As at 31st March, 2019	**0.05**	**7.25**	**7.30**
Amortisation charge for the Year	0.36	5.15	5.51
Balance As at 31st March, 2020	**0.41**	**12.40**	**12.81**
Amortisation charge for the Year	0.34	5.15	5.49
Balance As at 31st March, 2021	**0.75**	**17.55**	**18.30**
Net Carrying Value			
Balance As at 31st March, 2019	**0.38**	**23.67**	**24.05**
Balance As at 31st March, 2020	**1.93**	**18.52**	**20.45**
Balance As at 31st March, 2021	**1.61**	**13.37**	**14.98**

* Other than self generated

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
Annexure- VI
Notes to Restated Consolidated Financial Information

NOTE : 3
NON CURRENT INVESTMENTS

(Rs. in Millions)

PARTICULARS	Number of Shares			Face Value (Rs.)	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
	31.03.2021	31.03.2020	31.03.2019				
(Unquoted, Fully Paid Up)							
Carried at fair value through Profit and Loss							
A. Investment in Equity Instruments							
NKGSB Co- Operative Bank Limited	50,000	50,000	50,000	10	0.50	0.50	0.50
Highlander Aviation Limited	10,357	-	-	NIS 0.01	3.47	-	-
B. Investment in 0% Optionally Convertible Security							
Highlander Aviation Limited #	-	-	-	-	7.29	-	-
TOTAL					**11.26**	**0.50**	**0.50**

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

	31.03.2021	31.03.2020	31.03.2019
Aggregate Amount of Unquoted Investments	11.26	0.50	0.50
Aggregate Amount of Quoted Investments and Market Value	-	-	-
Investment Carried at fair value through Profit and Loss	11.26	0.50	0.50

NOTE : 4
OTHER NON CURRENT FINANCIAL ASSETS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Fixed Deposits with Banks held as Margin Money	11.90	2.81	4.24
TOTAL	**11.90**	**2.81**	**4.24**

NOTE : 5
OTHER NON CURRENT ASSETS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
(Unsecured, Considered Good)			
Capital Advances	4.80	4.15	0.50
Security Deposits	7.06	8.49	8.21
Prepaid Expenses	0.44	1.45	-
TOTAL	**12.30**	**14.09**	**8.71**

NOTE : 6
INVENTORIES

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Raw Materials	62.63	198.69	281.68
Raw Materials In Transit	192.13	-	-
Work-in-Progress	407.23	306.02	247.57
Finished Goods	39.68	62.98	106.53
Stock In Trade	3.44	0.91	-
Stores, Spares and Consumables	42.00	35.70	9.49
TOTAL	**747.11**	**604.30**	**645.27**

6.1 For basis of valuation Refer Annexure-V - Accounting Policy V (G)
6.2 For Inventories hypothecated as security (Refer Note No.15 and 19)

NOTE : 7
TRADE RECEIVABLES

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
(Unsecured)			
Considered Good	991.04	1,006.53	842.62
Significant Increase in Credit Risk	18.98	19.40	26.10
	1,010.02	1,025.93	868.72
Less: Provision for Expected Credit Loss	61.47	49.94	36.45
TOTAL	**948.55**	**975.99**	**832.27**

7.1 Hypothecated as security (Refer Note No. 15 and 19)

NOTE : 8
CASH AND CASH EQUIVALENTS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Cash and Cash Equivalents			
Balances with Banks in Current Accounts	46.52	11.94	1.35
Cash on hand	0.31	0.60	0.44
TOTAL	**46.83**	**12.54**	**1.79**

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

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Balances with Banks in Current Accounts	46.52	11.94	1.35
Cash on hand	0.31	0.60	0.44
TOTAL	**46.83**	**12.54**	**1.79**

NOTE : 9
BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Fixed Deposits with Banks	10.00	10.00	-
Fixed Deposits with Banks Pledged as Margin Money	26.33	21.26	16.78
TOTAL	**36.33**	**31.26**	**16.78**

NOTE : 10
LOANS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
(Unsecured, Considered Good)			
Loans to Employees	0.49	# 0.33	1.51
TOTAL	**0.49**	**0.33**	**1.51**

Includes related parties (Refer Note No. 34)

NOTE : 11
OTHER CURRENT FINANCIAL ASSETS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
(Unsecured, Considered Good)			
Interest Receivables	3.26	1.50	0.67
Government Grant Receivables	1.10	3.07	4.46
Duty Drawback Receivable	0.46	1.79	0.01
Other Receivables	0.01	-	-
TOTAL	**4.83**	**6.36**	**5.14**

NOTE : 12
OTHER CURRENT ASSETS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Advances to Suppliers			
Considered Good	172.92	109.38	50.55
Considered Doubtful	-	5.00	-
	172.92	114.38	50.55
Less : Provision for Doubtful Advance	-	5.00	-
	172.92	109.38	50.55
Balances with Government Authorities	10.28	3.23	12.47
Export Incentive Receivables	3.77	4.70	4.29
Security Deposits	1.86	0.92	-
Others *	6.50	5.00	4.73
TOTAL	**195.33**	**123.23**	**72.04**

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

NOTE : 13
EQUITY SHARE CAPITAL

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Authorised *			
30,510,000 (31st March 2020 : 45,385,000, 31st March 2019 : 35,260,000) Equity Shares of Rs.10/- each.	305.10	453.85	352.60
2,999,000 (31st March 2020 : NIL , 31st March 2019 : NIL) Preference Shares of Rs. 100/- each.	299.90	-	-
	605.00	**453.85**	**352.60**
Issued			
30,253,177 (31st March 2020 : 28,412,670, 31st March 2019 :56,82,534) Equity Shares of Rs.10/- each fully paid up	302.53	284.12	56.82
	302.53	**284.12**	**56.82**
Subscribed and Paid up			
29,853,177 (31st March 2020 : 28,412,670 , 31st March 2019 : 5,682,534) Equity Shares of Rs.10/- each fully paid up	298.53	284.12	56.82
TOTAL	**298.53**	**284.12**	**56.82**

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

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

(Rs. in Millions)

PARTICULARS	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	2,84,12,670	284.12	56,82,534	56.82	55,82,534	55.82
Add: Issued on conversion of Compulsorily Convertible Debentures (Refer Note No. 13.2)	-	-	-	-	1,00,000	1.00
Add: Issue of Bonus Shares (Refer Note no. 13.3)	-	-	2,27,30,136	227.30	-	-
Add: Issue of Equity Shares (Refer Note No. 13.4 & 13.5)	14,40,507	14.41	-	-	-	-
Shares outstanding at the end of the year	**2,98,53,177**	**298.53**	**2,84,12,670**	**284.12**	**56,82,534**	**56.82**

13.2 During the financial year 2018-19, the Board of Director of the Holding Company at its meeting held on 3rd November, 2018, based on the fair value determined by a merchant banker, converted 1,000,000 compulsorily convertible debentures of Rs. 100 each into 100,000 Equity Shares of Rs. 10 each at premium of Rs. 990 per share.

13.3 During the financial year 2019-20, the Holding Company issued and allotted 22,730,136 bonus equity shares of 10/- each in the proportion of 1:4 to its shareholders by capitalizing securities premium of Rs. 227.30 millions.

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

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

13.6 25,312,670 (31st March, 2020: 25,312,670, 31st March, 2019: 25,82,534) Shares were allotted in last five years pursuant to the amalgamation and bonus Shares without payment being received in cash.

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

Name of Shareholders	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
	No of Shares held	Percentage held	No of Shares held	Percentage held	No of Shares held	Percentage held
Mr. Sharad Virji Shah	85,24,840	28.56%	85,24,840	30.00%	36,56,094	64.34%
Mr. Munjal Sharad Shah	97,42,630	32.64%	97,42,630	34.29%	6,81,526	11.99%
Mrs. Ami Munjal Shah	19,41,580	6.50%	19,41,580	6.83%	6,72,442	11.83%

13.8 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 : 14
OTHER EQUITY

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019	As at 31.03.2019
Capital Reserve						
Balance as per last Balance Sheet		**(80.84)**		**(80.84)**		**(80.84)**
Securities Premium						
Balance as per last Balance Sheet	266.17		493.47		394.47	
Add: On Conversion of Compulsorily Convertible Debentures into Equity Shares (Refer Note No. 13.2)	-		-		99.00	
Less: Utilised for Issue of Bonus Shares (Refer Note No. 13.3)	-		227.30		-	
Add: On issue of Equity Shares (Refer Note No. 13.4 & 13.5)	165.70		-		-	
Less: Expenses incurred for issue of shares	(0.33)		-		-	
		431.54		**266.17**		**493.47**
Revaluation Reserve						
Balance as per last Balance Sheet		**418.31**		**418.31**		**418.31**
General Reserve						
Balance as per last Balance Sheet		**1.19**		**1.19**		**1.19**
Retained Earnings						
Balance as per last Balance Sheet	835.88		639.31		449.61	
Add: Profit after tax for the year	157.25		196.57		189.70	
		993.13		**835.88**		**639.31**
Other Comprehensive Income (OCI)						
Balance as per last Balance Sheet	1.39		(4.60)		(0.23)	
Add: Movement in OCI (Net) during the year	3.10		5.99		(4.37)	
		4.49		**1.39**		**(4.60)**
TOTAL		**1,767.82**		**1,442.10**		**1,466.84**

NOTE NO. 14.1 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 : 15
NON CURRENT BORROWINGS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Secured			
Term Loans			
- From Banks *	188.94	256.26	259.04
- From Financial Institution *	66.36	101.71	104.06
- From Department of Scientific & Industrial Research of Government of India (DSIR)	-	9.53	18.89
TOTAL	**255.30**	**367.50**	**381.99**

* Net of Processing Fees of Rs. 0.51 Millions (31st March 2020 : Rs. 0.72 Millions , 31st March 2019 : Rs. 0.76 Millions)

15.1 The Term loans from banks as at 31st March 2021, referred to above aggregating to Rs. 189.04 Millions and Rs. 76.52 Millions included in current maturity of long Term Debts in Note No. 22 includes:

(i) Rs. 75.69 millions secured by way of Equitable mortgage of Land and Building on Plot no. M-6, Additional Ambernath Industrial area, Ambernath-421506, Maharashtra, India (Measuring 21569 sq mtrs) and further secured by collateral security of plant and machinery. The loan is repayable in 54 equal monthly installments ending in September 2025.

(ii) Rs. 17.75 millions secured by the Equitable mortgage of Shed constructed on Plot No. M6, MIDC Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath 421506 and further secured by collateral security of plant and machinery. The loan is repayable in 30 equal monthly installments ending in September 2023.

(iii) Rs.15.10 millions secured by Hypothecation of Flow Forming Machine and further secured by collateral security of plant and machinery. The loan is repayable in 54 equal monthly installments ending in September 2025.

(iv) Rs.6.59 millions hypothicated by Vacuume Epoxy Resin and Dosing Machine and further secured by collateral security of plant and machinery. The loan is repayable in 33 equal monthly installments ending in December 2023.

(v) Rs. 24.87 millions secured by Equitable mortgage of Shed constructed on Plot No. M6, MIDC Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath 421506 and further secured by collateral security of plant and machinery present and future. The loan is repayable in 48 equal monthly installments ending in March 2025.

(vi) Rs.114.01 millions secured by Pari Passu Charge on all existing and future current assets / movable fixed assets of the Holding Company and further secured by Collateral Security of 1) Premises no. 103, 1st floor, veena industrial premises Co-operative Society Limited, Plot no. B-61, veera desai road, Andheri W, Mumbai 400058. 2) Unit no. 115, 1st floor, veena Industrial premises Co-operative Society Limited, Plot no. B 61, 400058. 3) Unit no. 209B, 2nd floor, veena Industrial premises Co-operative Society Limited, Plot no. B 61, 400058. 4) Plot no. 108 A, survey no. 261, IDA, Cherlapally, Dist. Ranga reddy, Hyderabad-500062. 5) Plot no. D112, TTC Industrial Area, MIDC, Shiravane, Nerul, Navi Mumbai 400076. The loan is repayable as follows.

- The loan of Rs.18.87 Millions is repayable in 38 equal monthly installments ending in May 2024.
- The loan of Rs. 62.42 Millions is repayable in 28 equal monthly installments ending in July 2023.
- The loan of Rs.17.86 Millions is repayable in 52 equal monthly installments ending in July 2025.
- The loan of Rs.14.86 Millions is repayable in 22 equal monthly installments ending in Jan 2023.

(vii) Rs.11.55 Millions secured by the way of Hypothecation of specific vehicle financed. The loan is repayable in 26 to 48 equal monthly installments. These Vehicle loan accounts are in the name of directors / erstwhile director of the Company or of entities that have since been amalgamated with the Holding company in pursuance to the scheme of amalgamation.

15.2 The Term loans from financial institution as at 31st March 2021, referred to above aggregating to Rs. 66.77 Millions and Rs. 14.29 Millions included in current maturity of long Term Debts in Note No. 22 includes:

(i) Rs.11.18 millions secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah. The loan is repayable in 144 equal monthly installments ending in March 2033.

(ii) Rs.5.15 millions secured by the mortgage on 101, Kalinga Nirmal Nagar, MGLR, Dmart, Mulund (W), Mumbai 400080, owned by Mr Sharad Shah. The loan is repayable in 146 equal monthly installments ending in May 2033.

(iii) Rs.47.35 millions secured by 396/397A , TTC Industrial Area, Mahape, Navi Mumbai 400710, owned by Mr Sharad Shah. The loan is repayable in 180 equal monthly installments ending in March 2036.

(iv) Rs.17.12 millions secured by way of hypothecation/exclusive charge on specific Equipment finance. The loan is repayable as follows:
- The loan of Rs.1.32 Millions is repayable in 10 equal monthly installments ending in January 2022.
- The loan of Rs 6.84 Millions is repayable in 25 equal monthly installments ending in April 2023.
- The loan of Rs.8.96 Millions is repayable in 14 equal monthly installments ending in May 2022.

(v) Rs.0.26 millions secured by the way of Hypothecation of specific vehicle financed. The loan is repayable in 9 equal monthly installments. These vehicle loan accounts are in the name of directors / erstwhile director of the Holding Company or of entities that has since been amalgamated with the Holding company in pursuance to the scheme of amalgamation.

15.3 The Term loan from financial institution of Rs.24.48 millions secured by Flat no. 604/605, Nirmal nagar kalinga CHSL, Nirmal nagar, Line road, D mart, Mulund W, Mumbai, Maharashtra India 400080 and included in liabilities directly associated with Assets classified as Held for Sale in Note No. 22.

15.4 Term loan from DSIR is Rs.NIL and Rs. 9.53 millions (includes Fair valuation of first interest installment of term loan from DSIR of Rs. 1.53 Millions) included in current maturity of long term debts in Note No. 22 is covered by bank guarantees. The loan is repayable in July 2021.

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

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

15.7 **Maturity profile of Term Loans is as under:** **(Rs. in Millions)**

Financial Year	Amount	Financial Year	Amount	Financial Year	Amount
2021-2022	124.82	2028-2029	4.28	2035-2036	6.26
2022-2023	88.91	2029-2030	4.79		
2023-2024	58.69	2030-2031	5.35		
2024-2025	40.22	2031-2032	5.98		
2025-2026	16.72	2032-2033	6.69		
2026-2027	3.42	2033-2034	5.09		
2027-2028	3.83	2034-2035	5.58		

NOTE : 16
LEASE LIABILITIES

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Lease Liabilities	0.59	1.01	-
TOTAL	**0.59**	**1.01**	**-**

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

(Rs. in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Opening Balance	**1.62**	-	-
Add: Addition during the year	1.32	1.97	-
Add: Finance cost accrued during the year	0.16	0.13	-
Less: Payment of lease liabilities	0.73	0.48	-
Less: Reversal of Lease Liabilities pursuant to cancellation of agreement	1.15	-	-
Closing Balance	**1.22**	**1.62**	**-**

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

(Rs. in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Less than one year	0.63	0.61	-
One year to five years	0.59	1.01	-
More than five years	-	-	-
Total	**1.22**	**1.62**	**-**

NOTE : 17
NON CURRENT PROVISIONS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Provision for Gratuity	11.93	12.96	16.88
TOTAL	**11.93**	**12.96**	**16.88**

NOTE : 18 INCOME TAX

18.1 Current Tax

(Rs. in Millions)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Current Tax	72.86	66.19	68.84
Income Tax for Earlier Years	-	0.04	(0.01)
Total Current Tax	**72.86**	**66.23**	**68.83**

18.2 The major components of Tax Expense for the year ended 31st March, 2021 , 31st March, 2020 , 31st March, 2019 are as follows:

(Rs. in Millions)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Recognised in the Restated Consolidated Statement of Profit and Loss			
Current Tax (Refer Note No. 18.1)	72.86	66.23	68.83
Deferred Tax:-Relating to origination and reversal of temporary differences	(4.61)	(44.88)	9.58
Total Tax Expenses	**68.25**	**21.35**	**78.41**

18.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended 31st March, 2021 , 31st March, 2020 , 31st March, 2019:

(Rs. in Millions)

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Accounting Profit before tax	226.11	217.92	268.11
Applicable tax rate (in %)	**25.17%**	**25.17%**	**27.82%**
Computed Tax Expenses / (Income)	56.91	54.85	74.59
Tax effect on account of:			
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	(3.93)	0.26	0.55
Expenses not allowed under Income Tax Act	18.28	2.63	3.36
Deduction allowed under Income Tax Act	(2.36)	(0.35)	(0.40)
Change in Tax Regime (Refer Note No. 18.6)	-	(36.89)	-
Deduction under chapter VI A	-	-	(0.31)
MAT Credit Entitlement	-	-	0.52
Non consideration of surcharge for MAT Credit	-	-	(0.32)
Brought Forward Loss adjusted in case of Indian Subsidiaries	(0.62)	-	-
Others*	(0.03)	0.85	0.42
Income tax Expenses recognised in the Restated Consolidated Statement of Profit and Loss	**68.25**	**21.35**	**78.41**

*** Others include Rate Difference, dividend income, income tax for earlier year etc.**

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

(Rs. in Millions)

Particulars	Balance Sheet			Statement of Profit and Loss		
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Property, Plant and Equipment and Intangible Assets and Assets held for Sale	251.88	253.24	295.48	(1.36)	(42.24)	12.36
MAT Credit Entitlement	-	-	-	-	-	0.52
Items disallowed as per Income Tax Act, 1961	(20.48)	(18.28)	(17.66)	(2.20)	(0.62)	(5.10)
Deferred Tax Liabilities / (Assets)	**231.40**	**234.96**	**277.82**	**(3.56)**	**(42.86)**	**7.78**

18.5 Reconciliation of Deferred Tax Liabilities (Net):

(Rs. in Millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Opening Balance at the beginning of the year	234.96	277.82	270.04
Deferred Tax Expenses/(Income) recognised in the Restated Consolidated Statement of Profit and Loss	(4.61)	(44.88)	9.58
Deferred Tax Expenses/(Income) recognised in OCI	1.05	2.02	(1.80)
Closing Balance at the end of the year	**231.40**	**234.96**	**277.82**

18.6 During the financial year 2019-20, the Group intended to exercise the option permitted under section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised the tax provision and remeasured the deferred tax assets / liabilities based on the rates prescribed in that section.

NOTE : 19
CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Secured			
Working Capital Rupee Loans from Banks	431.98	449.96	369.71
Unsecured			
13,97,000 (Previous year: Nil) - 0.01% Optionally Convertible Preference Shares of Rs. 100/- each (Refer Note No. 19.3 and 19.4)	157.36	-	-
Loans From Related Parties (Refer note no. 34)	91.04	147.81	5.02
Inter Corporate Deposits	-	4.20	4.53
	248.40	**152.01**	**9.55**
TOTAL	**680.38**	**601.97**	**379.26**

19.1 The working capital Loans from banks as at 31st March, 2021 includes:

(i) Rs. 150.89 Millions secured by way of hypothecation of stocks & book-debts and further secured by collateral security of Plant & Machinery and Land & Building on plot no. M-6, MIDC, Additional Ambernath Industrial Area, Ambernath-421506, Maharashtra, India.

(ii) Rs. 281.09 Millions 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.

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

19.3 On 13th August, 2020, the Holding Company issued and allotted 29,99,000, 0.01% Optionally Convertible Preference Shares (‘OCPS’) having face value of 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 cum Termination Agreement dated 28th January, 2021:

The major terms and conditions of OCPS:

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

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

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

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

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

(B) In case of IPO:

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

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

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

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

Details of OCPS holder holding more than 5% of OCPS of the Group.

Name of Shareholders	As At 31.03.2021		As At 31.03.2020		As At 31.03.2019	
	No of OCPS held	Percentage held	No of OCPS held	Percentage held	No of OCPS held	Percentage held
Maharashtra Defence and Aerospace Venture Fund through its Investment Manager namely M/s. IDBI Capital Markets & Securities Limited	13,97,000	100%	-	-	-	-

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

(Rs. in Millions)

PARTICULARS	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
	No. of OCPS	Amount	No. of OCPS	Amount	No. of OCPS	Amount
Shares outstanding at the beginning of the year	-	-	-	-	-	-
Add: Issue of Preference Shares	29,99,000	299.90	-	-	-	-
Less: Redemption of Preference Shares*	(16,02,000)	(160.20)				
Shares outstanding at the end of the year	**13,97,000**	**139.70**	**-**	**-**	**-**	**-**

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

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

NOTE: 20
LEASE LIABILITIES

(Rs. in Millions)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Lease Liabilities	0.62	0.61	-
Total	**0.62**	**0.61**	**-**

NOTE : 21
CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Micro, Small and Medium Enterprises	9.39	69.87	72.75
Others	143.83	200.56	459.78
TOTAL	**153.22**	**270.43**	**532.53**

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

Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Group and the required disclosures are given below :

(Rs. in Millions)

	Particulars	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
(i)	Principal amount remaining unpaid to any supplier as at the end of the year	9.39	69.87	72.75
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the year	0.29	0.20	0.03
(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 year	0.29	0.20	0.03
(vi)	The amount of further Interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-

NOTE : 22
CURRENT FINANCIAL LIABILITIES - OTHERS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Current Maturities of Long Term Debts	100.34	63.76	87.51
Liabilities directly associated with Assets classified as Held for Sale	24.48	-	-
Interest Accrued And Due	0.29	0.20	0.03
Interest Accrued but not Due	6.29	7.74	7.67
Creditors for Capital Goods	3.74	3.51	4.56
Other Payables *	16.79	13.31	11.84
TOTAL	**151.93**	**88.52**	**111.61**

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

NOTE : 23
OTHER CURRENT LIABILITIES

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Advances from Customers	0.91	8.72	14.25
Statutory Liabilities	2.87	51.64	1.83
Others *	2.30	0.10	-
TOTAL	**6.08**	**60.46**	**16.08**

* Received against Assets classified as Held for Sale

NOTE : 24
CURRENT PROVISIONS

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Provision for Gratuity	1.48	1.53	1.51
TOTAL	**1.48**	**1.53**	**1.51**

NOTE : 25
REVENUE FROM OPERATIONS

(Rs. in Millions)

PARTICULARS	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Sale of Products	1,418.64	1,419.57	1,498.73
Sale of Services / Job Work Income	14.66	50.86	45.26
TOTAL	**1,433.30**	**1,470.43**	**1,543.99**

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

(Rs. in Millions)

Particulars	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Heavy Engineering	377.75	641.29	601.11
Defence & Space Optics	649.34	511.03	474.24
Defence Electronics	406.21	318.11	468.64
TOTAL	**1,433.30**	**1,470.43**	**1,543.99**

25.2 Revenue disaggregation by geography is as follows:

(Rs. in Millions)

Particulars	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
India	1,191.55	1,286.60	1,390.52
Outside India	241.75	183.83	153.47
TOTAL	**1,433.30**	**1,470.43**	**1,543.99**

25.3 Reconciliation of Revenue from Operations with Contract Price:

(Rs. in Millions)

Particulars	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Contract Price	1,425.93	1470.95	1,544.21
Exchange rate variance linked consideration (Net)	7.93	-	-
Reduction towards variable consideration components *	0.56	0.52	0.22
TOTAL	**1,433.30**	**1,470.43**	**1,543.99**

* The reduction towards variable consideration comprises of volume discounts, quality claims etc.

NOTE : 26
OTHER INCOME

(Rs. in Millions)

PARTICULARS	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Interest Income from Financial Assets measured at amortised cost			
On Fixed Deposits with Banks	2.22	2.04	1.23
On Others	0.22	0.32	0.38
Dividend Income from Financial assets measured at fair value through profit or loss			
Non-current Investments	-	0.05	0.05
Profit on Sale of Property, Plant and Equipment (Net)	0.39	-	-
Lease Rent	-	0.90	-
Gain on Foreign Currency Fluctuations (Net)	-	0.03	12.21
Export Incentives	4.74	5.29	12.88
Account Written Back (Net)	-	9.33	-
Provision for Doubtful Advance written back	5.00	-	-
Miscellaneous Income	0.20	2.12	0.95
TOTAL	**12.77**	**20.08**	**27.70**

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

(Rs. in Millions)

PARTICULARS	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Closing Inventories			
Finished Goods	39.68	62.98	106.53
Work-in-Progress	407.23	306.02	247.57
Stock in Trade	3.44	0.91	-
	450.35	**369.91**	**354.10**
Opening Inventories			
Finished Goods	62.98	106.53	117.10
Work-in-Progress	306.02	247.57	120.61
Stock in Trade	0.91	-	-
	369.91	**354.10**	**237.71**
(Increase) / Decrease in Inventories	**(80.44)**	**(15.81)**	**(116.39)**

NOTE : 28
EMPLOYEE BENEFITS EXPENSE

(Rs. in Millions)

PARTICULARS	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Salaries, Wages & Allowances	106.12	98.35	81.21
Contribution to Provident and Other Funds	3.79	4.97	3.18
Welfare and Other Amenities	7.47	6.32	5.38
TOTAL	**117.38**	**109.64**	**89.77**

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

(Rs. in Millions)

	Particulars	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
(a)	**Contribution to Defined Contribution Plan, recognised as expense for the year are as under**			
	Employer's Contribution to Provident Fund and ESIC	0.59	0.68	0.84

(b) **Defined Benefit Plan - Unfunded**

The employees Gratuity Fund Scheme of the Company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Actuarial Assumptions			
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	FY 2020-21 0% and thereafter 9%	7.50%
Discount Rate	6.97%	6.71%	7.76%
Withdrawal Rate	7.00%	7.00%	2.50%

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Movement in present value of Defined Benefit Obligation			
Defined Benefit Obligations at the beginning of the year	14.49	18.39	9.88
Current Service Cost	2.20	2.81	1.55
Interest Cost	0.99	1.47	0.79
Actuarial Loss / (Gain)	(4.19)	(8.03)	6.17
Benefits Paid	(0.08)	(0.15)	-
Defined Benefit Obligations at the end of the year	**13.41**	**14.49**	**18.39**
Expense recognised in the Restated Consolidated Statement of Profit and Loss			
Current Service Cost	2.20	2.81	1.55
Interest on Defined Benefit Obligations	0.99	1.47	0.79
Total included in "Remuneration and Benefits to Employees"	**3.19**	**4.28**	**2.34**
Remeasurements (recognised in Other Comprehensive Income)			
Effect of changes in financial assumptions	(0.29)	2.13	0.17
Effect of changes in demographic assumptions	-	0.58	-
Effect of experience adjustments	(3.90)	(10.74)	6.00
Amount recognised in OCI at the end of the year	**(4.19)**	**(8.03)**	**6.17**

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

Present Value of Obligations at the end of the year	13.41	14.49	18.39
Less : Fair Value of Plan Assets at the end of the year	-	-	-
Net Obligations / (Assets) recognised at the end of the year	**13.41**	**14.49**	**18.39**

(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.

28.2 Sensitivity Analysis

(Rs. in Millions)

PARTICULARS	**As at 31.03.2021**	**As at 31.03.2020**	**As at 31.03.2019**
	Effect on Gratuity Increase / (Decrease)		
Discount Rate + 100 basis points	(1.03)	(1.11)	(1.47)
Discount Rate - 100 basis points	1.19	1.29	1.65
Salary Escalation Rate + 100 basis points	0.74	0.80	0.64
Salary Escalation Rate - 100 basis points	(0.64)	(0.70)	(0.55)
Withdrawal Rate+100 basis points	0.06	0.06	0.64
Withdrawal Rate-100 basis points	(0.07)	(0.08)	(0.57)

The above sensitivity analysis is based on 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 Restated Consolidated Financial Information.

28.3 Expected payments towards contributions to Gratuity in future years :

(Rs. in Millions)

Year Ended	**Expected Payment**
31st March, 2022	1.53
31st March, 2023	0.85
31st March, 2024	0.78
31st March, 2025	0.94
31st March, 2026	1.38
31st March, 2027 to 2030	5.63

28.4 Risk exposures

These plans typically expose the Group to actuarial risks as Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate, Mortality / Disability.

Salary Risk

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

Discount rate

In case the yield on the government bonds drops in the future years then it may result in increase in the liability.

Employee Turnover rate/Withdrawal rate

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

Mortality / Disability

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

NOTE : 29
FINANCE COSTS

(Rs. in Millions)

PARTICULARS	**For the Year Ended 31.03.2021**	**For the Year Ended 31.03.2020**	**For the Year Ended 31.03.2019**
Interest Expenses on Financial Liabilities measured at amortised cost	117.51	86.52	76.44
Interest Expenses on Lease Liabilities	0.16	0.13	-
Other Borrowing Costs (Refer Note No. 29.1)	6.43	11.08	17.42
TOTAL	**124.10**	**97.73**	**93.86**

29.1 Above includes, Interest of Rs. 5.03 Millions (for the year ended 31st March 2020: Rs 6.38 Millions, 31st March 2019: Rs. 12.66 Millions) on late payment of Advance Tax.

NOTE : 30
DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in Millions)

PARTICULARS	**For the Year Ended 31.03.2021**	**For the Year Ended 31.03.2020**	**For the Year Ended 31.03.2019**
Depreciation of Property, Plant and Equipment (Refer Note No. 1)	91.05	91.62	89.12
Amortisation of Intangible Assets (Refer Note No. 2)	5.49	5.51	4.94
TOTAL	**96.54**	**97.13**	**94.06**

NOTE : 31
OTHER EXPENSES

(Rs. in Millions)

PARTICULARS	**For the Year Ended 31.03.2021**	**For the Year Ended 31.03.2020**	**For the Year Ended 31.03.2019**
MANUFACTURING EXPENSES			
Consumables, Stores and Spares Consumed	36.41	12.31	15.71
Power and Fuel	24.80	24.45	21.83
Labour Charges	38.87	38.35	30.85
Repairs and Maintenance - Others			
Plant and Equipment	-	-	0.02
Others	8.53	1.44	1.69
Job Processing charges	13.18	15.23	-
Other Manufacturing Expenses	5.00	5.33	4.87
	126.79	**97.11**	**74.97**
SELLING AND DISTRIBUTION EXPENSES			
Advertisement and Business Promotion	3.08	15.14	20.70
Packing & Forwarding Expenses	1.59	1.93	1.40
Others	2.71	2.58	1.74
	7.38	**19.65**	**23.84**
ADMINISTRATIVE EXPENSES			
Insurance	3.69	2.69	0.66
Rent	3.33	3.38	2.33
Rates and Taxes	2.15	5.55	4.53
Printing and Stationery	1.16	1.41	1.19
Communication Expenses	0.64	0.84	1.01
Travelling and Conveyance	8.32	24.50	26.91
Legal and Professional Charges	10.54	12.57	12.41
Payment to Auditors (Refer Note no. 31.1)	6.18	3.02	2.21
Security Expenses	2.45	3.24	1.68
Office Expenses	3.64	2.83	3.28
Director Sitting fees	2.10	3.80	1.10
Miscellaneous Expenses	15.08	11.70	7.21
	59.28	**75.53**	**64.52**
OTHER EXPENSES			
Bank Charges	6.73	4.43	3.66
Bad Debts / Advances written off (Net)	1.31	-	4.22
Loss due to Fraud (Refer Note no. 31.2)	-	2.04	-
Provision for Doubtful Advance	-	5.00	-
Provision for Expected Credit Loss	11.53	13.49	6.68
Donation	0.12	0.19	0.08
Corporate Social Responsibility Expenditure (Refer Note No. 35)	5.35	4.05	2.26
Loss on discard/Sale of Property, Plant and Equipment (Net)	-	0.79	0.54
Impairment loss on Assets held for sale	0.72	-	-
Loss on Foreign Currency Fluctuations (Net)	2.12	4.10	-
Initial Public Offering Related Expenses	-	4.50	-
Late Delivery charges	7.51	8.96	6.28
	35.39	**47.55**	**23.72**
TOTAL	**228.84**	**239.84**	**187.05**

31.1 Break-up of Payment to Auditors :

(Rs. in Millions)

Particulars	**For the Year Ended 31.03.2021**	**For the Year Ended 31.03.2020**	**For the Year Ended 31.03.2019**
Audit Fees	3.58	2.42	1.81
Tax Audit Fees	0.60	0.60	0.40
Other *	2.00	-	-
TOTAL	**6.18**	**3.02**	**2.21**

* Fees for Restated Consolidated Financial Informatioi

31.2 During the year ended 31st March, 2020, the Holding Company has lost Rs. 2.04 Millions due to a cyber fraud. The Holding Company had placed an order for the supply of materials through an email, however the email was hacked and advance money transferred to an account which was not of the vendor to whom the order was placed. The Company has lodged a FIR with Turbhe MIDC Police Station for the same.

NOTE : 32
EARNINGS PER SHARE

(Rs. in Millions)

PARTICULARS	For the Year Ended 31.03.2021	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
Basic Earnings Per Share			
Profit for the year	157.86	196.57	189.70
Weighted average number of Equity Shares (Nos.)	2,84,36,662	2,84,12,670	2,81,14,040
Basic Earnings Per Share of Rs.10/- each	5.55	6.92	6.75
Diluted Earnings Per Share			
Amount available for calculation of Diluted EPS	157.86	196.57	189.70
Weighted average number of Equity Shares (Nos.)	2,84,36,662	2,84,12,670	2,81,14,040
Add : Potential number of Equity Shares (Nos.)	-	-	38,521
No. of shares used for calculation of Diluted EPS (Nos.)	2,84,36,662	2,84,12,670	2,81,52,561
Diluted Earnings Per Share of Rs.10/- each	5.55	6.92	6.74

32.1 : Number of Equity Shares, if any, to be issued upon the exercise of option by the OCPS holders (Refer Note No. 19.3) can not be determined as on the date of these Restated Consolidated Financial Information and hence not considered for the purpose of computing Diluted Earnings Per Share.

32.2 : During the financial year 2019-20, the Holding Company issued and allotted 22,730,136 bonus equity shares of Rs.10/- each on 24th March, 2020 to its shareholders by capitalizing its Securities Premium. Accordingly, the Earning Per Share for the year ended 31st March, 2019 has been restated to give effect to the allotment of the bonus shares, in line with IND AS-33 “Earnings per Share”.

NOTE: 33 CONTINGENT LIABILITIES AND COMMITMENTS

(Rs. in Millions)

	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
A	**Contingent Liabilities (to the extend not provided for)**			
I	**INCOME TAX***	8.87	1.41	-
	CUSTOMS ACT	1.20	-	-
	TOTAL (I)	**10.07**	**1.41**	**-**
II	**GUARANTEES**			
	Guarantees given by the Group's Bankers	212.22	167.87	171.97
	(Bank guarantees are provided under contractual / legal obligation)			
	TOTAL (II)	**212.22**	**167.87**	**171.97**
III	**LETTER OF CREDIT OUTSTANDING**			
	Letters of Credit opened in favour of Suppliers	54.80	16.31	11.13
	TOTAL (III)	**54.80**	**16.31**	**11.13**
	TOTAL (A)	**277.09**	**185.59**	**183.10**
B	**Capital Commitments** :			
	Estimated amount of contracts to be executed on capital account not provided for	6.23	5.19	-
	Commitment towards EPCG License	34.97	43.56	56.13
	TOTAL (B)	**41.20**	**48.75**	**56.13**
	TOTAL (A+B)	**318.29**	**234.34**	**239.23**

* During the year, the 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 litigations will not impact significantly the financial position of the Group.

NOTE: 34 RELATED PARTY DISCLOSURES :

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported years are as detailed below:

List of Related Parties :
(As certified by the Management)

I Key Managerial Personnel

i Mr. Sharad Shah
ii Mr. Munjal Sharad Shah
iii Mrs. Shilpa Amit Mahajan (w.e.f. 25th June,2018)
iv Mr. Prasantamadhab Barua (From 20th August, 2018 to 3rd November, 2018)
v Mrs. Mansi Sharma (From 20th August, 2018 to 1st March, 2019)
vi Mrs. Ami Munjal Shah (upto 25th September, 2018)
vii Mr. Harsh Bhansali (w.e.f 24th March, 2020)
viii Mr. Ajit Sharma (w.e.f. 05th April, 2019)

II Key Managerial Personnel Relatives

i Mrs. Ami Munjal Shah (w.e.f. 26th September, 2018)
ii Mrs. Niranjana Shah
iii Mrs. Kajal Bhansali
iv Mr. Anish Mehta
v Mr. Amit Mahajan
vi Mr. Harsh Bhansali (upto 23rd March, 2020)

A Transactions with Related Parties :

(Rs. in Millions)

Nature of Transactions	Name of the Related Parties	2020-21	2019-20	2018-19
Transactions with other Related Parties:				
Advance Against Property	Mr. Munjal Sharad Shah	-	-	14.60
Advance returned back on cancellation of contract	Mr. Munjal Sharad Shah	-	-	14.60
Director Sitting Fees	Mr. Sharad Shah	0.50	1.30	0.70
Managerial Remuneration	Mr. Munjal Sharad Shah	6.03	6.27	3.90
	Mrs. Shilpa Amit Mahajan	1.37	1.30	1.20
	Mr. Sharad Shah	-	-	0.90
	Mrs. Ami Munjal Shah	-	-	0.75
	Mrs. Mansi Sharma	-	-	0.34
	Mr. Prasanta Barua	-	-	0.59
	Mr. Harsh Bhansali	1.80	0.03	-
	Mr. Ajit Sharma	1.06	0.95	-
Salary to relatives	Mr. Harsh Bhansali	-	1.27	1.20
	Mrs. Kajal Bhansali	1.54	1.34	1.05
	Mrs. Ami Munjal Shah	3.48	3.19	1.50
	Mr. Amit Mahajan	1.42	1.22	1.20
	Mr. Anish Mehta	0.98	0.44	0.33
Advance to Employee Given	Mr. Harsh Bhansali	-	0.65	-
	Mrs. Ami Munjal Shah	-	0.40	-
	Mr. Anish Mehta	-	0.28	-
Advance to Employee Recovered	Mr. Harsh Bhansali	-	0.65	-
	Mrs. Ami Munjal Shah	-	0.40	-
	Mr. Anish Mehta	0.28	-	-
Rent Expense	Mr. Munjal Sharad Shah	0.48	0.04	-
Loans Taken	Mr. Munjal Sharad Shah	43.58	247.19	29.30
	Mr. Sharad Shah	0.70	9.25	6.36
Loans Repaid	Mr. Munjal Sharad Shah	98.55	101.71	29.84
	Mr. Sharad Shah	2.50	11.94	1.87
	Mrs. Ami Munjal Shah	-	-	0.11

(Rs. in Millions)

Name of the Related Parties	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
B Balance with other Related Parties:			
Current-Borrowings - Loan			
Mr. Munjal S. Shah	91.04	146.01	0.53
Mr. Sharad Virji Shah	-	1.80	4.49
Other Payable (Rent Payable)			
Mr. Munjal S. Shah	0.04	0.04	-
Other Payables (Salary and Director Sitting Fees Payable)			
Mr. Munjal S. Shah	0.46	0.62	0.09
Mr. Sharad Virji Shah	-	0.03	0.28
Mrs. Ami Munjal Shah	0.10	0.15	0.22
Mrs.Shilpa Mahajan	0.09	0.09	0.05
Mr. Harsh Bhansali	0.02	0.10	0.18
Mrs. Kajal Bhansali	0.24	0.23	0.42
Mr. Amit Mahajan	0.11	0.09	0.08
Mr. Anish Mehta	0.14	0.03	0.03
Mr. Ajit Sharma	0.08	0.08	-
Loan to Employee			
Mr. Anish Mehta	-	0.28	-

(Rs. in Millions)

C. Compensation to Key Management Personnel of the Group	2020-21	2019-20	2018-19
Nature of transaction			
Short-term employee benefits	10.26	8.56	7.68
Post-employment benefits	(1.32)	0.81	0.86
Total compensation to Key Management Personnel	**8.94**	**9.37**	**8.54**

D. On consolidation, transactions and balances with the subsidiaries as detailed below have been eliminated:

Name of the Subsidiaries

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

Transactions

(Rs. in Millions)

i)

Nature of Transactions	Name of the Related Parties	2020-21	2019-20	2018-19
Transactions with Subsidiaries:				
Investment in Shares	Paras Aerospace Private Limited	-	-	0.10
	Paras Green Optics Private Limited	-	-	0.10
	Paras Anti- Drone Technologies Private Limited	-	-	0.10
	OPEL Technologies PTE Ltd	-	-	0.01
Loan to Subsidiaries	Holland Shielding Systems (India) Private Limited	-	-	0.51
	Paras Aerospace Private Limited	0.22	0.27	0.01
	Paras Green Optics Private Limited	-	-	0.43
	OPEL Technologies PTE Ltd	-	0.34	0.21
	Paras Anti- Drone Technologies Private Limited	0.19	-	0.00
Loan Recovered From Subsidiaries	Holland Shielding Systems (India) Private Limited	-	-	0.50
	Paras Aerospace Private Limited	0.22	0.28	-
	Paras Green Optics Private Limited	-	-	0.42
	OPEL Technologies PTE Ltd	0.55	-	-
	Paras Anti- Drone Technologies Private Limited	0.19	-	-
Interest Income	Holland Shielding Systems (India) Private Limited	-	-	0.04
	Paras Aerospace Private Limited (2018-19 of Rs.295)	0.01	0.02	0.00
	Paras Green Optics Private Limited (2018-19 of Rs. 3191)	-	-	0.00
	OPEL Technologies PTE Ltd (2018-19 of Rs. 279)	0.03	0.06	0.00
	Paras Anti- Drone Technologies Private Limited (2018-19 of Rs. 48)	0.01	-	0.00
Income - Lease Rent	Holland Shielding Systems (India) Private Limited	-	0.90	-
	Paras Green Optics Private Limited	0.24	0.95	-
	Paras Anti- Drone Technologies Private Limited	0.12	1.11	-
	Paras Aerospace Private Limited	0.15	-	-
Investment Written Off	Holland Shielding Systems (India) Private Limited	-	0.10	-
Sale of Products	OPEL Technologies PTE Ltd	75.20	0.24	-

(Rs. in Millions)

Name of the Related Parties	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
ii) **Balances with Subsidiary Companies:**			
Investment			
Holland Shielding Systems (India) Private Limited	-	-	0.10
Paras Aerospace Private Limited	0.06	0.10	0.10
Paras Green Optics Private Limited	0.10	0.10	0.10
Paras Anti- Drone Technologies Private Limited	0.06	0.10	0.10
OPEL Technologies PTE Ltd	0.01	0.01	0.01
Loans			
Paras Aerospace Private Limited	-	-	0.01
OPEL Technologies PTE Ltd	-	0.55	0.21
Loans to Subsidiaries - Interest Receivables			
Holland Shielding Systems(India) Private Limited	-	-	0.04
Paras Anti- Drone Technologies Private Limited (As at 31st March, 2019 , Rs. 4381)	-	-	0.00
Paras Green Optics Private Limited	-	-	0.02
Paras Aerospace Private Limited	-	0.02	-
OPEL Technologies PTE Ltd	-	0.06	-
Trade Receivables			
OPEL Technologies PTE Ltd	25.50	0.26	-
Rent Receivables			
Paras Green Optics Private Limited	-	0.16	-
Paras Anti- Drone Technologies Private Limited	-	0.23	-

NOTE: 35 EXPENDITURE RELATED TO CORPORATE SOCIAL RESPONSIBILITY (CSR) AS PER SECTION 135 OF THE COMPANIES ACT, 2013 READ WITH SCHEDULE VII.

a. CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Group for the year ended 31st March, 2021 is Rs 5.33 Millions (31st March, 2020 : Rs.4.01 Millions , 31st March, 2019 : Rs 2.25 Millions).

b. Expenditure incurred related to Corporate Social Responsibility is Rs. 5.35 millions (for the year ended 31st March, 2020 : 4.05 Millions, 31st March, 2019 : Rs 2.26 Millions).

Details of Expenditure incurred towards CSR given below: **(Rs. in Millions)**

PARTICULARS	For the Year ended 31.03.2021	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Environmental Sustainability and Animal Welfare	-	0.30	1.88
Health Care, Sanitation and providing Drinking Water (Refer Note no. 35.1)	5.35	3.70	0.33
Promotion and Development of Traditional Art and Culture, Community Welfare	-	-	0.05
Rural Development	-	0.05	-
TOTAL	**5.35**	**4.05**	**2.26**

35.1 At the year end the Group has contributed Rs. 5.35 millions to a charitable trust which has provided an utilisation certificate stating that the funds so contributed will be utilised towards its objects within 6 months from the year ended 31st March, 2021.

NOTE: 36 FAIR VALUES

36.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets and liabilities that are recognised in the Restated Consolidated Financial Information:

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

(Rs in Millions)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Financial Assets designated at Fair Value through profit and loss:-			
- Investments	11.26	0.50	0.50

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

(Rs in Millions)

Particulars	As at 31.03.2021		As at 31.03.2020		As at 31.03.2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets :						
Financial Assets designated at Amortised Cost:-						
- Trade Receivable	948.55	948.55	975.99	975.99	832.27	832.27
- Cash and cash equivalents	46.83	46.83	12.54	12.54	1.79	1.79
- Bank Balance other than Cash and Cash Equivalents	36.33	36.33	31.26	31.26	16.78	16.78
- Loans	0.49	0.49	0.33	0.33	1.51	1.51
- Others	16.73	16.73	9.17	9.17	9.38	9.38
TOTAL	**1,048.93**	**1,048.93**	**1,029.29**	**1,029.29**	**861.73**	**861.73**
Financial Liabilities :						
Financial Liabilities designated at Amortised Cost:-						
- Borrowings	935.68	935.68	969.47	969.47	761.25	761.25
- Lease Liabilities	1.21	1.21	1.62	1.62	-	-
- Trade Payable	153.22	153.22	270.43	270.43	532.53	532.53
- Other Financial Liabilities	151.93	151.93	88.52	88.52	111.61	111.61
TOTAL	**1,242.04**	**1,242.04**	**1,330.04**	**1,330.04**	**1,405.39**	**1,405.39**

36.2 Fair Valuation techniques used to determine Fair Value :-

The Group maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the Fair Values:

i) Fair Value of Cash and Cash Equivalents, Other Bank Balances, Trade Receivable, Trade Payables, Current Loans, Lease Liability, Current Borrowings, and other Current Financial Assets and Liabilities are approximate at their carrying amounts largely due to the short-term maturities of these instruments.

ii) The fair values of Non-Current Borrowings and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.

iii) The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

36.3 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:

(Rs in Millions)

PARTICULARS	31.03.2021		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 0.5
Investment in Equity Shares & 0% Optionally Convertible Security	-	-	10.76
PARTICULARS	**31.03.2020**		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 0.5
PARTICULARS	**31.03.2019**		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 0.5

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

(Rs in Millions)

Particulars	As at 31st March, 2021	Valuation Technique	Input used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares & 0% Optionally Convertible Security	10.76	Based on professional valuer's certificate	Revenue Multiple Method

since the investments under level 3 of the fair value hierarchy as at 31st March, 2021 , 31st March, 2020 and 31st March, 2019 category are not material, therefore the disclosure for the same is not given.

NOTE: 37 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

The Group is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by the Group under policies approved by the Board of Directors of the respective Company in the Group. This Risk management plan defines how risks associated with the Group will be identified, analysed and managed. It outlines how risk management activities will be performed, recorded and monitored by the 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. Board etc.). The results of these activities ensure that risk management plan is effective in the long term.

37.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises mainly two types of risk i.e foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis relate to the position as at 31st March, 2021 , 31st March, 2020 , 31st March, 2019.

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 & 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, EURO, GBP, SGD and Euro to the Indian Rupee with all other variables held constant. The impact on the Group’s (loss) / profit before tax due to changes in the fair values of monetary assets and liabilities is given below:

Unhedged Foreign currency exposure as at 31st March, 2021	Currency	Amount in FC	Rs. in Millions
Investment	USD	1,47,497	10.76
Trade Receivable	USD	10,62,620	78.11
Trade Receivable	EURO	2,42,283	20.86
Trade Receivable	AED	88,200	1.76
Trade Payable	USD	10,09,557	74.21
Trade Payable	EURO	61,841	5.32
Trade Payable	GBP	9,081	0.92

Unhedged Foreign currency exposure as at 31st March, 2020	Currency	Amount in FC	Rs. in Millions
Trade Receivable	USD	25,16,293	190.40
Trade Receivable	EURO	1,01,552	8.41
Trade Payable	USD	15,88,651	120.21
Trade Payable	EURO	24,419	2.02
Trade Payable	SGD	800	0.04
Trade Payable	GBP	4,318	0.40

Unhedged Foreign currency exposure as at 31st March, 2019	Currency	Amount in FC	Rs. in Millions
Trade Receivable	USD	6,70,240	46.35
Trade Payable	USD	8,71,418	60.26
Trade Payable	EURO	12,972	1.01
Trade Payable	SGD	800	0.04
Trade Payable	GBP	8,967	0.81

(a) **Foreign Currency Sensitivity**

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

(Rs. in Millions)

Particulars	2020-21		2019-20		2018-19	
	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)
USD	0.29	(0.29)	1.40	(1.40)	(0.28)	0.28
EURO	0.31	(0.31)	0.13	(0.13)	(0.02)	0.02
GBP	(0.02)	0.02	(0.01)	0.01	(0.02)	0.02
SGD	-	-	(0.00)	0.00	(0.00)	0.00
AED	0.04	(0.04)	-	-	-	-
Increase / (Decrease) in Profit Before Tax	**0.62**	**(0.62)**	**1.52**	**(1.52)**	**(0.32)**	**0.32**

(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 Sharesand and inter corporate deposits. There is a fixed rate of interest in case of vehicle loan, optionally convertible preference shares and inter corporate deposits and hence, there is no interest rate risk associated with these borrowings. The 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:

(Rs. in Millions)

PARTICULARS	31st March, 2021	31st March, 2020	31st March, 2020
Term Loan From Banks and Financial Institutions	342.17	399.08	425.36
Working Capital Facility	431.98	449.96	369.71
Closing Balances	**774.15**	**849.04**	**795.07**

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.

(Rs. in Millions)

Particulars	**2020-21**		**2019-20**		**2018-19**	
	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)	2% increase- Profit/(Loss)	2% decrease- Profit/(Loss)
Term Loan From Banks and Financial Institutions	(6.84)	6.84	(7.98)	7.98	(8.51)	8.51
Working Capital Facility	(8.64)	8.64	(9.00)	9.00	(7.39)	7.39
Increase / (Decrease) in Profit Before Tax	**(15.48)**	**15.48**	**(16.98)**	**16.98**	**(15.90)**	**15.90**

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

37.2 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and other financial instruments.

a) Trade Receivables:-

The Group measures the expected credit loss of trade receivables which are subject to credit risk based on historical trend, industry practices and the business environment in which the entity operates and adjusted for forward looking information. Loss rates are based on actual credit loss experience and past trends.

The Group has used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into account the historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days for which the receivables are due.

The following table summarizes the Gross carrying amount of the trade receivable and provision made:

(Rs. in Millions)

PARTICULARS	**31st March, 2021**		**31st March, 2020**		**31st March, 2019**	
	Gross Carrying Amount	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**	**Gross Carrying Amount**	**Loss Allowance**
Trade Receivables	1,010.02	61.47	1,025.93	49.94	868.72	36.45

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

(Rs. in Millions)

Particulars	**As on March 31, 2021**	**As on March 31, 2020**	**As on March 31, 2019**
Upto 30 Days	685.42	560.03	589.26
30- 180 Days	124.28	181.30	184.42
Above 180 Days	200.32	284.60	95.04
Total	**1,010.02**	**1,025.93**	**868.72**

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

(Rs. in Millions)

PARTICULARS	**31st March, 2021**	**31st March, 2020**	**31st March, 2019**
Opening Balances	49.94	36.45	29.77
Provided during the year	11.53	13.49	6.68
Closing Balances	**61.47**	**49.94**	**36.45**

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.

37.3 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 :

(Rs. in Millions)

PARTICULARS	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
As at 31st March, 2021					
Non Current Borrowings	-	124.82	204.54	51.27	380.63
Lease Liabilities	-	0.62	0.59	-	1.21
Short Term Borrowings	523.02	157.36	-	-	680.38
Trade Payable	-	153.22	-	-	153.22
Other Financial Liabilities	-	27.11	-	-	27.11
Total	**523.02**	**463.13**	**205.13**	**51.27**	**1,242.55**
As at 31st March, 2020					
Non Current Borrowings	-	63.76	291.36	76.86	431.98
Lease Liabilities	-	0.61	1.01	-	1.62
Short Term Borrowings	601.97	-	-	-	601.97
Trade Payable	-	270.43	-	-	270.43
Other Financial Liabilities	-	24.76	-	-	24.76
Total	**601.97**	**359.56**	**292.37**	**76.86**	**1,330.76**
As at 31st March, 2019					
Non Current Borrowings	-	87.51	290.13	92.62	470.26
Short Term Borrowings	379.26	-	-	-	379.26
Trade Payable	-	532.53	-	-	532.53
Other Financial Liabilities	-	24.10	-	-	24.10
Total	**379.26**	**644.14**	**290.13**	**92.62**	**1,406.15**

37.4 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: 38 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 and 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).

(Rs. in Millions)

PARTICULARS	As at 31.03.2021	As at 31.03.2020	As at 31.03.2019
Total Debt	1,061.01	1,033.95	849.52
Less: Cash and cash equivalent	46.83	12.54	1.79
Less: Other Bank Balances	36.33	31.26	16.78
Less: Non current Bank Deposits	11.90	2.81	4.24
Net Debt	**965.95**	**987.34**	**826.71**
Equity	2,066.35	1,726.22	1,523.66
Total Capital (Equity + Net Debt)	**3,032.30**	**2,713.56**	**2,350.37**
Gearing ratio	**31.86%**	**36.39%**	**35.17%**

NOTE: 39 The outbreak of COVID-19 virus continues to spread across the globe including India and to control, the Government authorities had been forced to commence nationwide lockdown. The operations of the Group remained completely shut down in the month of April 2020 and thereafter operations have been started slowly as per the instruction of the State Government / Local authorities. Due to COVID-19, in the first half of the year the Group's operations and revenue were impacted significantly, however during the second half of the year, the operations of the Group have improved and the Group was able to maintain the profitability. The current "'second wave" that has significantly increased the number of infected cases in India, has resulted in slowing down the operation due to regional / local restrictions in areas with a significant number of COVID-19 cases. The Group has been taking various precautionary measures to protect its employees, customers and society at large, like control movement, maintaining social distancing, taking appropriate and stringent hygiene measures and following the directions of Government regulatory authorities. The Group believes that the Pandemic is not likely to impact the carrying value of its assets. The Group continues to closely monitor the development and possible effects that may result from the current pandemic, on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of date of approval of these Restated Consolidated financial information.

NOTE: 40 ASSETS HELD FOR SALE

(Rs. in Millions)

Description of the assets held for sale	**As at 31st March, 2021**	**As at 31st March, 2020**	**As at 31st March, 2019**
Flat - Guest House (Refer Note No. 40.1)	25.07	25.07	-
Furniture & Fixtures (Refer Note No. 40.1)	0.45	-	-
Office Equipments (Refer Note No. 40.1)	0.58	-	-
Flat - Guest House (Refer Note No. 40.2)	15.10	-	-
Total	**41.20**	**25.07**	-

40.1 On 19th December, 2019, the Board of Directors of the Holding Company decided to sell the Guest House at Mulund and accordingly the same were classified as assets held for sale. The Holding Company has received an advance of Rs. 2.1 Millions towards these assets and subsequent to year end the Holding Company has transferred the said assets. As at 31st March, 2021 the same is continued to disclose as assets held for sale.

40.2 On 9th October, 2020, the Board of Directors of the Holding Company has decided to sell the Guest House at Santacruz and accordingly, this asset is classified as assets held for sale. The Holding Company has received an advance of Rs. 0.20 Millions and is expecting to dispose of it within a period of next one year. The Guest House was measured at the lower of its carrying value and fair value less costs to sell at the time of reclassification, resulting in the recognition of a written down of Rs. 0.72 Millions as impairment loss in the statement of profit and loss. The Fair value is determined using the ready reckoner rate as on date and it is categorised in Level 3 fair value hierarchy.

NOTE: 41 GROUP INFORMATION

	Name	**Principal Place of Business**	**% Equity interest**		
			As at 31st March, 2021	**As at 31st March, 2020**	**As at 31st March, 2019**
A	**Indian subsidiaries**				
	Holland Shielding Systems (India) Private Limited *	India	-	-	100%
	Paras Aerospace Private Limited (Formerly known as Paras Aerospace Solutions Private Limited)	India	60%	100%	100%
	Paras Green Optics Private Limited	India	100%	100%	100%
	Paras Anti-Drone Technologies Private Limited (Formerly know as Paras Strategic Technologies Private Limited)	India	55%	100%	100%
B	**Overseas Subsidiary**				
	OPEL Technologies PTE Ltd (Formerly known as Paras Space Technologies PTE Ltd)	Singapore	100%	100%	100%

* The Board of Directors of the Holland Shielding Systems (India) Private Limited (wholly owned subsidiary) at their meeting held on 17th March, 2020 has approved the resolution to make an application to the Registrar of the Companies for removal of its name from the register of the companies. Accordingly, the subsidiary company has made an application effective from 17th March, 2020 to the Registrar of the Companies, pursuant to section 248(2) of the Companies Act, 2013 and it has written off all its assets and written back all its liabilities. Accordingly, the Group has not considered the same for the reporting purpose w.e.f. 17th March, 2020.

NOTE : 42 SEGMENT REPORTING

A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :
The chief operating decision maker (CODM) has identified following reportable segments of its business.

a. Heavy Engineering
b. Defence & Space Optics
c. Defence Electronics

I Segment wise Revenue

(Rs. in Millions)

PARTICULARS	For the Year ended		
	31st March, 2021	31st March, 2020	31st March, 2019
Segment Revenue			
a. Heavy Engineering	377.75	641.29	601.11
c. Defence & Space Optics	649.34	511.03	474.24
b. Defence Electronics	406.21	318.11	468.64
Income From Operations	**1,433.30**	**1,470.43**	**1,543.99**
Segment Results			
a. Heavy Engineering	56.54	115.00	104.68
b. Defence & Space Optics	391.03	340.39	346.28
c. Defence Electronics	46.03	32.05	83.83
Total	**493.60**	**487.44**	**534.79**
i) Finance Costs	(124.10)	(97.73)	(93.86)
ii) Other unallocable expenditure	(156.16)	(191.87)	(200.52)
iii) Unallocable Income	12.77	20.08	27.70
Profit before exceptional items and Tax	**226.11**	**217.92**	**268.11**
Exceptional items	-	-	-
Profit Before Tax	**226.11**	**217.92**	**268.11**

II **Segment wise Assets and Liabilities:** (Rs. in Millions)

PARTICULARS	As at		
	31st March, 2021	31st March 2020	31st March, 2019
Segment Assets			
a. Heavy Engineering	1,181.06	1,424.91	1,414.90
b. Defence & Space Optics	1,663.09	1,142.95	989.74
c. Defence Electronics	375.79	483.04	538.96
d. Unallocable	407.64	372.96	353.88
Total	**3,627.58**	**3,423.86**	**3,297.48**
Segment Liabilities			
a. Heavy Engineering	24.88	75.91	181.10
b. Defence & Space Optics	71.77	103.94	300.80
c. Defence Electronics	56.53	96.84	61.81
d. Unallocable	1,407.36	1,420.95	1,230.11
Total	**1,560.54**	**1,697.64**	**1,773.82**

III **Other Information:**

(Rs. in Millions)

Particulars	For the Year ended		
	31st March, 2021	31st March, 2020	31st March, 2019
Capital Expenditure	53.25	44.04	96.56
Depreciation	96.54	97.13	94.06
Non-cash Expenses other than Depreciation	12.84	18.49	6.68

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

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

b. Primary / Secondary Segment Reporting Format :

i) The risk-return profile of the Group's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.

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

iii) No Non-Current Asset of the Group is located outside India as on 31st March, 2021, 31st March, 2020, 31st March 2019.

IV. Segment Composition :

a. Heavy Engineering segment is engaged in manufacturing and sale of Flow Formed Rockets/ Missile Motor Tubes, Radar Array cooling assemblies for Naval Applications and Turnkey projects.

b. Defence & Space Optics Segment comprises of manufacturing and sale of Infra Red Lenses for Night Vision Devices, Space Optics/Gratings/Mirrors, Reflex Sights and Precision Diamond Turned components.

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

V Information about major customers:

a. Revenue from operations for the year ended 31st March 2021 include Rs. 671.67 Millions (for the year ended 31st March, 2020 : Rs 942.74 Millions, 31st March, 2019 : Rs 521.07 Millions) from three customers (for the year ended 31st March, 2020 : four customers, 31st March, 2019: two customers) having more than 10% of the total revenue.

NOTE : 43 DISCLOSURES MANDATED BY SCHEDULE III BY WAY OF ADDITIONAL INFORMATION -

Name of the entity	As at 31st March, 2021		For the Year ended 31st March, 2021					
	Net assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of net consolidated net assets	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)
Parent								
Paras Defence and Space Technologies Ltd.	99.87%	2,063.71	95.90%	150.81	101.29%	3.14	96.01%	153.95
Indian subsidiaries								
Paras Aerospace Private Limited (formerly known as Paras Aerospace Solutions Private Limited)	-0.07%	(1.37)	0.27%	0.42	-	-	0.26%	0.42
Paras Green Optics Private Limited	0.01%	0.18	0.74%	1.16	-	-	0.72%	1.16
Paras Anti- Drone Technologies Private Limited (formerly known as Paras Strategic Technologies Private Limited)	-0.01%	(0.12)	0.62%	0.97	-	-	0.60%	0.97
Overseas Subsidiary								
Opel Technologies PTE Ltd (formerly known as Paras Space Technologies PTE Ltd)	0.27%	5.56	3.31%	5.20	-	-	3.24%	5.20
Non Controlling Interest	-0.03%	(0.69)	-0.39%	(0.61)	-	-	-0.38%	(0.61)
Adjustments arising out of Consolidation	-0.04%	(0.92)	-0.45%	(0.70)	-1.29%	(0.04)	-0.46%	(0.74)
	100.00%	**2,066.35**	**100.00%**	**157.25**	**100.00%**	**3.10**	**100.00%**	**160.35**

Name of the entity	As at 31st March, 2020		For the Year ended 31st March, 2020					
	Net assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of net consolidated net assets	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)
Parent								
Paras Defence and Space Technologies Ltd.	100.22%	1,729.99	101.58%	199.67	100.32%	6.01	101.54%	205.68
Indian subsidiaries		-		-		-		-
Paras Aerospace Solutions Private Limited (now known as Paras Aerospace Private Limited)	-0.10%	(1.80)	-0.95%	(1.87)	-	-	-0.93%	(1.87)
Paras Green Optics Private Limited	-0.06%	(0.98)	-0.52%	(1.02)	-	-	-0.50%	(1.02)
Paras Strategic Technologies Private Limited (now known as Paras Anti-drone Technologies Private Limited)	-0.06%	(1.09)	-0.61%	(1.19)	-	-	-0.59%	(1.19)
Overseas Subsidiary								
Opel Technologies PTE Ltd (formerly known as Paras Space Technologies PTE Ltd)	0.02%	0.38	0.45%	0.89	-	-	0.44%	0.89
Adjustments arising out of Consolidation	-0.02%	(0.28)	0.05%	0.09	-0.32%	(0.02)	0.04%	0.07
	100.00%	**1,726.22**	**100.00%**	**196.57**	**100.00%**	**5.99**	**100.00%**	**202.56**

Name of the entity	As at 31st March, 2019		For the Year ended 31st March, 2019					
	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 (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)	As % of net consolidated profit or loss	Amount (Rs. in Millions)
Parent								
Paras Defence and Space Technologies Ltd.	100.04%	1,524.31	100.36%	190.39	-100.00%	(4.37)	100.4%	186.01
Subsidiaries								
Indian								
Holland Shielding Systems (India) Private Limited	0.00%	0.01	-0.05%	(0.09)	-	-	-0.05%	(0.09)
Paras Green Optics Private Limited	0.00%	0.05	-0.03%	(0.05)	-	-	-0.03%	(0.05)
Paras Aerospace Solutions Private Limited (now known as Paras Aerospace Private Limited)	0.01%	0.08	-0.01%	(0.02)		-	-0.01%	(0.02)
Paras Strategic Technologies Private Limited (now known as Paras Anti-drone Technologies Private Limited)	0.01%	0.09	-0.01%	(0.02)		-	-0.01%	(0.01)
Overseas Subsidiary								
Opel Technologies PTE Ltd (formerly known as Paras Space Technologies PTE Ltd)	-0.03%	(0.50)	-0.27%	(0.51)	-	-	-0.27%	(0.51)
Adjustments arising out of Consolidation	-0.02%	(0.38)	0.00%	-	-	-		-
	100.00%	**1,523.66**	**100.00%**	**189.70**	**-100.00%**	**(4.37)**	**100.00%**	**185.33**

NOTE : 44 Non adjusting items

Emphasis of matter included in the Auditor's report, remark included in the Annexure to Auditor's report issued under Report on the Internal Financial Controls Over Financial Reporting and other audit qualifications included in the Annexure to Auditor's report issued under the Companies (Auditor's Report) Order, 2016 on the unconsolidated financial statements for the year ended 31st March, 2021, 31st March, 2020 and 31st March, 2019, which do not require any corrective adjustment in the Restated Consolidated Financial Information as follows:

A Emphasis of Matter paragraph in Auditor's report, which does not require any corrective adjustment in the Restated Consolidated Financial Information:

i) **As at and for the year ended 31st March, 2021**

"We draw your attention to the Note no. 40 to the Standalone Financial Statements, which describes the uncertainties related to COVID-19 Pandemic and its consequential effects on the affairs of the Company. Our opinion is not modified in respect of this matter."

ii) **As at and for the year ended 31st March, 2020**

"We draw your attention to the Note no. 40 to the Standalone Financial Statements, which describes the uncertainties related to COVID-19 Pandemic and its consequential effects on the affairs of the Company. Our opinion is not modified in respect of this matter."

B Report on the Internal Financial Controls Over Financial Reporting in the Annexure to Auditor's report, which does not require any corrective adjustment in the Restated Consolidated Financial Information:

i) **As at and for the year ended 31st March, 2020**

"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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, except in respect of allocation of overheads for determination of the costs of its Defence and Space Optics products and KYC related to alteration of Customers and Vendors details, which need to be further strengthen, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI."

ii) **As at and for the year ended 31st March, 2019**

"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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, except in respect of allocation of various overheads for determination of the costs of its products, which need to be further strengthen, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI."

C Other audit qualifications included in the Annexure to Auditor's report issued under the Companies (Auditor's Report) Order, 2016, which does not require any corrective adjustment in the Restated Consolidated Financial Information:

i) **As at and for the year ended 31st March, 2021**

a) **Clause (vii) (a) of CARO 2016 Order:**

"The company has been generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable except income tax amounting to Rs. 22.11 Millions."

b) **Clause (vii) (b) of CARO 2016 Order:**

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

Nature of Dues	Statute	Period Involved	Amount (Rs. in Millions)	Forum where dispute is pending
Custom Duty	The Customs Act, 1962	2019-20	1.20	Additional Commissioner
Income Tax	The Income Tax Act, 1961	2007-08, 2009-10 to 2015-16, 2019-20	8.87	Commissioner / CPC
		Total	**10.07**	

ii) **As at and for the year ended 31st March, 2020**

a) **Clause (vii) (a) of CARO 2016 Order:**

"According to the information and explanations given to us in respect of statutory dues: a) The company has been generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2020 for period of more than six months from the date they became payable except income tax amounting to Rs. 20.25 Millions."

b) **Clause (vii) (b) of CARO 2016 Order:**

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

Nature of Dues	Statute	Period Involved	Amount (Rs. in Millions)	Forum where dispute is pending
Income Tax – TDS Return Late Filed	The Income Tax Act, 1961	2007-08, 2009-10 to 2015-16	1.41	Commissioner / CPC

iii) **As at and for the year ended 31st March, 2019**

a) **Clause (vii) (a) of CARO 2016 Order:**

"According to the information and explanations given to us in respect of statutory dues: a) The company has been generally regular in depositing undisputed statutory dues, including duty of customs, cess, goods and service tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of provident fund, employees' state insurance and income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2019 for period of more than six months from the date they became payable except advance income tax amounting to Rs. 23.98 Millions."

NOTE : 45 PROVISION

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

Movement in provisions:-

(Rs. in Millions)

Nature of provision	Provision for Expected Credit loss on Trade Receivables	Provision for Doubtful Advance	Provision for Stamp Duty	Total
As at 1st April, 2018	**29.77**	**-**	**3.50**	**33.27**
Provision during the year	6.68	-	-	6.68
Payment during the year	-	-	(3.50)	(3.50)
As at 1st April, 2019	**36.45**	**-**	**-**	**36.45**
Provision during the year	13.49	5.00	-	18.49
As at 31st March, 2020	**49.94**	**5.00**	**-**	**54.94**
Provision during the year	11.53	-	-	11.53
Provision reversed during the year	-	(5.00)	-	(5.00)
As at 31st March, 2021	**61.47**	**-**	**-**	**61.47**

NOTE : 46 Previous Year's figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

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 : 6th July, 2021

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

(in ₹ million, other than share data)

Particulars	Fiscal		
	2021	2020	2019
Earnings per Equity Share of ₹ 10 each (basic)	5.55	6.92	6.75
Earnings per Equity Share of ₹ 10 each (diluted)	5.55	6.92	6.74
Net worth	1,724.39	1,387.36	1,190.79
Return on Net Worth	9.12%	14.17%	15.93%
Net asset value per equity share	55.23	46.03	38.90
EBITDA	433.98	392.70	428.33

Notes:

(1) *The figures disclosed above are based on the Restated Financial Statements.*

(2) *The above Statement should be read with the Annexure V and Annexure VI to the Restated Financial Information.*

(3) *The ratios have been computed as below:*

(4) *Basic earnings per share =* $\frac{\text{Net profit, as restated, attributable to equity shareholders}}{\text{Weighted average number of basic equity shares outstanding during the period/ year}}$

(5) *Diluted earnings per share =* $\frac{\text{Net profit, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period/ year}}$

(6) *Earnings per share calculations are done in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings Per Share" ("IndAS 33") as notified under Section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standard) Rules, 2015, as amended.*

(7) *"Net worth" means the aggregate of Equity Share Capital and Reserves and Surplus, excluding revaluation reserve and capital reserve.*

(8) *Return on Net Worth (%) =* $\frac{\text{Net profit, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the period/ year}}$

(9) *Net asset value per Equity Share (Basic) =* $\frac{\text{Net asset means total assets minus total liabilities excluding revaluation reserves.}}{\text{Total number of Basic Equity Shares outstanding at the end of the year}}$

(10) *EBITDA= Restated profit before exceptional item and tax plus finance cost and depreciation & amortization less other income) for the period/ year*

Further, the audited standalone financial statements of our Company as at and for the year ended March 31, 2021, March 31, 2020, and March 31, 2019 and the reports thereon dated July 6, 2021, September 14, 2020, and September 7, 2019, respectively ("**Standalone Financial Statements**") are available at https://www.parasdefence.com/annual-reports/. Further, the audited financials of our Material Subsidiary, in terms of Paragraph (11)(I)(A)(ii) of Part A of Schedule VI of the SEBI ICDR Regulations, are available at https://www.parasdefence.com/subsidiaries-annual-reports/. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Standalone Financial Statements do not constitute, (i) a part of this Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor the Selling Shareholders or BRLM or, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2021, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Restated Financial Statements*" and "*Risk Factors*" beginning on pages 231, 171 and 19, respectively.

(*in ₹ million*)

Particulars	Pre-Offer as at March 31, 2021	Adjusted for the proposed Offer**
Total borrowings		
Current borrowings*	680.38	680.38
Non-current borrowings (including current maturity) *	380.12	380.12
Total borrowings (A)	**1,060.50**	**1,060.50**
Total equity		
Equity Share capital	298.53	390.00
Reserves and surplus*	1,767.82	3,246.22
Non Controlling Interest*	0.69	0.69
Total equity (B)	**2,067.04**	**3,636.91**
Total Capital	**3,127.54**	**4,697.41**
Ratio: Non-current borrowings/ Total equity	0.18	0.10
Ratio: Total borrowings/ Total equity (A)/ (B)	0.51	0.29

* *These terms shall carry the meaning as per Schedule III of the Companies Act.*

** *This column reflects changes in equity on account of (a) proceeds from the Fresh Issue of ₹ 1,406.00 million out of which ₹ 80.34 million has been adjusted against equity share capital and ₹ 1,325.66 million has been adjusted against other equity; and (b) proceeds from the pre-IPO placement (by way of preferential allotment) of ₹ 163.87 million out of which ₹ 11.13 million has been adjusted against equity share capital and ₹ 152.74 million has been adjusted against other equity (net of issue expenses). Further, the other equity amount has not been adjusted for share issue expenses of the proposed Offer (Fresh Issue) of equity shares.*

FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of business for the purposes of meeting working capital requirements and for capital expenditure.

As on July 31, 2021, the outstanding amount under the fund based borrowings of our Company on a consolidated basis was ₹ 799.43 million and the outstanding amount under non-fund based facilities availed by our Company, on a consolidated basis, was ₹ 285.65 million. Set forth below is a brief summary of the aggregate borrowings of our Company on a consolidated basis as on July 31, 2021, as certified by Ambavat Jain & Associates LLP, Chartered Accountants on September 1, 2021:

(in ₹ million)

S. No.	Category of borrowing	Sanctioned amount	Outstanding amount
1.	Secured fund based borrowings*	1,339.33	799.43
2.	Secured non-fund based borrowings**	378.65	285.65
3.	Unsecured loan from related parties#	73.19	73.19
	Total	**1,791.17**	**1,158.27**

* *Includes Term loans from banks, financial institutions and cash credits, working capital demand loans and buyers' credit from banks.*
** *Includes bank guarantees and letter of credits from banks.*
\# *Represents unsecured loans from Directors.*

For details in relation to financial indebtedness of our Company as of July 31, 2021, see the section "*Restated Financial Statements*", beginning on page 172.

Principal terms of the borrowing availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the borrowing arrangement entered into by us.

1. ***Interest:*** The interest rates on the term loans and fund based working capital facilities availed by us is at 11.75 % per annum. The interest rates typically range from 8.49% to 14%.

2. ***Security:*** Our borrowings are secured by way of *inter alia*,

   (a). a first pari passu hypothecation charge over all existing and future receivables, current assets, moveable assets of the Borrower; and

   (b). mortgage over land, building and other immovable properties of the Company.

3. ***Tenor:*** The tenor of the term loan facilities typically ranges from 90 days to 15 years.

4. ***Prepayment penalty:*** The facilities availed by us can be prepaid by paying a prepayment premium on the outstanding amount. Prepayment penalties are up to 2% of the outstanding balance.

5. ***Repayment:*** The working capital loans are repayable in accordance with the terms of the loan agreement, by way of an equated monthly instalment, for the term of the loan.

6. ***Key covenants:*** The loan facility entails various restrictive covenants and conditions restricting certain corporate actions without taking the prior approval of the respective lender before carrying out such actions, including for:

   (a) Changing the constitution, shareholding pattern and the Board of Directors of our Company;

   (b) Undertaking any large-scale expansion or new projects;

   (c) Creating any charge on the immovable properties with any financial institutions or any other party;

   (d) Making investment or give loans to sister concerns for non-operational purposes;

   (e) Giving a guarantee on behalf of third parties; and

   (f) Not leaving India for employment or business without fully repaying

7. ***Events of default:*** Our borrowing arrangements typically contain standard events of default, including, among others:

   (a) Default in the payment of the loan, when due and payable to the lender;

   (b) Failure to perform any covenants/ conditions agreed on the part of the borrower;

   (c) Failure to create and maintain adequate security as prescribed by the lender

(d) If there is an apprehension that the Borrower is unable to pay his debts; and

(e) Supplying any mis-leading or incorrect information in relation to any warranty.

8. ***Consequences of occurrence of events of default:*** Upon the occurrence of an event of default under the loan facilities, our lenders are entitled to, among other things:

(a) Charge a penal interest on the defaulted amount for the non-compliance of the sanctioned terms; and

(b) Any delay or default in the repayment of the facility availed by the borrower from the lenders, would result in the borrower not allowing the payout by way of salary to the directors and partners.

(c) Convert the debt into equity share capital of the Company as per the strategic debt restructuring scheme of the RBI, with a view to take management control over the Company and cause change in the ownership.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated

Financial Statements, the notes and significant accounting principles thereto and the report thereon, which appear from pages 172 to 226. Our Restated Financial Statements are prepared in accordance with Ind AS, which differ in certain significant respects from US GAAP and IFRS and are restated as per the SEBI ICDR Regulations.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Some of the information in following discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 19*. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in, "Forward-Looking Statements", "Our Business" and "Industry Overview" on pages 15, 116 and 93, respectively. The following discussion relates to us, and, unless otherwise stated, is derived from our Restated Financial Statements.*

We have included various operational and financial performance indicators in this Prospectus, some of which may not be derived from our Restated Financial Statements or otherwise subjected to an examination, audit or review by our auditors. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorisations to enable a consistent representation of our business. Such information may vary from similar information publicly disclosed by us in compliance with applicable regulations in India, which may also be reflected in our Restated Financial Statements. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Prospectus.

Unless otherwise indicated, the industry data in this section has been derived from industry data sourced F&S Report prepared and released by Frost and Sullivan who was appointed on July 16, 2021, commissioned and paid for by us in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular fiscal year refers to such information for the relevant fiscal. For further information, see "Presentation of Financial, Industry and Market Data" on page 12.

Our Restated Financial Statements have been prepared, based on financial statements as at and for fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019in accordance with Ind AS and other relevant provisions of the Companies Act.

Overview

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

We have five principal categories of product offerings: defence and space optics, defence electronics, EMP protection, heavy engineering for defence and niche technologies. Our defence and space optics operations include manufacturing high precision optics for defence and space applications such as thermal imaging and space imaging systems. We are one of the leading providers of optics for various Indian defence and space programmes, and the only Indian company with the design capability for space-optics and opto-mechanical assemblies *(Source: F&S Report).* Our defence electronics operations include providing a wide array of high performance computing and electronic systems for defence applications, including sub systems for border defence, missiles, tanks and naval applications. We believe that our domain expertise in electronics for defence applications has allowed us to contribute to some of the most prestigious defence programmes of the country. Our EMP protection solutions include designing, developing, manufacturing and commissioning various solutions for EMP Protection. We have the ability to undertake and deliver customized turnkey projects in the defence segment, especially in the defence electronics and EMP protection segments *(Source: F&S Report)*. We are one of the few companies with specialized technology capabilities such as manufacturing EMP protection and our Company is expected to be an integral stakeholder in a majority of future sourcing of defence and space optics and EMP protection solutions *(Source: F&S Report).* Further, our heavy engineering for defence operations involves providing heavy engineering products and solutions, such as components for rockets and missiles along with providing mechanical manufacturing support to other verticals of our business. We specialise in high end manufacturing for defence and space applications and have been providing our customers with customised and exclusive mechanical products since our inception. Under our niche technologies division, we have identified and partnered with some of the leading technology companies around the world in order to indigenise advanced technologies in the defence and space sectors for catering to the Indian market. This also affords us an opportunity to serve as manufacturing partner for global requirements of such overseas technology companies.

We have two manufacturing facilities in Maharashtra, located at Ambernath in Thane and Nerul in Navi Mumbai. Our Ambernath facility is engaged in manufacturing of heavy engineering products such as flow-formed motor tubes, vacuum brazed cold plates, titanium structures and assemblies, large and heavy dynamic structures with built-in automation for strategic applications, indigenously designed and manufactured flow-forming machines and mechanical racks, cabinets and consoles for various defence applications. Our Nerul facility is an advanced nano technology machining centre for producing high quality optics and ultra-precision components. Our Nerul facility is engaged in manufacturing of optics, design, development, manufacturing and integration of electronics and EMP protection products and solutions. Our manufacturing facilities at Ambernath and Nerul have been accredited with quality management system certificate for compliance with ISO 9001:2015 requirements. Further, our facility at Nerul has been accredited with AS9100D Certification. We are also in the process of expanding our manufacturing facility located at Nerul in Navi Mumbai, Maharashtra.

We have diversified our products and solutions mainly due to our research and development ("**R&D**") and technological capabilities. Our R&D capabilities include product design, product engineering, product simulation, prototyping and testing. Our R&D activities are mainly undertaken at our centres at Nerul in Navi Mumbai, Maharashtra and Bengaluru, Karnataka. Our R&D centre at Nerul is recognised by and registered with DSIR. Our research activities are focused on creating new products and solutions which are customised to meet customer expectations and end-user preferences and also improving our production processes and improving the quality of our existing products. With our R&D capabilities, we are currently developing several new products and solutions, such as hyper spectral space camera, ARINC-818 based avionic display, naval periscopes and optical solar reflectors. We believe that our focus on R&D distinguishes us as one of the leading IDDM category company in the Indian defence industry. Recently, the MoD has announced the Defence Acquisition Procedure which focuses on significantly boosting indigenous production and turning India into a global manufacturing hub of weapons and military platforms. This is expected to provide a boost to indigenous defence companies such as ours and we believe that with the expertise and technological know-how that we have, we are poised to take advantage of the expected growth in India's defence industry.

We derive most of our revenues under the contracts from the Government arms and associated entities such as defence public sector undertakings and government organizations involved in space research. Our customer base includes Government arms and notable Indian public and private sector companies including Bharat Electronics Limited, Hindustan Aeronautics Limited, Bharat Dynamics Limited, Hindustan Shipyard Limited, Electronic Corporation of India Limited, Tata Consultancy Services Limited, Solar Industries India Limited, Alpha Design Technologies Ltd., Astra-Rafael Comsys Pvt. Ltd. Our foreign customers include Advanced Mechanical and Optical Systems (AMOS), Belgium, Chaban (Israel), Tae Young Optics Company Limited (South Korea), and Green Optics (South Korea) etc. Further, we partner with international players such as Holland Shielding Systems BV Netherlands, HPS, Gmbh and Invent, Gmbh to provide our customers in India with products and technologies for defence and space applications. We have been and are currently associated with some of the critical projects in India and abroad.

Our current order book as of June 30, 2021 is ₹ 3,049.92 million. Our consolidated total income was ₹1,446.07 million, ₹1,490.51 million and ₹1,571.69 million for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively. Our consolidated profit after tax was ₹157.86 million, ₹196.57 million and ₹189.70 million for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

Significant Factors Affecting Our Results of Operations and Financial Condition

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. However, there are some specific items that we believe have impacted our results of operations and, in some cases, will continue to impact our results on a consolidated level and at our individual companies. In this section, we discuss several factors that we believe have, or could have, an impact on these results. We also discuss the ways in which we generate income and incur the main expenses associated with generating this income. Please also see the sections titled "*Our Business*" and "*Risk Factors*", beginning on pages 116 and 19, respectively.

Domestic and global demand for our products

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

Changes in applicable regulations have had and may have an impact on our business and results of operations. Our results of operations have been favourably affected by the Government's initiatives. India is witnessing path-breaking reforms in the defence sector. Recently, MoD has announced the Defence Acquisition Procedure which has come into effect from October 1, 2020. This procedure focuses on significantly boosting indigenous production and turning India into a global manufacturing hub of weapons and military platforms. This procedure has been aligned with the vision of the Government's Aatmanirbhar Bharat (self-reliant India) initiative and to empower Indian domestic defence industry through 'Make in India' projects. We believe that this policy will provide a significant boost to indigenous manufacturing companies such as ours and that with domain expertise, R&D and manufacturing capabilities we are poised to take full benefit of the same. For instance, the Department of Military Affairs, MoD has prepared a list of 101 items for which there would be an embargo on the import ("**Import Embargo List**"), as set out in its press release dated August 9, 2020. Some of the products listed in the Import Embargo List such as EMP Racks, EMP filters used for protection of data and power lines within a rack / shelter / room against electro-magnetic pulse or interference are currently manufactured by us. This not only helps us increase our foothold as a supplier for products which we are currently manufacturing, but also gives an opportunity to expand our existing products portfolio by using our R&D capabilities. We believe this represents a significant opportunity for our continued growth as we expand our products and solutions portfolio to designing, developing and/or manufacturing new products and solutions, which in turn will enable us to establish new customer bases. In addition to the above, we believe we can also capture an increased market share by expanding our presence across various cities in India, especially from the perspective of marketing and after sales services.

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

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

While we believe that our programmes are well aligned with India's national defence and space policies, shifts in domestic spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed defence programmes.

Although we cater to our overseas customers directly, we intend to expand this customer base by leveraging existing business relations of our partners located around the world. Our future growth also depends on penetrating new international markets as well as remaining a key supplier to strategic sectors, adapting existing products to new applications, and introducing new products that achieve market acceptance.

Raw Material costs

We undertake procurement of raw materials from various sources with the suppliers selected on a purchase order basis. The cost of materials consumed by us in our operations was ₹598.67 million, ₹ 739.75 million and ₹ 955.23 million for the Fiscals 2021, 2020 and 2019, respectively. Our cost of materials consumed constituted 41.77%, 50.31% and 61.87% and our other expenses constituted 15.97%, 16.31%, and 12.11% of our revenue from operations for Fiscals 2021, 2020 and 2019, respectively.

Shortage in supply of raw materials we use in our business may result in an increase in the price of the products. Because we are generally able to pass fluctuations in raw material prices on to our customers, an increase or decrease in raw material prices typically does not directly correspond to an increase or decrease in our profit in absolute terms, however, it does typically correspond to an increase or decrease in our profit margin. For example, increase in raw material prices tend to increase our revenue and expenditures by approximately the same amount, resulting in our expenditures being a higher percentage of our revenues, consequently decreasing our profit margin. Moreover, an increase in raw material price may result in increased prices for our customers' products, which may in turn result in decreased demand for their products and, consequently, the components that we supply for their products.

We have been in the industry for over four decades and have a pool of long-standing suppliers. Further, when selecting new suppliers, we take into consideration their reputation, product quality, price, reliability, infrastructure, delivery time and credit terms.

Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing Government regulations and policies and competitive landscape.

Research, Design and Development

Our business depends to a significant degree on our ability to successfully conduct research, design and development with respect to our products. Our capability to do R&D helps us build products tailored to customer requirements and enable our engagement with defence organisation involved in R&D and other organisations, thereby creating a possibility of larger business of developed product or technology. However, this process is both time consuming and costly and involves a high degree of business risk. To develop new products and upgrade existing products, we commit substantial time, funds and other resources. Our investments in research and development for future products could result in higher costs without a proportionate increase in revenues. We undertake research and development based on the customer's specific requirements and the revenue expenditure on research and development is charged in the period in which it is incurred whereas the capital expenditure undertaken in this regard 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.

We also undertake research, design and development pursuant to contracts (revenue arrangements) to perform research, design and development activities according to customer specifications as per the order. These costs are direct contract costs arising from such specific orders and are expensed to cost of sales when the corresponding revenue is recognised for such orders.

In addition, we must adapt to rapid changes in our industry due to technological advances. The cost of implementing new technologies, upgrading our manufacturing facilities and retaining our research staff could be significant and could adversely affect our profitability.

Imposition of liquidated damages and invocation of performance bank guarantees/indemnity bonds by our customers.

Most of our contracts with our customers require our Company to pay liquidated damages in the event of delay in delivery of products. The value of the liquidated damages typically ranges from 5% to 10% of the value of the contract. Additionally, we are required to secure a performance bond in the form of bank guarantee from nationalised/ scheduled commercial banks for 10% of the total order value towards performance of the equipment until completion of warranty period indicated in such contracts. For the Fiscals ended 2021, 2020 and 2019, we have incurred late delivery charges amounting to ₹ 7.51 million, ₹ 8.96 million and ₹ 6.28 million and respectively to our customers.

We cannot assure you that in future such contracts can be completed profitably. Any time and / or cost overruns on our contract could have a material adverse effect on our business, financial condition and results of operations. The incurring of such liabilities pursuant to the imposition of liquidated damages as well as invocation of such performance bank guarantees and indemnity bonds in relation to our contracts could have an adverse effect on our business, operations, revenues and earnings.

Strength of our order book

Our results of operations are affected by the strength of our order book. Set forth below are details of our order book as on June 30, 2021:

Particulars	Number of orders	Value (₹ million)
Defence and Space Optics	37	2.026.39
Defence Electronics and EMP Protection Solutions	49	705.63
Heavy Engineering for Defence	34	317.90
Total Order Book:		3,049.92

Our order book has been increasing year on year, which can be attributed to increasing customer confidence on the company along with favourable Government of India reforms in the sector. Further, we do not carry long term orders in the defence sector, whereas orders received from the space sector are more long term. Investors should not consider our order book as an accurate indicator of our future performance or future revenue. The successful conversion of these orders into revenue and getting new orders will depend on the demand from our customers, which is beyond our control and is subject to uncertainty as well as changes in Government policies and priorities. Going forward, our order book may be affected by delays, cancellations, renegotiations of the contracts as well as the long gestation period in concluding such contracts, if any.

Cost and availability of skilled manpower

We require the application of high levels of technology at key stages of our design, engineering and manufacturing processes. We have therefore been focused on the recruitment, training and retention of a highly skilled employee base. As of June 30, 2021, we employed 341 employees out of which 159 are on payroll of our Company and 182 are contract labourers. Our expenses towards salaries, wages and allowance was ₹ 106.12 million, ₹ 98.35 million and ₹ 81.21 million for the Fiscals 2021, 2020 and 2019, respectively. In addition to our full-time employees, we frequently hire workers on a contractual basis, largely for manufacturing and sales.

We believe that our Company's growth and work environment combined with our employee satisfaction rate has allowed us to attract talent on a large scale. In addition, the presence of varied profiles available in our organisation coupled with high growth potential facilitates higher retention of employees. Labour shortages could increase our production cost and hinder our productivity and ability to meet customers' delivery schedules, any or all of which may have an adverse impact on our results of operations.

Expansion of production capacity

We currently have two manufacturing facilities located at Ambernath in Thane, Maharashtra and Nerul in Navi Mumbai, Maharashtra. We are also in the preliminary stages of augmenting our manufacturing facility located at Nerul in Navi Mumbai, Maharashtra and Ambernath in Thane, Maharashtra by expanding its production capacity and installing new equipment from the Net Proceeds and from internal accruals. We believe our investment in infrastructure will enable us to cater to the growing demand from our customers, enhance our space optics product portfolio and offer flow formed tubes for space applications, which in turn is expected to result in an increase in our profits and revenues. For further details, see " - *Our Facilities – Expansion of our facilities*" and "*Objects of the Offer - Details of the Objects of the Fresh Issue – Purchase of* machinery and equipment" on pages 129 and 76, respectively.

Impact of Covid-19 on our operations and financial condition

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

The Covid-19 pandemic had an impact on our Company earlier than most other Indian companies due to our dependencies on countries like South Korea and its neighbouring countries for our raw materials. As the pandemic spread to various countries, beginning January 2020 our supplies were affected and by February 2020 a majority of the raw material supplies from South Korea could not be delivered. We were unable to complete certain orders during this time due the unavailability of the specific raw materials, which impacted our revenue. Our revenue was also affected due to non-inspection and lower number of visits/clearances by our customers due to COVID-19 which contributed to decrease in our revenue from operations by 4.76% to ₹ 1,470.43 million for Fiscal 2020 compared to ₹ 1,543.99 million for Fiscal 2019. While, our operations restarted since the middle of April 2020 under special permission from MIDC, we could operate at 10% of our capacity and a majority of the workforce were restricted from resuming our manufacturing activities, including in relation to the pending orders. As the restrictions on movement were gradually lifted, we were able to resume operations in a phased manner between May and August 2020.

While our Company employed the appropriate safety precautions and travel arrangements for our employees, we could not start significant operations or generate substantial revenues till August 2020, due to low attendance, lack of support from ancillary industries which were not functional at the time, impediments in logistics of domestic and imported goods and non-availability of our customers for inspection and clearances. Due to COVID-19, in the first half of Fiscal 2021 our Company's operations and revenue were impacted leading to a decrease in overall revenue from operations by 2.53% to ₹ 1,433.30 million for Fiscal 2021 compared to ₹ 1,470.43 million for Fiscal 2020. However, during the second half of Fiscal 2021, the operations of our Company have improved and the Company was able to maintain its profitability.

During the months of March 2020 through August 2020, our Company continued making payments on its fixed expenses like salaries and other expenses towards its employees and workers. Further, we also continued procurement of raw materials during such time. However, our Company also availed the moratorium in respect of its borrowings as per the RBI's circulars dated March 27, 2020 and May 23, 2020 deferring payments under its borrowings for four to six months for an aggregate amount of ₹ 46.62 million.

The future impact of COVID-19 or any other severe communicable disease on our business and results of operations depends on several factors including those discussed in "*Risk Factors – 16. The continuing effect of the COVID-19 pandemic on our business and operations is highly uncertain and cannot be predicted*." on page 26.

Significant accounting policies of our Company

Basis of preparation of our financial statements

We have set forth in this Prospectus, the Restated Financial Statements as of and for the Fiscals 2021, 2020 and 2019. The Restated Financial Statements have been compiled by management from the respective audited consolidated financial statements of our Company as of and for fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, which have been approved by the Board of Directors of our Company at their meeting held on July 6, 2021, September 14, 2020 and September 7, 2019 respectively. The consolidated financial statements of our Company have been prepared in accordance with Ind AS notified under Section 133 of the Companies Act, read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

The Restated Financial Statements have been prepared specifically for the inclusion in the offer document to be filed or registered by our Company with SEBI, the stock exchanges where our Equity Shares are proposed to be listed and the relevant Registrar of Companies in India in connection with the proposed initial public offering of our Company. The Restated Financial Statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values. These consolidated financial statements are presented in Indian Rupees, which is our Company's functional and presentation currency and all values are rounded to the nearest million, except when otherwise indicated.

Property, Plant and Equipment

The property, plant and equipment are carried at its cost, net off recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes the 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 capitalised under the relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are then 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. Our Company has availed property, plant and equipment as deemed cost on the date of transition from Indian GAAP to Ind AS i.e. April 1, 2016.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Further, gains or losses arising in the case of retirement or disposal of property, plant and equipment are recognised in the statement of profit and loss in the year of occurrence.

Further, cost of assets not ready for intended use, as on the balance sheet date, is shown as a 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'.

Furthermore, depreciation on property, plant and equipment is provided on a straight-line method for the period for which the assets have been used, as under: (i) depreciation on assets is provided over the useful life of assets as prescribed under schedule II of the Companies Act; (ii) leasehold land is amortised over the period of lease. The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Intangible Assets and Amortisation

Intangible assets are stated at cost, net off accumulated amortization and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Restated Consolidated Statement of Profit and Loss. The period of amortisation is as under:

Asset	Year of amortisation
Computer software	6 Years
Technical know how	6 Years

Borrowing Cost

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised (net off income on temporary deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that we incur 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 our 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 capitalised during a period does not exceed the amount of borrowing cost incurred during that period. All other borrowing costs are expensed in the period in which they occur.

Impairment of Non-Financial Assets

Our 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, our Company estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognised in the Restated 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.

Government Grants and Subsidy

Our Company is entitled to subsidy from Department of Scientific and Industrial Research, Ministry of Science and Technology ("**DSIR**") for the difference between the normal rate of interest of 12% and the concessional rate of interest of 3% on financial assistance received from DSIR, subject to prompt repayment of the principal and interest thereon. Government grants are recognised 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.

Taxes on Income

Tax expense represents the sum of current tax (income tax for earlier years) and deferred tax. Tax is recognised in the Restated 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. Further, 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.

Inventories

Inventories are measured at lower of cost and net realisable value ("**NRV**") after providing for obsolescence, if any. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and 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 and spares, packing materials are determined on a weighted average basis. The cost of work in progress and finished goods is determined on absorption costing methods.

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 recognised 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, being (i) financial assets at fair value and (ii) financial assets at amortised cost.

In cases where assets are measured at fair value, gains and losses are either recognised entirely in the Restated 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).

Further, unless the asset is designated at fair value through profit or loss under the fair value option, a financial asset that meets the following conditions is measured at amortised cost (net of any write down for impairment): (i) business model test, where the objective of the company's business model is to hold the financial asset to collect the contractual cash flow and (ii) cash flow characteristics test, where 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.

Further, unless the asset is designated at fair value through profit or loss under the fair value option, a financial asset that meets the following conditions is measured at fair value through other comprehensive income: (i) business model test, where the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets and (ii) cash flow characteristics test, where 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.

Other than as set out above, all other financial assets are measured at fair value through profit or loss.

Financial assets - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from our Company's statement of financial position) when:

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

(b) Our Company has transferred its rights to receive cash flow from the asset.

Impairment of Financial Assets

In accordance with Ind AS 109, our Company uses 'Expected Credit Loss' ("**ECL**") model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss ("**FVTPL**"). Expected credit losses are measured through a loss allowance at an amount equal to 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 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, our Company applies the 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. Our Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date, the historical default rates are reviewed and changes in the forward-looking estimates are analysed.

For other assets, our Company uses the 12-month ECL to provide for impairment loss where there is no significant increase in credit risk. In the event, there is significant increase in credit risk, ECL is used across the full lifetime of the asset.

Financial Liabilities - Initial recognition and measurement

Our Company recognises financial liabilities initially at fair value and, in the case of loans and borrowings and payables, recognises them net of directly attributable transaction costs.

Financial Liabilities - Subsequent measurement

Our Company subsequently carries the financial liabilities 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 our 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 Restated Consolidated Statement of Profit and Loss.

Fair Value

Our Company measures financial instruments at fair value at each balance sheet date. The fair value is the price that would be received when selling 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.

Investment in Subsidiaries

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

Revenue Recognition and Other Income

Sales of goods and services

Our Company derives revenues primarily from sale of products comprising of defence and space applications. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods are made available to the customer, provided transfer of title to the customer occurs and our Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

The revenue is measured at the amount of consideration which our 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). Further, the consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

Our 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.

The 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. Further, the revenue also excludes taxes collected from customers. The 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 our 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 our Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before our 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 our Company performs under the contract.

Other Income

Incentives on exports and other Government incentives related to our operations are recognised in the Restated Consolidated Statement of Profit and Loss after due consideration of certainty of utilization/receipt of such incentives.

Interest Income

The interest income from a financial asset is recognised when it is probable that the economic benefits will flow to our 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

The dividend income is recognised when the right to receive the payment is established.

Rental income

The 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 Restated Consolidated Statement of Profit or Loss.

Foreign Currency Transaction and Translation

Transactions in foreign currencies are recorded by our Company at the exchange rate prevailing on the date of transaction. The 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 the Restated 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, which are capitalised 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 under 'Other Comprehensive Income' ("**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 Restated Consolidated Statement of Profit and Loss, within the finance costs. All other finance gains or losses are presented by our Company in the Restated Consolidated Statement of Profit and Loss on a net basis.

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

Employee Benefits

Short term employee benefits are recognised 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 their services.

The cost of providing gratuity, a defined benefit plan, is determined by our Company 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 adjustment. Any changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in Restated Consolidated Statement of Profit and Loss.

Remeasurements of defined benefit plans 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.

Lease

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

Our 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 and accordingly, our Company uses such significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. Our Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if our Company is reasonably certain to exercise that options and periods covered by an option to terminate the lease if our Company is reasonably certain not to exercise that options. In assessing whether our Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, we consider all relevant facts and circumstances that create an economic incentive for our Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. Our 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.

Our Company as a lessee

Our Company's lease asset classes primarily consist of leases for land and buildings. We assess whether a contract contains a lease, at the 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, our Company assesses whether: (i) the contract involves the use of an identified asset; (ii) our Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (iii) our Company has the right to direct the use of the asset.

At the date of commencement of the lease, our 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, our Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the option 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 ROU are initially recognised 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.

ROU 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. ROU 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 amortised 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. The lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if our 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.

Our Company as a lessor

Leases for which our Company is a lessor are 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 our 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 ROU arising from the head lease. For operating leases, rental income is recognised by our Company on a straight-line basis over the term of the relevant lease.

Research and Development

The revenue expenditure on research and development is charged in the period in which it is incurred. Further, the capital expenditure for research and development is capitalised when commissioned and included under 'Plant, Property and Equipment' and depreciated in accordance with the policies stated for 'Property, Plant and Equipment' above.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when our 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 our 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 the financial statements. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("**CODM**") of our Company, being Munjal Shah, our Managing Director. The CODM is responsible for allocating resources and assessing performance of the operating segments of our Company.

Cash and Cash Equivalent

Cash and cash equivalents in the Restated Financial Statements 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 Restated Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts as they are considered an integral part of our Company's cash management.

Earnings per Share

The basic earnings per share is computed by our Company using the net profit or loss for the period/year attributable to the shareholders' and weighted average number of equity shares outstanding during the period/year.

The 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.

Current and Non-current classification

Our Company presents assets and liabilities in the statement of financial position based on current and non-current classification. Our 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 the Companies Act notified by the MCA.

Our Company classifies an asset as current when it is

(i) expected to be realised or intended to be sold or consumed in normal operating cycle, (ii) held primarily for the purpose of trading, (iii) expected to be realised within twelve months after the reporting period, or (iv) 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.

Our Company classifies a liability as current when it is

(i) expected to be settled in normal operating cycle, (ii) held primarily for the purpose of trading, (iii) due to be settled within twelve months after the reporting period, or (iv) 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. Our Company has identified twelve months as its operating cycle.

Offsetting financial instruments

In the event there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, the financial assets and liabilities are offset and the net amount is reported in the balance sheet. 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 our Company or counterparty.

Held for Sale

The non-current assets are classified as 'Held for Sale' by our Company 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.

Changes in Accounting Policies

There have been no changes in the accounting policies of the Company during the last three financial years, except for with respect to Ind AS 116, with the date of initial application of April 1, 2019. For further details, see "– *Significant accounting policies of our Company - Lease*" on page 240.

Income and Expenditure

Our income and expenditure are reported in the following manner

Income

Our income comprises of revenue from operations and other income.

Revenue from Operations

Our revenue of operations consists of revenue from the sale of products and services towards defence and space programmes. Revenue from operations accounted for 99.12%, 98.65% and 98.24% of our total income for Fiscals 2021, 2020 and 2019, respectively.

Other Income

Our other income consists of interest income derived from a financial asset, dividend income and rental income from operating leases. Other income accounted for 0.88%, 1.35% and 1.76% of our total income for Fiscals 2021, 2020 and 2019, respectively.

Expenditure

Our expenses primarily comprise of the following:

- Cost of materials comprises of consumption of raw material, stores and spares parts and consumables which are directly used in manufacture of the products. The key materials consumed include germanium, zerodur, titanium, maraging steel, electronic components, filters, power supplies and aluminium. Cost of raw materials consumed accounted for 41.77%, 50.31% and 61.87% of our revenue from operations for Fiscals 2021, 2020 and 2019, respectively.

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

- Changes in inventories of finished goods, work in progress and stock in trade were as a result of increase in production and supply of our products. Changes in inventories of finished goods, work in progress and stock in trade accounted for (5.61)%, (1.08)% and (7.54)% of our revenue from operations for Fiscals 2021,2020 and 2019, respectively.

- Employee benefit expenses arising from salaries, bonuses, wages, contribution to provident fund, gratuity, employees' state insurance. Employee benefit expenses accounted for 8.12%,7.36% and 5.71% of our total income for Fiscals 2021, 2020 and 2019, respectively.

- Finance costs comprises of interest expenses on term loans, unsecured loans, deposits. Finance costs accounted for 8.58%, 6.56% and 5.97%, of our total income for Fiscals 2021, 2020 and 2019, respectively.

- Depreciation and amortisation expenses comprises of expenses on depreciation and amortization. Depreciation and amortization expenses accounted for 6.68%, 6.52%and 5.98%of our total income for Fiscals 2021, 2020 and 2019, respectively.

- Other expenses comprise primarily of manufacturing expenses, selling and distribution expenses, administrative expenses and other miscellaneous expenses. Other expenses accounted for 15.82%,16.09% and 11.90%of our total income for Fiscals 2021,2020 and 2019, respectively.

Tax Expenses

Tax expenses comprise the current tax and the deferred tax.

Results of Operations and Financial Condition

The following table sets forth the restated consolidated statement of profit and loss of our Company and Fiscals 2021, 2020 and 2019, the components of which are also expressed as a percentage of our total income for such periods.

	Fiscal 2021		**Fiscal 2020**		**Fiscal 2019**	
	Amount (₹ in million)	**%**	**Amount (₹ in million)**	**%**	**Amount (₹ in million)**	**%**
Revenue from Operations	1,433.30	99.12%	1,470.43	98.65%	1,543.99	98.24%
Other Income	12.77	0.88%	20.08	1.35%	27.70	1.76%
Total Income	**1,446.07**	**100%**	**1,490.51**	**100%**	**1,571.69**	**100%**
Expenses						
Cost of materials consumed	598.67	41.40%	739.75	49.63%	955.23	60.78%
Purchases of Stock in Trade	134.87	9.33%	4.31	0.29%	-	-
Change in inventories of finished goods, work-in-progress and Stock in trade.	(80.44)	(5.56)%	(15.81)	(1.06)%	(116.39)	(7.41)%
Employee benefits expense	117.38	8.12%	109.64	7.36%	89.77	5.71%
Finance costs	124.10	8.58%	97.73	6.56%	93.86	5.97%
Depreciation and amortisation expense	96.54	6.68%	97.13	6.52%	94.06	5.98%
Other expenses	228.84	15.82%	239.84	16.09%	187.05	11.90%
Total Expenses	**1,219.96**	**84.36%**	**1,272.59**	**85.38%**	**1,303.58**	**82.94%**
Profit before tax	**226.11**	**15.64%**	**217.92**	**14.62%**	**268.11**	**17.06%**
Tax expenses						
Current tax	72.86	5.04%	66.19	4.44%	68.84	4.38%
Deferred tax	(4.61)	(0.32)%	(44.88)	(3.01)%	9.58	0.61%
Income Tax for Earlier Years	-	-	0.04	0.003%	(0.01)	(0.001)%
Total tax expenses	**68.25**	**4.72%**	**21.35**	**1.43%**	**78.41**	**4.99%**
Profit for the year	**157.86**	**10.92%**	**196.57**	**13.19%**	**189.70**	**12.07%**

Results of Operations for Fiscal 2021 compared to Fiscal 2020

Income

Our revenue from operations decreased by 2.53% to ₹ 1,433.30 million for Fiscal 2021 compared to ₹ 1,470.43 million for Fiscal 2020. This decrease in revenue from operations was primarily due to disruption in supply chain and slowdown in India due to the Covid-19 pandemic. For further details, "- *Impact of Covid-19 on our operations and financial condition*" on page 235.

Other income decreased by 36.40% to ₹ 12.77 million for Fiscal 2021 compared to ₹ 20.08 million for Fiscal 2020. This decrease in other income was primarily due to decrease in export incentives and other miscellaneous income

Expenses

Our total expenses decreased by 4.14% to ₹ 1,219.96 million for Fiscal 2021 compared to ₹ 1,272.59 million for Fiscal 2020. This decrease in expenses was primarily due to increase in the efficiency of our supply chain management and for reasons as set out below.

Cost of materials consumed

Our cost of materials consumed decreased by 19.07% to ₹ 598.67 million for Fiscal 2021 compared to ₹ 739.75 million for Fiscal 2020. This decrease was primarily due to (i) changes in product and order mix, specifically an increase in the proportion of space optics manufacturing projects, since the cost of raw materials involved in such projects is considerably lesser; and (ii) an increase in the efficiency of our supply chain management.

Purchases of stock in trade

Our expense towards purchases of stock in trade increased by 3,029.23% to ₹ 134.87 million for Fiscal 2021 compared to ₹ 4.31 million for Fiscal 2020. This increase in purchases of stock in trade is primarily due to significant increase in the revenue from operations of and orders of our overseas subsidiary, Opel Technologies Pte. Ltd. ("**Opel**") since, Opel does not have a manufacturing facility and purchases goods from our Company to fulfil such orders.

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

Our change in inventories of finished goods, work-in-progress and stock in trade increased by 408.79% to ₹ (80.44) million for Fiscal 2021 compared to ₹ (15.81) million for Fiscal 2020. This increase was primarily due to the longer production cycles of our business involving space programmes, pending orders from the previous financial year including due to effect of COVID-19, and due to an increase in an order book.

Employee benefits expense

Our employee benefits expense increased by 7.06% to ₹ 117.38 million for Fiscal 2021 compared to ₹ 109.64 million for Fiscal 2020. This slight increase was primarily due to expansion of manufacturing, design and development team.

Finance costs

Our finance costs increased by 26.98% to ₹ 124.10 million for Fiscal 2021 compared to ₹ 97.73 million for Fiscal 2020. This increase was primarily due to extended borrowings obtained for mitigating the risks and to secure the long production cycles in order to avoid the uncertainties arising out of the COVID 19 pandemic.

Depreciation and Amortisation Expense

Our depreciation and amortisation expense decreased by 0.61% to ₹ 96.54 million for Fiscal 2021 compared to ₹ 97.13 million for Fiscal 2020. This slight decrease was due to a decrease in gross block of assets.

Other expenses

Our other expenses decreased by 4.59% to ₹ 228.84 million for Fiscal 2021 compared to ₹ 239.84 million for Fiscal 2020. This decrease was primarily due to decrease in travelling and conveyance, advertisement and business promotion and other miscellaneous expenses.

Profit before Tax

As a result of the foregoing factors, our profit before tax increase by 3.76% to ₹ 226.11 million for Fiscal 2021 compared to ₹ 217.92 million for Fiscal 2020. This increase was on account of the reasons as set out above, including due to a decrease in the expenses.

Tax Expenses

Our tax expenses increased by 219.67% to ₹ 68.25 million for Fiscal 2021 compared to ₹ 21.35 million for Fiscal 2020. This increase was primarily due to an increase in the net taxable income and the tax thereon

Profit for the Year

As a result of the foregoing factors, our profit for the year decreased by 19.69% to ₹ 157.86 million for Fiscal 2021 compared to ₹ 196.57 million for Fiscal 2020.

Other Comprehensive Income

Our total other comprehensive income (net of tax) was ₹ (3.10) million in Fiscal 2021 compared to ₹ (5.99) million in Fiscal 2020.

Total Comprehensive Income

As a result of the foregoing, our total comprehensive income decreased by 20.54% from ₹ 202.56 million for Fiscal 2020 to ₹160.96 million for Fiscal 2021.

Results of Operations for Fiscal 2020 compared to Fiscal 2019

Income

Our revenue from operations decreased by 4.76% to ₹ 1,470.43 million for Fiscal 2020 compared to ₹ 1,543.99 million for Fiscal 2019. This decrease in revenue from operations was primarily due to disruption in certain supplies from South Korea and neighbouring countries and slowdown in India due to the outbreak of the pandemic. For further details, "*- Impact of Covid-19 on our operations and financial condition*" on page 235.

Other income decreased by 27.51% to ₹ 20.08 million for Fiscal 2020 compared to ₹ 27.70 million for Fiscal 2019. This decrease in other income was primarily due to a reduction in the exports of the Company which further led to foreign exchange losses and loss of export incentives.

Expenses

Our total expenses decreased by 2.38% to ₹ 1,272.59 million for Fiscal 2020 compared to ₹ 1,303.58 million for Fiscal 2019. This decrease in expenses was primarily due to increase in the efficiency of our supply chain management and for reasons as set out below.

Cost of materials consumed

Our cost of materials consumed decreased by 22.56% to ₹ 739.75 million for Fiscal 2020 compared to ₹ 955.23 million for Fiscal 2019. This decrease was primarily due to increase in the efficiency of our supply chain management and increase in the proportion of optics manufacturing projects compared to the rest of order book for Fiscal 2020 which requires reduced expenditure on raw materials.

Purchases of stock in trade

Our expense towards purchases of stock in trade for Fiscal 2020 was ₹ 4.31 million. We had no expenses towards purchases of stock in trade for Fiscal 2019. Purchases of stock in trade is the result of incorporation of our overseas subsidiary and revenue generated therein.

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 86.42% to ₹ (15.81) million for Fiscal 2020 compared to ₹ (116.39) million for Fiscal 2019. This decrease was primarily due to the longer production cycles of our business towards space programmes. -

Employee benefits expense

Our employee benefits expense increased by 22.13% to ₹ 109.64 million for Fiscal 2020 compared to ₹ 89.77 million for Fiscal 2019. This increase was primarily due to augmenting our design and development team at Bengaluru along with an increase in marketing and customer support resources at locations like Bengaluru, Hyderabad, New Delhi, Visakhapatnam and Lucknow.

Finance costs

Our finance costs increased by 4.12% to ₹ 97.73 million for Fiscal 2020 compared to ₹ 93.86 million for Fiscal 2019. This increase was primarily due to extended borrowings required for enhanced working capital needs arising from large value orders

Depreciation and Amortisation Expense

Our depreciation and amortisation expense increased by 3.26% to ₹ 97.13 million for Fiscal 2020 compared to ₹ 94.06 million for Fiscal 2019. This increase was primarily due to amortisation of intangible assets and a general increase in gross block of assets.

Other expenses

Our other expenses increased by 28.22% to ₹ 239.84 million for Fiscal 2020 compared to ₹ 187.05 million for Fiscal 2019. This increase was primarily due to provisions for expected credit loss, provision for doubtful advance, manufacturing expenses, loss on foreign currency fluctuations and other miscellaneous expenses.

Profit before Tax

As a result of the foregoing factors, our profit before tax decreased by 18.72% to ₹ 217.92 million for Fiscal 2020 compared to ₹ 268.11 million for Fiscal 2019. This decrease was on account of the reasons as set out above, including due to an increase in the expenses and loss of revenue.

Tax Expenses

Our tax expenses decreased by 72.77 % to ₹ 21.35 million for Fiscal 2020 compared to ₹ 78.41 million for Fiscal 2019. This decrease was primarily due to the change in the tax regime where the Company has opted for the tax rate under Section 115BAA of the Income Tax Act and accordingly remeasured the deferred tax asset or liabilities based on the rates prescribed in the relevant section.

Profit for the Year

As a result of the foregoing factors, our profit for the year increased by 3.62% to ₹ 196.57 million for Fiscal 2020 compared to ₹ 189.70 million for Fiscal 2019.

Other Comprehensive Income

Our total other comprehensive income (net of tax) was ₹ (5.99) million in Fiscal 2020 compared to ₹ 4.37 million in Fiscal 2019.

Total Comprehensive Income

As a result of the foregoing, our total comprehensive income increased by 9.29% from ₹ 185.33 million for Fiscal 2019 to ₹ 202.56 million for Fiscal 2020.

Liquidity and Capital Resources

Cash Flows

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

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Net cash (used in)/ generated from operating activities	42.85	(26.00)	(120.52)
Net cash used in investing activities	(62.64)	(48.75)	(95.52)
Net cash generated from financing activities	53.79	85.51	214.10
Cash and cash equivalents at the beginning of the year	12.54	1.79	3.73
Cash and cash equivalents at the end of the year	46.83	12.54	1.79

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.

Cash Flows from Operating Activities

Fiscal 2021

Net cash generated from operating activities for Fiscal 2021 was ₹42.85 million. Profit before taxes was ₹ 226.11 million and adjustments to reconcile profit before taxes to operating profit before working capital changes primarily consisted of (i) depreciation and amortisation expense of ₹ 96.54 million; (ii) interest income of ₹ (2.43) million; (iii) finance costs of ₹ 124.10 million; (iv) loss on discard/sale of property, plant and equipment of ₹ (0.39) million; (v) impairment loss on assets held for sale of ₹ 0.72 million (vi) bad debts / advances written off of ₹ 1.31 million; (vii) provision for expected credit loss of ₹11.53 million; (viii) provision for doubtful advance written back of ₹ (5.00) million; (ix) unrealised foreign exchange differences of ₹ (0.73) million; and (x) lease liability reversal of ₹ (0.03) million. Operating profit before working capital changes was ₹ 451.73 million in Fiscal 2021 and adjustments to working capital in Fiscal 2021, comprised of (i) decrease in trade and other payables of ₹ (164.95) million; (ii) an increase in trade and other receivables of ₹ (31.77) million; and (iii) ₹ (142.81) million increase in inventories.

Fiscal 2020

Net cash used in operating activities for Fiscal 2020 was ₹ (26.00) million. Profit before taxes was ₹ 217.92 million and adjustments to reconcile profit before taxes to operating profit before working capital changes primarily consisted of (i) depreciation and amortisation expense of ₹ 97.13 million; (ii) dividend on non-current investments of ₹ (0.05) million; (iii) interest income of ₹ (2.36) million; (iv) finance costs of ₹ 97.73 million; (v) loss on discard/sale of property, plant and equipment of ₹ 0.79 million; (vi) initial public offering related expenses of ₹ 4.50 million; (vii) account written back of ₹ (9.33) million; (viii) provision for expected credit loss of ₹ 13.49 million; (ix) provision for doubtful advance of ₹ 5.00 million; and (x) unrealised foreign exchange differences of ₹ 3.82 million. Operating profit before working capital changes was ₹ 428.64 million in Fiscal 2020 and adjustments to working capital in Fiscal 2020, comprised of (i) decrease in trade and other payables of ₹ (213.79) million; (ii) an increase in trade and other receivables of ₹ (211.42) million; and (iii) ₹ 40.97 million decrease in inventories.

Fiscal 2019

Net cash used in operating activities for Fiscal 2019 was ₹ (120.52) million. Profit before taxes was ₹ 268.11 million and adjustments to reconcile profit before taxes to operating profit before working capital changes primarily consisted of (i) depreciation and amortisation expense of ₹ 94.06 million; (ii) dividend on non-current investments of ₹ (0.05) million; (iii) interest income of ₹ (1.61) million; (iv) finance costs of ₹ 93.86 million; (v) loss on discard/sale of property, plant and equipment of ₹ 0.54 million; (vi) bad debts/advances written off of ₹ 4.22 million; (vii) provision for expected credit loss of 6.68 million; and (viii) unrealised foreign exchange differences of ₹ (2.84) million. Operating profit before working capital changes was ₹ 462.97 million in Fiscal 2019 and adjustments to working capital in Fiscal 2019, comprised of (i) an increase in trade payables of ₹ 261.00 million; (ii) an increase in trade and other receivables of ₹ (567.18) million; and (iii) ₹ (207.33) million increase in inventories.

Cash Flows from Investing Activities

Fiscal 2021

Net cash used in investing activities for Fiscal 2021 was ₹ (62.64) million, primarily on account of (i) purchase of property, plant and equipment and capital work-in-progress of ₹ (53.25) million; (ii) sale of property, plant and equipment of ₹ 0.61 million; (iii) purchase of investment of ₹ (10.76) million; (iv) interest income of ₹ 0.67 million; and (v) sale of investment of ₹ 0.09 million.

Fiscal 2020

Net cash used in investing activities for Fiscal 2020 was ₹ (48.75) million, primarily on account of (i) purchase of property, plant and equipment and capital work-in-progress of ₹ (40.51) million; (ii) sale of property, plant and equipment of ₹ 0.18 million; (iii) fixed deposits of ₹ (10.00) million; (iv) interest income of ₹ 1.53 million; and (v) dividend income of ₹ 0.05 million.

Fiscal 2019

Net cash used in investing activities for Fiscal 2019 was ₹ (95.52) million, primarily on account of (i) purchase of property, plant and equipment and capital work-in-progress of ₹ (96.56) million; (ii) interest income of ₹ 0.99 million; and (iii) dividend income of ₹ 0.05 million.

Cash Flows from Financing Activities

Fiscal 2021

Net cash generated from financing activities for Fiscal 2021 was ₹ 53.79 million, primarily representing the following: (i) proceed from issue of equity shares (net of expenses) of ₹ 179.77 million; (ii) proceed from 0.01% optionally convertible preference shares of ₹ 299.90 million ; (iii) redemption of 0.01% optionally convertible preference shares of ₹ (160.20) million; (iv) proceeds from non-current borrowings of ₹ 1.42 million; (v) repayment of non-current borrowings of ₹ (52.78) million; (vi) current borrowings of ₹ (78.95) million; (vii) payment related to initial public offering of ₹ (14.80) million; (viii) lease liabilities of ₹ (0.73) million; (ix) finance cost of ₹ (105.68) million; and (x) margin money of ₹ (14.16) million.

Fiscal 2020

Net cash generated from financing activities for Fiscal 2020 was ₹ 85.51 million, primarily representing the following: (i) proceeds from non-current borrowings of ₹ 51.10 million; (ii) repayment of non-current borrowings of ₹ (89.38) million; (iii) current borrowings of ₹ 226.94 million; (iv) payment related to initial public offering of ₹ (4.50) million; (v) lease liabilities of ₹ (0.35) million; (vi) finance cost of ₹ (95.25) million; and (vii) margin money of ₹ (3.05) million.

Fiscal 2019

Net cash generated from financing activities for Fiscal 2019 was ₹ 214.10 million, primarily representing the following: (i) proceeds from issue of compulsorily convertible debentures of ₹ 100.00 million; (ii) proceeds from non-current borrowings of ₹ 77.30 million; (iii) repayment of non-current borrowings of ₹ (60.87) million; (iv) current borrowings of ₹ 168.73 million; (v) finance cost of ₹ (80.85) million; and (vi) margin money of ₹ 9.79 million.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "*Restated Financial Statements – Annexure VI – Notes to Restated Consolidated Financial Information – Note 34 - Related Party Disclosures*" on page 212.

Indebtedness

Our Company has availed loans in the ordinary course of business for the purposes of meeting working capital requirements and for capital expenditure.

As on July 31, 2021, the outstanding amount under the fund based borrowings of our Company on a consolidated basis was ₹ 799.43 million and the outstanding amount under non-fund based facilities availed by our Company, on a consolidated basis, was ₹ 285.65 million. Set forth below is a brief summary of the aggregate borrowings of our Company on a consolidated basis as on July 31, 2021, as certified by Ambavat Jain & Associates LLP, Chartered Accountants on September 1, 2021:

(in ₹ million)

S. No.	Category of borrowing	Sanctioned amount	Outstanding amount
1.	Secured fund based borrowings*	1,339.33	799.43
2.	Secured non-fund based borrowings**	378.65	285.65
3.	Unsecured loan from related parties#	73.19	73.19
Total		**1,791.17**	**1,158.27**

* *Includes Term loans from banks, financial institutions and cash credits, working capital demand loans and buyers' credit from banks.*
** *Includes bank guarantees and letter of credits from banks.*
\# *Represents unsecured loans from Directors.*

Contractual obligations and commitments

The following table sets forth a maturity profile of our contractual obligations and commercial commitments as of March 31, 2021:

(₹ in million)

Particulars	Maturity				
	On Demand	Less than 1 year	One to five years	More than five years	Total
As at March 31, 2021					
Non Current Borrowings	-	124.82	204.54	51.27	380.63
Lease Liabilities	-	0.62	0.59	-	1.21
Short Term Borrowings	523.02	157.36	-	-	680.38
Trade Payable	-	153.22	-	-	153.22
Other Financial Liabilities	-	27.11	-	-	27.11
Total	**523.02**	**463.13**	**205.13**	**51.27**	**1,242.55**
As at March 31, 2020					
Non Current Borrowings	-	63.76	291.36	76.86	431.98
Lease Liabilities	-	0.61	1.01	-	1.62
Short Term Borrowings	601.97	-	-	-	601.97
Trade Payable	-	270.43	-	-	270.43
Other Financial Liabilities	-	24.76	-	-	24.76
Total	601.97	359.56	292.37	76.86	1,330.76
As at March 31, 2019					
Non Current Borrowings	-	87.51	290.13	92.62	470.26
Short Term Borrowings	379.26	-	-	-	379.26
Trade Payable	-	532.53	-	-	532.53
Other Financial Liabilities	-	24.10	-	-	24.10
Total	379.26	644.14	290.13	92.62	1,406.15

Contingent Liabilities

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

(₹ in million)

Particulars	Amount
Income tax	8.87
Customs Act	1.20
Guarantee's given by our Company's bankers	212.22
Letter's of Credit opened in favour of the suppliers	54.80
Total	**277.09**

For further details of certain matters which comprise our contingent liabilities, see *"Restated Financial Statements – Annexure – VI- Note 33"* beginning on page 212.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

Historical capital expenditure

Our Company has undertaken capital expenditure for research and development, capital advances, capital work in progress and towards capital creditors, 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. The following table sets forth our capital expenditures, reflected in our financial statements for each of the periods indicated below.

(₹ in million)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Capital Expenditure	53.25	44.04	96.56

Planned capital expenditure

In Fiscal 2022, we expect to incur planned capital expenditures relatively in line with our capital expenditures for Fiscals 2021, 2020 and 2019, primarily in relation to enhance capacity, and upgrades and replacements with respect to our facilities. We anticipate funding our planned capital expenditures by a combination of cash from our operations and loans from commercial banks and financial institutions and Offer proceeds. 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. Our actual capital expenditures may differ from this amount due to various factors, including changes in our business plan, our financial performance, market conditions and changes in government regulations, as well as the factors described in the section of this Prospectus entitled "*Risk Factors*", beginning on page 19.

Quantitative and Qualitative Analysis of Market Risks

We are exposed to market risks, credit risk and liquidity risk during the course of our business.

Risk management is carried out by our Company under a plan approved by the Board of Directors. This risk management plan defines how risks associated with our Company will be identified, analysed, and managed. It outlines how risk management activities will be performed, recorded, and monitored by our 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.

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 comprises of 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.

Interest Rate Risk

We are exposed to interest rate risk where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Company has non-current borrowings in the form of term loans and current borrowings in the form of working capital, inter corporate deposits and buyers credit. We have a fixed rate of interest in case of vehicle loans, buyers credit and inter corporate deposits and accordingly, there is no interest rate risk associated with these borrowings. Our Company is exposed to interest rate risk associated with term loan and working capital facility due to floating rate of interest. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service long-term debt and to finance development of new projects, all of which may in turn, adversely affect our results of operations.

For a sensitivity analysis of our exposure to changes in interest rates to our profit and loss: prices Fiscals 2021, 2020 and 2019, see "*Restated Financial Statements—Annexure VI— Note 37.1(b)—Interest Rate Risk and Sensitivity*" on page 217.

For further information, please refer to "*Financial Indebtedness*" on page 229.

Foreign Currency Exchange Rate Risk

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. Our Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to our Company's operating activities. Our Company transacts business primarily in USD and Euro. Our Company has foreign currency trade payables and receivables and is therefore, exposed to foreign currency exchange risk. Our Company regularly reviews and evaluates exchange rate exposure arising from foreign currency transactions.

In Fiscals 2021, 2020 and 2019, our operations in foreign currency were ₹ 241.75 million, ₹ 183.83 million and ₹ 153.47 million, respectively, and as a percentage of our revenue from operations, were 16.87%, 12.50 % and 9.94%, respectively.

For a sensitivity analysis of our exposure to changes in foreign exchange rates, for Fiscals 2021, 2020 and 2019, see "*Restated Financial Statements—Annexure VI—Note 37.1—Foreign Currency Exchange Risk and Sensitivity*" on page 217.

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. Our Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. We are subject to the risk that our counterparties under various financial or customer agreements will not meet their obligations. If our customers do not pay us promptly, or at all, it may affect our working capital cycle and/or we may have to make provision for or write-off on such amounts.

We measure 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. We have used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes 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. Further, we also consider 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 our finance department. Investment of surplus funds are also managed by our finance department. Our 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, we assess and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

Liquidity Risk

We carry a liquidity risk to meet the present and future cash and collateral obligations. Liquidity risk is the risk that our Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. Our objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. We rely on short term borrowings and operating cash flows in the form of suppliers' credit and working capital to meet our need for funds. Our Company does not breach any covenants wherever applicable on any of its borrowing facilities. We have access to a sufficient variety of sources of funding as per requirements.

Competition and Price Risk

We face competition from local and foreign competitors. However, we believe that we have a competitive advantage in terms of high quality products and by continuously upgrading our expertise and range of products to meet the needs of its customers.

Unusual or Infrequent Events or Transactions

Other than as described in this section and the sections of this Prospectus entitled "*Our Business*", "*Risk Factors*" and "*History and Certain Corporate Matters*" on pages 116, 19 and 143, respectively, there have been no events or transactions which may be described as "unusual" or "infrequent".

Total turnover of each major industry segment in which our Company operated.

We are engaged in designing, developing, manufacturing and testing of a wide range of defence and space engineering products and solutions. For turnover data for the defence and space industries in India, see "*Industry Overview*" beginning on page 93, and for details of our total income for our business, see " - *Results of Operations and Financial Condition*" and "*Our Business*", beginning on pages 244 and 116, respectively.

Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations

Indian and international rules and regulations as well as the overall growth of the Indian and world economies have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations There are no significant economic changes that have materially affected our Company's operations or are likely to affect income from continuing operations except as described in "*Risk Factors*" beginning on page 19 and under " - *Impact of Covid-19 on our operations and financial condition*" on page 235.

Known Trends or Uncertainties that have had or are Expected to have a Material Adverse Impact on Sales, Revenue

or Income from Continuing Operations

Our business has been affected and we expect that it will continue to be affected by the trends identified above in " – *Significant Factors Affecting Our Results of Operations*" and the uncertainties described in the section "*Risk Factors"* beginning on pages 232 and 19, respectively. Except as disclosed in this Prospectus, there are no known factors which we expect to have a material adverse impact on sales, revenue or income from continuing operations.

Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New

Products or Services or Increased Sales Prices

Changes in revenue in the last three Fiscals are as explained in the parts "*Result of Operations for Fiscal 2021 compared to Fiscal 2020*" and "*Result of Operations for Fiscal 2020 compared to Fiscal 2019"* in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Status of any Publicly Announced New Products or Business Segments

We have not announced any new products or business segments publicly.

Significant economic and regulatory changes

Other than as described above under the heading entitled "*-Significant Factors Affecting Our Results of Operations and Financial Condition*", *"Risk Factors"* and *"Key Regulations and Policies in India"* beginning on pages 232, 19 and 137, respectively, to the knowledge of the management of our Company, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties

Our business has been affected and we expect will continue to be affected by the trends identified above in " - *Significant Factors Affecting Our Results of Operations and Financial Condition*" beginning on page 232 and the uncertainties described in "*Risk Factors*" beginning on page 19. To our knowledge, except as described in this Prospectus, there are no known factors which we expect will have a material adverse effect on our revenues or income from continuing operations.

Qualifications, reservations, and adverse remarks in the last three fiscals

There are no qualifications, reservations and adverse remarks by our statutory auditor for the previous three fiscal years.

Future Changes in Relationship between Costs and Revenues

Other than as described in "*Risk Factors", "Our Business"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", beginning on pages 19, 116 and 231 respectively, we believe there are no known factors that might affect the future relationship between cost and revenue.

Significant Dependence on a Single or Few Suppliers or Customers

Our revenue from operations (i) for Fiscal 2021 includes ₹ 671.67 million from three customers; (ii) for Fiscal 2020 includes ₹ 942.74 million from four customers; and (iii) for Fiscal 2019 includes ₹ 521.07 million from two customers, in each case having more than 10% of the total revenue. However, we do not currently have any material dependence on a single or a few suppliers or customers. We undertake procurement of raw materials from various sources with the suppliers selected on a purchase order basis. We are in the industry for over four decades and have a pool of long standing suppliers. Further, when selecting new suppliers, we take into consideration their reputation, product quality, price, reliability, infrastructure, delivery time and credit terms. Further, our diverse products and solutions portfolio enables us to distribute our revenue across various verticals instead of excessive dependence on a particular product or customer.

Competitive Conditions

While there are several companies which manufacture certain of the products that we sell in various geographical markets, we do not have any direct competitor for our business. Further, our ability to offer end to end solutions to our customers meeting their varying requirements, differentiate us from our competition.

Since the parameters of competition are less firmly established than in certain other types of businesses, it is difficult to predict how the competitive landscape of our business will develop over the long term. General competitive factors in the market, which may affect the level of competition over the short and medium term, include product features, design, quality, price, delivery, general customer experience, time to market, availability of after-sale and logistics support, and relationships between producers and their customers.

Our Company's horizontal integration is a major competitive advantage as it makes our Company better positioned to deliver tailored products for the Indian Armed Forces whilst also being capable of supporting major Tier 1 Indian defence suppliers such as Larsen & Toubro, Tata Advanced Systems Limited and Solar Industries India Limited. As one of the few companies with specialised technology competencies in the area of optics and EMP Hardening, our Company is likely to be an integral stakeholder in majority of future programmes involving local sourcing for defence programs.

Further, our Company has established the reliability of its products while being a supplier for customers such as ISRO. This gives our Company a competitive edge over the new entrants in the industry.

We expect competition in our industry from existing and potential competitors to intensify. For details, see discussions of our competition, see "*Risk Factors*", "*Our Business*" and "*Industry Overview*" beginning on pages 19, 116 and 93.

Seasonality of Business

Our overall revenues and results are not affected by seasonal factors. However, the Company's business is cyclical through the financial year. This is primarily influenced by government procedures related to budget allocation, consumption and procurement priorities. The procurement procedures today allow projects with longer lead times to be ordered first, while the ones with shorter lead time to be ordered later. As we cater to a wide variety of products from long lead to short lead, we see order inflows from April, however a majority of our deliveries are made in January, February and March of such financial year. There are also other factors such as Just In Time (JIT) inventory management adopted by our customers, which creates a greater delivery pull in the last quarter of the financial year.

Significant Developments after March 31, 2021 that may affect our results of operations

1. Pursuant to the amendment and conditional termination agreement dated January 28, 2021 to the SSHA, our Company has redeemed OCPS from the proceeds of Pre-IPO Placement. For further details, see "*Capital Structure – Notes to the capital structure – Share capital history of our Company*" and "*History and Certain Corporate Matters – Summary of key agreements – Shareholders' Agreements*" on pages 62 and 150 respectively.

2. The Board of Directors at their meeting held on October 9, 2020 had approved investment of up to USD 0.40 million in Highlander Aviation Limited, Israel ("**Highlander**") by way of subscription to the convertible securities to be issued by Highlander. The Company has also entered into an advance investment agreement dated September 22, 2020 in relation to such investment to be made in Highlander in tranches ("**Agreement**"). Further, pursuant to the amendment to the Agreement dated December 17, 2020, the Board of Directors at their meeting held on December 29, 2020 approved to invest USD 47,497 in the equity / ordinary shares of Highlander followed by investment in convertible securities. Post such investment, the Company holds 1% of the ordinary shares of Highlander. The details of the investments have been set forth below.

Particulars of investment	Date of Remittance	Amount in USD
Ordinary shares	January 21, 2021	47,497
Convertible Securities Tranche – 1	March 12, 2021	100,000
Convertible Securities Tranche – 2	April 9, 2021	100,000
Convertible Securities Tranche – 3 (Final payment)	April 29, 2021	152,503
Total investment amount		**400,000**

3. Availment of additional working capital limits of ₹ 100 million from NKGSB Co-operative Bank Limited, repayable by March 31, 2022, for the manufacturing of certain components, devices, systems and equipment used for medical, healthcare, industrial, consumer and other applications, out of which our Company has utilized ₹ 32.83 million as on July 31, 2021.

Except as disclosed above and elsewhere in this Prospectus, to our knowledge no circumstances have arisen since March 31, 2021 which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our liabilities within the next twelve months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (I) criminal proceedings, (II) actions taken by statutory or regulatory authorities, (III) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five Fiscals, including outstanding action, (IV) claims related to direct and indirect taxes in a consolidated manner, (V) details of any other pending material litigation which are determined to be material as per a policy adopted by our Board (“**Materiality Policy**”), in each case involving our Company, Promoters, Directors and Subsidiaries, (each, a “**Relevant Party**” and together the “**Relevant Parties**”).*

For the purpose of (V) above, our Board in its meeting held on August 12, 2021, has considered and adopted a policy of materiality for identification of material litigation involving the Relevant Parties.

In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or Stock Exchanges against the Promoters in the last five Fiscals including outstanding action, and tax matters, would be considered ‘material’ if:

(a) the monetary amount of claim by or against the Relevant Party in any such pending proceeding exceeding 2% of the consolidated total income of our Company as per the Restated Financial Statements of our Company for the last full Fiscal, being ₹ 28.92 million; or

(b) the monetary liability is not quantifiable, however, the outcome of any such pending proceedings may have a bearing on the business, operations, performance, prospects or reputation of our Company.

Except as stated in this section, there are no outstanding litigation involving our Subsidiaries which would have a material impact on our Company.

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board in its meeting held on August 12, 2021, has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of our Company having monetary value which exceed ₹ 7.66 million, which is 5 % of the total consolidated trade payables of our Company as per the latest Restated Financial Statements of our Company included in this Prospectus, shall be considered as ‘material’. Accordingly, for the period up to March 31, 2021, any outstanding dues exceeding ₹ 7.66 million have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Statutory Auditors.*

Litigation involving our Company

Civil/Criminal Litigation against our Company

Nil

Civil/Criminal Litigation by our Company

Nil

Actions taken by Regulatory or Statutory Authorities

Nil

Litigation involving our Promoters

Civil/ Criminal Litigation against our Promoters

Nil

Civil/ Criminal Litigation by our Promoters

Nil

Actions taken by Regulatory or Statutory Authorities

Nil

Disciplinary action including penalty imposed by SEBI or Stock Exchanges in the last five Fiscals, including outstanding actions

Nil

Litigation involving our Directors

Civil/ Criminal Litigation against our Directors

Nil

Civil/ Criminal Litigation by our Directors

Nil

Actions taken by Regulatory or Statutory Authorities

Nil

Litigation involving our Subsidiaries

Civil/ Criminal Litigation against our Subsidiaries

Nil

Civil/ Criminal Litigation by our Subsidiaries

Nil

Actions taken by Regulatory or Statutory Authorities

Nil

Tax Claims

We have disclosed claims relating to direct and indirect taxes involving our Company in a consolidated manner giving details of number of cases and total amount involved in such claims.

Particulars	Number of cases	Aggregate amount involved* (*in ₹ million*)
Direct Tax	10	8.87
Indirect Tax	2	1.20
Total	**12**	**10.07**

* *To the extent ascertainable.*

Outstanding dues to Creditors

As of March 31, 2021, we had 418 creditors on a consolidated basis. The aggregate amount outstanding to such creditors as on March 31, 2021 was ₹ 153.22 million, on a consolidated basis.

As per the Materiality Policy, such creditors to whom, outstanding dues to any creditor of our Company having monetary value which exceeds ₹ 7.66 million, which is 5% of the total trade payables of our Company as per the Restated Financial Statements of our Company included in this Prospectus, shall be considered as 'material'. Accordingly, in this regard, the creditors to whom an amount exceeding ₹ 7.66 million was owed as on March 31, 2021, were considered 'material' creditors. Based on the above, there are 6 material creditors of our Company as on March 31, 2021, to whom an aggregate amount of ₹ 96.11 million was outstanding on such date.

Details of outstanding dues owed as on March 31, 2021 to MSMEs and other creditors are set out below.

Creditors	Number of Cases	Amount due (in ₹ million)
MSMEs	40	9.39
Other creditors	378	143.83
Material Creditors	6	96.11

The details pertaining to amounts dues towards the material creditors as on March 31, 2021, along with the name and amount involved for each such material creditor, are available on the website of our Company at https://www.parasdefence.com/wp-content/uploads/2021/09/PDSTL-List-of-Material-Creditors-31.03.2021.pdf.

Material Developments

Except as disclosed in "*Management's Discussion And Analysis of Financial Condition and Results of Operations*" beginning on page 232, there have not arisen since March 31, 2021, the date of the last Restated Financial Statements included in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our profitability or operations taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein and in "Risk Factors" beginning on page 19, we have obtained all material and necessary consents, licenses, permissions, registrations and approvals from various governmental, statutory and regulatory authorities in India for undertaking our business. Unless stated otherwise, we have obtained necessary approvals from the relevant government authorities with respect to our manufacturing facilities and warehouses and such approvals are valid as on the date of this Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies in India" beginning on page 137.

The material approvals, consents, licenses, registrations and permits obtained by our Company and our Material Subsidiary, which enable it to undertake its current business activities, are set out below:

I. Approvals in relation to the Offer

For details, see "*Other Regulatory and Statutory Disclosures*" and "*The Offer*" beginning on pages 260 and 49, respectively.

II. Incorporation details of our Company

1. Certificate of incorporation dated June 16, 2009 issued by the RoC to our Company, in its former name, being 'Paras Flow Form Engineering Limited'.

2. Certificate of commencement of business dated July 24, 2009 issued by the RoC.

3. Fresh certificate of incorporation dated September 25, 2009 issued by the RoC to our Company consequent upon change in our name from 'Paras Flow Form Engineering Limited' to 'Paras Flowform Engineering Limited'.

4. Fresh certificate of incorporation dated January 29, 2016 issued by the RoC to our Company consequent upon change in our name from 'Paras Flowform Engineering Limited' to 'Paras Defence and Space Technologies Limited'.

III. Approvals in relation to the establishments and business operations of our Company issued by authorities of the respective jurisdictions in which our facilities are located

1. Factories license bearing license number 10017176 dated October 3, 2020 issued by the Directorate of Industrial Safety & Health (Labour Department), Maharashtra for our Ambernath facility, under the Factories Act, 1948 applicable with effect from January 1, 2021.

2. Factories license bearing license number 11805 dated December 16, 2020 issued by the Directorate of Industrial Safety & Health (Labour Department), Maharashtra for our Nerul facility, under the Factories Act, 1948 applicable with effect from January 1, 2021.

3. Consent to establish dated May 22, 2009 issued by the office of the Sub Regional Officer, Kalyan-II, MPCB, for our Ambernath facility.

4. Undertaking dated December 30, 2019 for our Ambernath facility submitted before the MPCB for our industry being categorized under "White Category" as per directions given by the CPCB on March 7, 2016 and circular issued by the MPCB on March 19, 2019.

5. Undertaking dated December 14, 2019 for our Nerul facility submitted before the MPCB for our industry being categorized under "White Category" as per directions given by the CPCB on March 7, 2016 and circular issued by the MPCB on March 19, 2019.

6. ISO Certificate issued by RIR Certification Private Limited with reference number 100266/PAR14A under the ISO 14001:2015 standard for environment management system, to our Company on August 25, 2021.

7. ISO Certificate issued by RIR Certification Private Limited with reference number 100266/PAR45A under the ISO 45001:2018 standard for occupational health and safety management system, to our Company on August 25, 2021.

8. ISO Certificate issued by RIR Certification Private Limited with reference number 100266/PAR09A under the ISO 9001:2015 standard for maintaining quality management systems, to our Company on May 5, 2021.

9. Certificate issued by Online Aerospace Supplier Information System with reference number 50297239 under the AS9100D standard to our Company for manufacturing of defence and space components, sub-systems and systems such as rugged displays and computing systems.

10. Certificate of registration with registration number 1910200710015569, issued by the Assistant Commissioner of Labour, Thane-2 under the Contract Labour (Regulation and Abolition) Act, 1970.

11. Certificate of registration dated June 12, 2019, issued by the Opto Electronics Factory, Unit of Ordnance Factory Board, Ministry of Defence, Government of India for the manufacture of 17 products (as mentioned in the certificate of registration), and valid with effect from June 6, 2019 up to June 5, 2024.

12. Certificate of registration, with code number THVSH1894035000, issued by the office of Employees' Provident Fund Organisation, to our Company on February 28, 2019 under the Employees Provident Fund Scheme, 1952.

13. Certificate of registration with code number 34000397510000699, issued by the office of Employees State Insurance Corporation to our Company on February 28, 2019 under the Employees State Insurance Act, 1948.

14. Building Completion Certificates issued by the office of the Deputy Engineer, Special Planning Authority, Sub-Division, MIDC Division No.-II, Thane dated November 28, 2002 (for our Nerul facility) and the office of the Executive Engineer, MIDC, Division (C), Ambernath dated May 11, 2010 (for our Ambernath facility) and Building Occupancy Certificates issued by the office of the Deputy Engineer, Special Planning Authority, Sub-Division, MIDC Division No.-II, Thane dated November 28, 2002 (for our Nerul facility) and the office of the Executive Engineer, MIDC, Division (C), Ambernath dated May 11, 2010 (for our Ambernath facility).

15. No objection certificate dated April 8, 2005 with certificate number MIDC/TA/BMR/T.T.C/D-112/9016/2005/176 issued by the office of the Chief Executive Officer, Maharashtra Industrial Development Corporation, Mumbai for establishing an industrial unit at our Nerul facility.

16. No objection certificate dated May 6, 2009 with certificate number MIDC/TA/BMR/Addl Ambernath/M-6 10930/2009/116 issued by the office of the Chief Executive Officer, Maharashtra Industrial Development Corporation, Mumbai for establishing an industrial unit at our Ambernath facility.

17. Registration certificate of establishment dated December 18, 2020 with registration number 47/45/CE/0207/2020 issued by the Department of Labour, Government of Karnataka under the Karnataka Shops and Commercial Establishments Act, 1961 for our R&D centre at Bengaluru.

18. License number MVN/24082018/14977 for working of lift issued by the office of Chief Electrical Inspector, Industries energy and Labour Department, Government of Maharashtra dated August 29, 2018 for our Nerul facility.

19. Certificate of importer-exporter code 0310014301, issued by the Office of Additional Director General of Foreign Trade, to our Company on May 24, 2010.

20. UDYAM registration certificate dated March 27, 2021 with registration number UDYAM-MH-33-0076615 issued by the Ministry of Micro, Small and Medium Enterprises, Government of India.

21. Provisional no-objection certificate dated March 16, 2021 with certificate number MIDC/Fire/A-88175 issued by Maharashtra Industrial Development Corporation for Ambernath facility.

22. Revised building plan approval and drainage plan approval dated May 12, 2021 with certificate number EE/AMB/M-6/C-30568 of 2021 issued by Maharashtra Industrial Development Corporation for Ambernath facility.

23. Registration-cum-membership certificate dated May 6, 2021 with registration number 201/M23024/2021-22 issued by Engineering Export Promotion Council (EEPC), India.

IV. Tax related approvals of our Company

1. Permanent account number AAFCP1825J issued by the Income Tax Department under the Income Tax Act, 1961.

2. GST registration numbers for GST payments under the central and state goods and services tax legislations are:

S. No.	Registration No.	Principal Place of Business	Valid From
1.	27AAFCP1825J1ZC	M-6, ADDL. MIDC, Ambernath – East, Thane 421 506, Maharashtra	July 1, 2017
2.	29AAFCP1825J1Z8	9th Cross, No. 1, 9th Main, Malleshwaram, Bengaluru Urban 560 003, Karnataka	December 5, 2018

3. Tax deduction Account Number PNEP13749B issued by the NSDL on September 29, 2016.

4. Profession Tax Registration Certificate number 27840732903P issued by the Sales Tax Department, Government of Maharashtra with effect from November 16, 2009.

V. Approvals or renewals applied for but not received by our Company:

1. Application with reference number IL/IDR/ACK/271411/2021 dated February 5, 2021 to the Department for Promotion of Industry and Internal Trade for grant of an industrial license under the Industries (Development and Regulation) Act, 1951 for certain identified products manufactured by our Company.

2. Application with reference number Amendment/DE/MHP(C)/D-112/C47867/2021 dated February 25, 2021 to the Maharashtra Industrial Development Corporation for provisional fire approval and building plan approval for our Nerul facility.

VI. Material approvals of our Material Subsidiary

1. Certificate of incorporation dated July 13, 2020 issued by the Accounting and Corporate Regulatory Authority, Singapore to Opel Technologies Pte. Ltd. consequent upon change in its name from ‘Paras Space Technologies Pte. Limited’ to ‘Opel Technologies Pte. Ltd.’.

2. Goods and service tax registration number 201900184R issued by the Inland Revenue Authority of Singapore on June 23, 2021 with effect from July 23, 2021.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Board has approved the Offer pursuant to its resolutions dated March 7, 2020, December 29, 2020, March 2, 2021 and August 25, 2021 and our Shareholders have approved the Fresh Issue pursuant to a special resolution dated March 13, 2020 under Section 62(1)(c) of the Companies Act. Further, the Board has taken on record the approval for the Offer for Sale by the Selling Shareholders and has approved the Draft Red Herring Prospectus pursuant to its resolutions dated December 29, 2020 and March 2, 2021, respectively. The Red Herring Prospectus has been approved by our Board in the meeting held on September 13, 2021. This Prospectus has been approved by the IPO Committee in the meeting held on September 25, 2021. The Offer for Sale has been authorized by the Selling Shareholders as follows:

S. No.	Name of Selling Shareholders	Maximum number of Offered Shares	Date of consent letter
Promoter Selling Shareholders			
1.	Sharad Virji Shah	1,250,000 Equity Shares	December 26, 2020
2.	Munjal Sharad Shah	50,000 Equity Shares	December 26, 2020
Individual Selling Shareholders			
3.	Ami Munjal Shah	300,000 Equity Shares	December 26, 2020
4.	Shilpa Amit Mahajan	62,245 Equity Shares	December 26, 2020
5.	Amit Navin Mahajan	62,245 Equity Shares	December 26, 2020

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated March 31, 2021 and May 11, 2021, respectively.

Prohibition by SEBI or other governmental authorities

Our Company, our Promoters, Selling Shareholders, our Directors, the members of the Promoter Group are not prohibited from accessing the capital markets and are not debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority or court, including any securities market regulator in any jurisdiction.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with securities market related business, in any manner and there have been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Prospectus.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoters, Selling Shareholders and members of the Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Prospectus.

Directors associated with the securities market

None of our Directors are, in any manner, associated with the securities market and there are no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Prospectus.

Eligibility for the Offer

Our Company confirms that it is eligible to make the Offer in terms of the SEBI ICDR Regulations, to the extent applicable. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Prospectus.

The Selling Shareholders have, severally and not jointly, confirmed that they have held the respective portion of the Equity Shares offered for sale for a period of at least one year prior to the date of this Prospectus and that they are in compliance with Regulation 8 of the SEBI ICDR Regulations.

Our Company is eligible to undertake the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations as set out under the eligibility criteria calculated in accordance with the Restated Financial Statements:

(a) our Company has had net tangible assets of at least ₹ 30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

(b) our Company has an average operating profit of at least ₹ 150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;

(c) our Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

(d) our Company has not changed its name in the last one year.

The Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Financial Statements as at, and for the last three Fiscals, are set forth below:

(*₹ in million, unless otherwise stated*)

	Fiscal 2021	**Fiscal 2020**	**Fiscal 2019**
Net tangible assets, as restated(1) (A)	2,283.46	1,940.82	1,777.43
Monetary assets, as restated(2) (B)	56.83	22.54	1.79
Monetary assets(2), as a percentage of net tangible assets(1), as restated (B/A)*100	2.49%	1.16%	0.10%
Operating profit, as restated(3)	337.44	295.57	334.27
Net worth, as restated(4)	1,724.39	1,387.36	1,190.79

(1) Net tangible means the sum of all the assets of our Company, excluding intangible assets and right of use assets reduced by total liabilities excluding deferred tax liability (net) of the Company;

(2) Monetary assets comprises of cash in hand, balance with banks in current and deposit accounts. Bank deposits pledged as margin money are not considered as Monetary Assets;

(3) Operating profits means restated profit before tax excluding other income and finance costs; and

(4) Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

We are eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulations 6(1) of the SEBI ICDR Regulations. Accordingly, in accordance with Regulation 32(1) of the SEBI ICDR Regulations, we were required to allocate not more than 50% of the Offer to QIBs. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was made available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Further, in accordance with the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees will not be less than 1,000.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

1. Neither our Company nor our Promoters, members of our Promoter Group or our Directors or the Selling Shareholders are debarred from accessing the capital markets by the SEBI.

2. None of our Promoters or our Directors are Promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.

3. Neither our Company nor our Promoters or our Directors is a Wilful Defaulter.

4. None of our Promoters or our Directors is a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

5. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Prospectus.

The Selling Shareholders confirm that they are in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLM HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLM IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 6, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THIS PROSPECTUS.

Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLM

Our Company, our Directors, the Selling Shareholders and the BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website https://www.parasdefence.com, or any affiliate of our Company, would be doing so at his or her own risk. It is clarified that the Selling Shareholders do not accept and/ or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Selling Shareholder in relation to themself and/ or the Equity Shares offered by them through the Offer for Sale.

The BRLM accepts no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

Bidders who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLM and its respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and persons affiliated to them, associated with them or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and persons affiliated to them, associated with them or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Offer was made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, Hindu Undivided Families ("**HUFs**"), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), systemically important non-banking financial companies or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, venture capital funds, permitted insurance companies registered with IRDAI and pension funds and, to permitted non-residents being Eligible NRIs (on a non-repatriation basis), Foreign Portfolio Investors registered with SEBI ("**FPIs**") and QIBs. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state of the United States and may not be offered or sold in the United States (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in compliance with Regulation S.

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Invitations to subscribe to or purchase the Equity Shares in the Offer was made only pursuant to the Red Herring Prospectus if the recipient was in India or the preliminary offering memorandum for the Offer, which comprised of the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient was outside India. No person outside India was eligible to Bid for Equity Shares in the Offer unless that person had received the preliminary offering memorandum for the Offer, which contained the selling restrictions for the Offer outside India.

Each purchaser of the Equity Shares in the Offer in India shall be deemed to:

- Understand that the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and are being offered and sold to it in reliance on Regulation S.

- Represent and warrant to our Company, the Selling Shareholders, the BRLM and the Syndicate Member that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares offered in the Offer was made to it and it was outside the United States (as defined in Regulation S) when its buy order for the Equity Shares offered in the Offer was originated.

- Represent and warrant to our Company, the Selling Shareholders, the BRLM and the Syndicate Member that it did not purchase the Equity Shares offered in the Offer as result of any "directed selling efforts" (as defined in Regulation S).

- Represent and warrant to our Company, the Selling Shareholders, the BRLM and the Syndicate Member that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares offered in the Offer, it agrees that it will not offer, sell, pledge or otherwise transfer any of the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration requirements under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India.

- Represent and warrant to our Company, the Selling Shareholders, the BRLM and the Syndicate Member that if it acquired any of the Equity Shares offered in the Offer as fiduciary or agent for one or more investor account(s), it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

- Represents and warrant to our Company, the Selling Shareholders, the BRLM and the Syndicate Member that if it acquired any of the Equity Shares offered in the Offer for one or more managed account(s), that it was authorized in writing by each such managed account to subscribe to the Equity Shares offered in the Offer for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- Agree to indemnify and hold the Company, the Selling Shareholders, the BRLM and the Syndicate Member harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares purchased in the Offer.

- Acknowledge that our Company, the Selling Shareholders, the BRLM, the Syndicate Member and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Bidders were advised to ensure that any Bid from them did not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer clause of the BSE

BSE Limited ("the **Exchange**") has given vide its letter dated March 31, 2021 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/956 dated May 11, 2021 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Listing

The Equity Shares issued through the Red Herring Prospectus and this Prospectus are proposed to be listed on BSE and NSE. Applications have been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. BSE is the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLM, Special International Legal Counsel to the BRLM, Bankers to our Company, the BRLM, Frost & Sullivan and the Registrar to the Offer have been obtained. Further, consents in writing of the Syndicate Member, Banker to the Offer, Sponsor Bank, Escrow Bank and Monitoring Agency to act in their respective capacities, have been obtained, and have been filed along with a copy of the Red Herring Prospectus with the RoC and will be filed along with a signed copy of this Prospectus, as required under Section 26 and 32 of the Companies Act. Further, such consents shall not be withdrawn up to the time of delivery of this Prospectus for filing with the RoC. Further, consents in writing of the Statutory Auditor in relation to this Prospectus have been obtained.

Experts to the Offer

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated September 1, 2021 from Chaturvedi & Shah LLP, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination report, dated July 6, 2021 on our Restated Financial Statements; and (ii) their report dated September 1, 2021 on the statement of special tax benefits in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated August 16, 2021, from the independent chartered engineer, namely M/s. S.K Singh & Associates, Chartered Engineers (registration number: M/118968/3 dated September 18, 2001), to include their name in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, to the extent and in his capacity as a chartered engineer, in relation to his certificate dated August 16, 2021 certifying the proposed expansion and purchase of additional machineries by the Company, and such consent has not been withdrawn as on the date of this Prospectus.

Our Company has received written consent dated September 1, 2021, from the independent chartered accountant, namely Ambavat Jain & Associates LLP, Chartered Accountants, to include their name in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the incorporation of our Company.

Capital issue during the previous three years by our Company and our Subsidiaries

Except as disclosed in *"Capital Structure – Notes to the capital structure – Share capital history of our Company"* on page 62, our Company has not undertaken a capital issue in the last three years preceding the date of this Prospectus.

Our Subsidiaries are not listed on any stock exchange.

Performance vis-à-vis objects – public/ rights issue of our Company

Our Company has not undertaken any public or rights issue (as defined in the SEBI ICDR Regulations) in the five years preceding the date of this Prospectus.

Performance vis-à-vis objects – public/ rights issue of the listed subsidiaries of our Company

None of our Subsidiaries are listed on any stock exchanges.

Price information of past issues handled by the BRLM

1. Price information of past issues handled by Anand Rathi Advisors Limited

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

2. Summary statement of price information of past issues handled by Anand Rathi Advisors Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (in ₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2019-20	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2018-19	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. *The information is as on the date of this Prospectus.*
2. *The information for each of the financial years is based on issues listed during such financial year.*

Track record of past issues handled by the BRLM

For details regarding the track record of the BRLM, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the website of the BRLM as set forth in the table below:

S. No.	Name of the BRLM	Website
1.	Anand Rathi Advisors Limited	www.rathi.com

Stock market data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Redressal of investor grievances

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLM.

Further, the Bidder shall also enclose a copy of the Acknowledgement Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLM and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with their obligations under applicable SEBI ICDR Regulations. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to the SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs at the rate higher of ₹100 per day or 15% per annum of the application amount in the events of delayed or withdrawal of applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for the stipulated period. In an event there is a delay in redressal of the investor grievance, the BRLM shall compensate the investors at the rate higher of ₹100 per day or 15% per annum of the application amount for the period of such delay, which period shall start from the day following the receipt of a complaint from the investor.

Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the application amount for the period of such delay by the intermediary responsible for causing such delay in unblocking, which period shall start from the day following the receipt of a complaint from the investor. The BRLM shall, in its sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. For the avoidance of doubt, the provisions of SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

Our Company has not received any investor complaints during the three years preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

Disposal of investor grievances by our Company

Our Company has obtained authentication on the SCORES and will comply with the SEBI circular no. CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed Ajit Sharma, as the Compliance Officer for the Offer. For details, see "*General Information – Company Secretary and Compliance Officer*" on page 56.

Our Company has also constituted a Stakeholders' Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to this Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the SCRR, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, Bid cum Application Form, any Revision Form, the CAN/ Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government, the Stock Exchanges, the RoC and/ or any other authorities while granting its approval for the Offer.

Ranking of Equity Shares

The Equity Shares being Allotted pursuant to the Offer shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For details, see "*Main Provisions of Articles of Association*" beginning on page 290.

Mode of payment of dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines, policies or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" beginning on pages 171 and 290, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ 175 per Equity Share. The Anchor Investor Offer Price is ₹ 175 per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer was decided by our Company and the Selling Shareholders, in consultation with the BRLM, and advertised in all editions of Business Standard, an English national daily newspaper, all editions of Business Standard, a Hindi national daily newspaper and Mumbai edition of Navshakti, a Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located, at least two Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading the same on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, was pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer related expenses*" on page 85.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation or splitting, see "*Main Provisions of Articles of Association*" beginning on page 290.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated January 3, 2019 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated January 8, 2019 amongst CDSL, our Company and the Registrar to the Offer.

Market lot and trading lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of 85 Equity Shares subject to a minimum Allotment of 85 Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act and the rules made thereunder, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Share Transfer Agent.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by the Board, elect either:

(a) to register himself or herself as the holder of the Equity Shares; or

(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLM, reserve the right not to proceed with the Offer after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLM, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

In terms of the UPI Circulars, in relation to the Offer, the BRLM will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the application amount for the period of such delay by the intermediary responsible for causing such delay in unblocking, which period shall start from the day following the receipt of a complaint from the investor. The BRLM shall, in its sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors shall be entitled to compensation in the manner specified in SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. For the avoidance of doubt, the provisions of SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of this Prospectus after it is filed with the RoC. If our Company or the Selling Shareholders, in consultation with the BRLM withdraw the Offer at any stage including after the Bid/ Offer Closing Date and thereafter determine that they will proceed with public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Bid/ Offer programme

BID/ OFFER OPENED ON	September 21, 2021*
BID/ OFFER CLOSED ON	September 23, 2021#

* *The Anchor Investor Bid/ Offer Period was one Working Day prior to the Bid/ Offer Opening Date i.e. September 20, 2021.*

\# *UPI mandate end time and date was at 12:00 pm on September 24, 2021.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about September 28, 2021
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds from ASBA Account*	On or about September 29, 2021
Credit of Equity Shares to demat accounts of Allottees	On or about September 30, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about October 1, 2021

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLM shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.*

The above timetable is indicative and does not constitute any obligation or liability on our Company or the Selling Shareholders or the BRLM.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, with reasonable support and co-operation of the Selling Shareholders, as may be required in respect of its Equity Shares offered, the timetable may change due to various

factors, such as any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend such reasonable support and co-operation required by our Company and the BRLM for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and revision in bids	Only between 10:00 a.m. and 5:00 p.m. (Indian Standard Time ("**IST**"))
Bid/ Offer Closing Date*	
Submission and revision in bids	Only between 10:00 a.m. and 3:00 p.m. IST

**UPI mandate end time and date was at 12:00 pm on September 24, 2021.*

On the Bid/ Offer Closing Date, the Bids were required to be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/ Offer Closing Date, extension of time could be granted by Stock Exchanges only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked in the relevant ASBA Account, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/ Offer Closing Date. Any time mentioned in this Prospectus is IST. Bidders were cautioned that, in the event a large number of Bids were received on the Bid/ Offer Closing Date, some Bids could not have been uploaded due to lack of sufficient time. Such Bids that could not be uploaded will not be considered for allocation under this Offer. Bids could be accepted only during Working Days.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges would be taken as the final data for the purpose of Allotment.

Minimum subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue on the date of closure of the issue; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law. The requirement for minimum subscription is not applicable for the Offer for Sale. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, the Allotment for the valid Bids will be made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made first towards Equity Shares offered by the Selling Shareholders on a proportionate basis and only then, towards the balance Fresh Issue.

Each Selling Shareholder shall, severally and not jointly, reimburse, in proportion to the respective portion of its Offered Shares, any expenses and interest incurred by our Company on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that the Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of the Selling Shareholders.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company will ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for disposal of odd lots

There are no arrangements for disposal of odd lots.

Restrictions, if any, on transfer and transmission of Equity Shares

Except for the lock-in of the pre-Offer capital of our Company, Promoters' Contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 62 and except as provided in our Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of Equity Shares and/ or debentures issued by our Company and on their consolidation and/ or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association*" beginning on page 290.

OFFER STRUCTURE

The Offer 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 ₹ 1,707.78 million comprising of a Fresh Issue of 8,034,286* Equity Shares aggregating to ₹ 1,406.00 million by our Company and an Offer of Sale of 1,724,490 Equity Shares aggregating to ₹ 301.78 million by the Selling Shareholders.

Our Company has undertaken the Pre-IPO Placement by way of private placements of 2,552,598 Equity Shares for cash consideration aggregating to ₹ 344.02 million. The size of the Fresh Issue has not been reduced pursuant to the Pre-IPO Placement. For further details, see "*Capital Structure – Notes to the capital structure*", beginning on page 62.

The Face Value of the Equity Shares is ₹ 10 each.

The Offer is being made through Book Building Process.

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation**	Not more than 4,879,387* Equity Shares	Not less than 1,463,817* Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 3,415,572* Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Offer being available for allocation to QIB Bidders. However, 5% of the Net QIB Portion was made available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion were eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion was available to be added to Net QIB Portion	Not less than 15% of the Offer or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Offer or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment/ allocation if respective category is oversubscribed**	Proportionate as follows (excluding the Anchor Investor Portion): (a) 97,596* Equity Shares were made available for allocation on a proportionate basis to Mutual Funds only; and (b) 1,854,306* Equity Shares were available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above 2,927,485* Equity Shares have been allocated on a discretionary basis to Anchor Investors of which one-third were available for allocation to Mutual Funds only	Proportionate	The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be made available to be Allotted on a proportionate basis. For details, see "*Offer Procedure*" beginning on page 275
Mode of Bidding	Through ASBA process only (other than Anchor Investors)		
Minimum Bid	Such number of Equity Shares and in multiple of 85 Equity Shares, that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares and in multiple of 85 Equity Shares that the Bid Amount exceeds ₹ 200,000	85 Equity Shares
Maximum Bid	Such number of Equity Shares and in multiples of 85 Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares and in multiples of 85 Equity Shares not exceeding the size of the Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares and in multiples of 85 Equity Shares so that the Bid Amount does not exceed ₹ 200,000

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
Bid Lot	85 Equity Shares and in multiples of 85 Equity Shares thereafter		
Mode of allotment	Compulsorily in dematerialised form		
Allotment Lot	A minimum of 85 Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply***	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, Eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million, pension funds with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions societies and trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the karta)
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids**** **In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form, or by the Sponsor Bank through the UPI mechanism (only for Retail Individual Investors)		

* *Subject to finalisation of the Basis of Allotment.*

\# *Our Company and the Selling Shareholders, in consultation with the BRLM, have allocated up to 60% of the QIB Portion to Anchor Investors at the price at which allocation is made to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids having been received at or above the price at which allocation is made to Anchor Investors, which price was determined by the Company and the Selling Shareholders in consultation with the BRLM. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion were made available to be added to the Net QIB Portion. For details, see "Offer Procedure" beginning on page 275.*

** *This Offer was made in accordance with Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in accordance with Regulation 6(1) of the SEBI ICDR Regulations.*

*** *If the Bid was submitted in joint names, the Bid-cum-Application Form should have contained only the name of the First Bidder whose name should also have appeared as the first holder of the depository account held in joint names. The signature of only the First Bidder was required in the Bid-cum-Application Form and such First Bidder was deemed to have signed on behalf of the joint holders.*

**** *Full Bid Amount was paid by the Anchor Investors at the time of submission of the Bid-cum-Application Form, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, was payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

Bidders were required to confirm and were deemed to have represented to our Company, the respective Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they were eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids having been received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, was allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLM and the Designated Stock Exchange.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in public issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020, and UPI circulars ("**General Information Document**"), which highlights the key rules, processes and procedures applicable to public issues in general, in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment Instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Offer; (vi) price discovery and allocation; (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of Companies Act relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular are deemed to form part of this Prospectus.*

Our Company, the Selling Shareholders and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document which are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Bidders were advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and did not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

Further, our Company and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

The Offer was made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer was allocated on a proportionate basis to QIBs. Our Company and the Selling Shareholders, in consultation with the BRLM, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares were added to the Net QIB Portion. Further, 5% of the Net QIB Portion was made available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, was allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLM and Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, was not allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, were treated as incomplete and were rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 decided to continue Phase II of UPI with ASBA until further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLM.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus were available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form was available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form were available with the BRLM.

All Bidders (other than Anchor Investors) were mandatorily required to participate in the Offer only through the ASBA process. Anchor Investors were not permitted to participate in the Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism. RIBs bidding using the UPI Mechanism were required to provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that did not contain the UPI ID were liable to be rejected.

ASBA Bidders were required to provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that did not contain such details were rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID were liable for rejection. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

ASBA Bidders were required to ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp were liable to be rejected. RIBs using UPI Mechanism, could have submitted their ASBA Forms, including details of their UPI IDs, with the Syndicate, sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account could have submitted their ASBA Forms with the SCSBs. ASBA Bidders were required to ensure that the ASBA Account had sufficient credit balance such that an amount equivalent to the full Bid Amount could be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid.

For Anchor Investors, the Anchor Investor Application Form was available at the offices of the BRLM.

The prescribed colour of the Bid cum Application Form for the various categories was as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
FPIs applying under Schedule II of the FEMA Rules	Blue
Anchor Investors (including FPIs applying under Schedule II of the FEMA Rules)	White

* *Excluding electronic Bid cum Application Form.*

Notes:

(a) Electronic Bid cum Application forms and the Abridged Prospectus were made available for download on the websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com); and

(b) Bid cum Application Forms for Anchor Investors were made available at the office of the BRLM.

In case of ASBA Forms, the relevant Designated Intermediaries were required to upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) were required to submit/deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and were restricted from submitting it to any non-SCSB bank or any Escrow Collection Bank.

Participation by Promoters, Promoter Group, BRLM, associates and affiliates of the BRLM, Syndicate Member, persons related to the Promoters and Promoter Group

The BRLM and the Syndicate Member were not allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Member could have Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation was on a proportionate basis, and such subscription could be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLM and Syndicate Member, were required to be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the BRLM nor any persons related to the BRLM could apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the BRLM;

(ii) insurance companies promoted by entities which are associates of the BRLM;

(iii) AIFs sponsored by the entities which are associates of the BRLM; or

(iv) FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLM.

Further, the Promoters and Promoter Group could not participate by applying for Equity Shares in the Offer. Further, persons related to the Promoters and Promoter Group could not apply in the Offer under the Anchor Investor Portion. However, a qualified institutional buyer who has any of the following rights was deemed to be a person related to the Promoters or Promoter Group of our Company:

(i) rights under a shareholders' agreement or voting agreement entered into with the Promoters or Promoter Group of our Company;

(ii) veto rights; or

(iii) right to appoint any nominee director on the Board.

Further, an Anchor Investor was deemed to be an "associate of the BRLM" if:

(i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or

(ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or

(iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLM.

The Promoters and members of the Promoter Group were not permitted to participate in the Offer, except to the extent of participation of our Promoters and one member of our Promoter Group in the Offer for Sale.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserved the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not treated as multiple Bids provided that the Bids clearly indicated the scheme concerned for which the Bid had been made.

No Mutual Fund scheme was permitted to invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% was not applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes was permitted to own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs could have obtained copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange were considered for Allotment. NRI Bidders bidding on a non-repatriation basis by using resident forms were required to authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. However, NRIs Bidding through the UPI Mechanism were advised to enquire with the relevant bank where their account is UPI linked prior to submitting their Bid cum Application Form. Eligible NRIs investing on repatriation basis are not permitted to Bid in the Offer.

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents (White in colour).

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" beginning on page 289. Participation of Eligible NRIs in the Offer was subject to the FEMA Rules.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, were required to be made in the individual name of the Karta. The Bidder should have specified that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with Bids from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI including its investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our total paid-up Equity Share capital on a fully diluted basis. Further, in terms of the FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 49% of the paid-up Equity Share capital of our Company.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations was required to be attached to the Bid cum Application Form, failing which our Company reserved the right to reject any Bid without assigning any reason. FPIs who wished to participate in the Offer were advised to use the Bid cum Application Form for FPIs applying under Schedule II of the FEMA Rules (Blue in colour).

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by

SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

As specified in 4.1.4.2 (b) and 4.1.4.2 (c)(iv) of the General Information Document, it is hereby clarified that bids received from FPIs bearing the same PAN were treated as multiple Bids and were liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations ("**MIM Structure**"), provided such Bids had been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, were liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids were liable to be rejected. Further, in the following cases, the bids by FPIs were not considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/ sub fund level where a collective investment scheme or fund has multiple investment strategies/ sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

FPIs were permitted to participate in the Offer under Schedule II of the FEMA Rules, subject to compliance with conditions mentioned therein.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Bids by SEBI registered VCFs and AIFs

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. The holding in any company by VCF registered with SEBI should not exceed 25% of the corpus of the VCF. A VCF can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations).

In accordance with the FEMA Rules and the FDI Policy, non-residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer. As per the existing policy of the Government, OCBs cannot participate in this Offer. For more information on bids by FPIs and Eligible NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 289.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLM shall not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Further, the shareholding of VCFs and category I AIFs or category II AIFs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided that such equity shares shall be locked in for a period of at least one year from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLM reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee were required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders in consultation with the BRLM reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**Financial Services Directions**"), is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/ corporate debt restructuring/ strategic debt restructuring, or to protect the bank's interest on loans/ investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to inter alia make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions); (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a) (v) (c) (i) of the Financial Services Directions; and (iii) investment of more than 10 per cent of the paid up capital/ unit capital in a Category I/ Category II Alternative Investment Fund. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

Bids by SCSBs

SCSBs participating in the Offer were required to comply with the terms of the SEBI circulars nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively. Such SCSBs were required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI was required to be attached to the Bid cum Application Form. Failing this, the Company in consultation with the BRLM reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDA Investment Regulations**"). In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company (through the Fund Raising Committee) in consultation with the BRLM reserved the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) Limit for the investee company: The lower of: (i) 10%* of the outstanding equity shares (face value); and (ii) 10% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 10% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer), as the case may be;

(b) Limit for the entire group of the investee company: Not more than: (i) 15% of such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including reinsurer or a health insurer); or (ii) 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) Limit for the industry sector to which the investee company belongs: Not more than: (i) 15% of the such funds and reserves as specified under the IRDA Investment Regulations, in case of a life insurer, or 15% of the approved investments and other investments as permitted under the Insurance Act and the IRDA Investment Regulations, in case of a general insurer (including a re-insurer or a health insurer); or (ii) 15% of the investment asset, whichever is lower.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

Bids by provident funds/ pension funds

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLM reserved the right to reject any Bid, without assigning any reason thereof.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/ or bye laws was required to be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the BRLM reserved the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the BRLM in their absolute discretion, reserved the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders in consultation with the BRLM may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the NBFC-SI, was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLM, reserved the right to reject any Bid without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

Bids by Anchor Investors

(a) In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms were made available for the Anchor Investor Portion at the offices of the BRLM.

(b) The Bid was required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid could not be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund were aggregated to determine the minimum application size of ₹ 100 million.

(c) One-third of the Anchor Investor Portion was reserved for allocation to domestic Mutual Funds.

(d) Bidding for Anchor Investors opened one Working Day before the Bid/ Offer Opening Date, and was completed on the same day.

(e) Our Company and the Selling Shareholder, in consultation with the BRLM finalised allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion was not less than:

  (i) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

  (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

  (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

(f) Allocation to Anchor Investors was completed on the Anchor Investor Bid/ Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation was made was made available in the public domain by the BRLM before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.

(g) Anchor Investors could not withdraw or lower the size of their Bids at any stage after submission of the Bid.

(h) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(i) Neither the BRLM nor any associate of the BRLM (except Mutual Funds sponsored by entities which are associates of the BRLM or insurance companies promoted by entities which are associate of BRLM or AIFs sponsored by the entities which are associate of the BRLM or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLM) nor any "person related to the Promoter or Promoter Group" could apply in the Offer under the Anchor Investor Portion. For details, see "- *Participation by Promoters, Promoter Group, BRLM, associates and affiliates of the BRLM, Syndicate Member, persons related to the Promoters and Promoter Group"* on page 277.

(j) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion were not considered multiple Bids.

(k) FPIs Bidding in the Offer, including in the Anchor Investor Portion, were permitted to Bid only in accordance with and under Schedule II of the FEMA Rules.

The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, this Prospectus or which may occur after the Bid/Offer Closing Date. Bidders were advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and this Prospectus.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their bids to the relevant Designated Intermediary through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account or UPI ID, as applicable) in the Bid cum Application Form if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

5. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the relevant Bidding Centre (except electronic Bids) within the prescribed time;

7. Ensure that you have funds equal to the full Bid Amount in the ASBA Account before submitting the ASBA Form to any of the Designated Intermediaries;

8. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all Bidders other than RIBs bidding using the UPI Mechanism);

9. Ensure that you (other than the Anchor Investors) have mentioned the correct ASBA Account number or the bank account linked UPI ID (with maximum length of 45 characters including the handle), as applicable, in the Bid cum Application Form;

10. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

11. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

12. Ensure that the name(s) given in the Bid cum Application Form is/ are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

13. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

14. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

15. Instruct your respective banks to release the funds blocked in accordance with the ASBA process;

16. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

17. Ensure that you have correctly signed the authorisation/ undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

18. Except for Bids (i) on behalf of the central or state Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/ specifying their PAN for transacting in the securities market, and (iii) by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempt from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the central or the state Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficial owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned are liable to be rejected;

19. Ensure that the Demographic Details are updated, true and correct in all respects;

20. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

21. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

22. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

23. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

24. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

25. RIIs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIIs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RII's ASBA Account;

26. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/Offer Closing Date;

27. While applying using the UPI Mechanism, ensure that the name of your bank appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, you should also ensure that the name of the application and the UPI handle being used for making the application is also appearing in the aforesaid list;

28. RIBs submitting a Bid cum Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;

29. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

30. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/ her UPI PIN. Upon the authorization of the mandate using his/ her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

31. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

32. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIIs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in); and

33. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus.

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, were not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which was not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 was liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post, instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI Mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/ revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not a RII;

20. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

21. Do not submit more than one Bid cum Application Form for each UPI ID if you are a RII bidding through the Designated Intermediaries using the UPI Mechanism;

22. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidder using the UPI Mechanism;

23. Do not Bid for Equity Shares in excess of what is specified for each category;

24. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of this Prospectus;

25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

26. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

27. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID; and

28. Do not bid if you are an OCB.

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding demat credit/ refund orders/ unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information – Company Secretary and Compliance Officer*" on page 56.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLM and the Registrar, were required to ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in the SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Selling Shareholders, in consultation with the BRLM, in their absolute discretion, decided the list of Anchor Investors to whom the CAN would be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names were notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) were required to be drawn in favour of:

(a) In case of resident Anchor Investors: "Paras Defence and Space Technologies Limited – Resident Anchor Escrow Account"

(b) In case of Non-Resident Anchor Investors: "Paras Defence and Space Technologies Limited – Non-Resident Anchor Escrow Account"

Anchor Investors were required to note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Our Company had, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Business Standard, an English national daily newspaper, all editions of Business Standard, a Hindi national daily newspaper and Mumbai edition of Navshakti, a Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located.

In the pre-Offer advertisement, we stated the Bid/ Offer Opening Date and the Bid/ Offer Closing Date. This advertisement was in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus, this Prospectus or the Bid/Offer Closing Date. Bidders were advised to make their independent investigations and ensure that the number of Equity Shares Bid for did not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate entered into an Underwriting Agreement on September 24, 2021.

(b) After signing the Underwriting Agreement, the Prospectus has been filed with the RoC in accordance with applicable law. The Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and is complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six working days of the Bid/ Offer Closing Date or such other timeline as prescribed by SEBI;

- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;

- our Company and the Selling Shareholders, in consultation with the BRLM, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed.

- if our Company and the Selling Shareholders, in consultation with the BRLM withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

- Promoters' contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and

- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/ refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholders

Each Selling Shareholder undertakes in respect of itself as a Selling Shareholder and its respective portion of the Equity Shares offered by them in the Offer for Sale that:

- the Equity Shares offered for sale by the Selling Shareholder in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations;

- the Equity Shares being offered for sale by the Selling Shareholder pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;

- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- it shall provide such reasonable assistance to our Company and the BRLM in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;

- it shall provide all reasonable cooperation as requested by our Company in relation to completion if Allotment and dispatch of Allotment Advice and CAN, if required, and refund orders, to the extent of its offered Equity Shares offered pursuant to the Offer; it shall provide such reasonable cooperation to our Company in relation to their respective portion of the Equity Shares offered by them in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, were taken by our Company and the Selling Shareholders, in consultation with the BRLM.

Only the statements and undertakings in relation to the Selling Shareholders and their portion of the Equity Shares offered in the Offer for Sale which are specifically "confirmed" or "undertaken" by the Selling Shareholders in this Prospectus, shall be deemed to be "statements and undertakings specifically confirmed or undertaken" by the Selling Shareholders. All other statements and/ or undertakings in this Prospectus shall be statements and undertakings made by our Company even if the same relate to the Selling Shareholders.

The filing of this Prospectus also does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act.

Utilisation of Offer Proceeds

The Board certifies that:

- all monies received out of the Fresh Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/ departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**"), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof. In terms of the FDI Policy and Schedule I of the FEMA Rules, a company seeking an industrial licence shall be permitted to have foreign direct investment upto 74% under the automatic route and above 74% under approval route on case to case basis, wherever it is likely to result in access to modern technology in India or for other reasons to be recorded. In accordance with the FEMA Rules and the FDI Policy, participation by non-residents in the Offer is restricted to participation by (i) FPIs under Schedule II of the FEMA Rules, in the Offer subject to limit of the individual holding of an FPI below 10% of the post-Offer paid-up capital of our Company and the aggregate limit for FPI investment currently not exceeding 49% of the post-Offer paid-up capital of our Company; and (ii) Eligible NRIs only on non-repatriation basis under Schedule IV of the FEMA Rules. Further, other non-residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer. For further details, see *"Risk Factors – 24. We are subject to government regulations and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected. Further, our Company has filed an application with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("**DPIIT**") for issuance of an industrial licence under the Insurance Regulatory and Development Authority of India ("**Licence**") for certain of its existing and planned products. There is no assurance that we will receive the Licence in a timely manner or at all. Further, there is no assurance that in the absence of such Licence we will not be subject to regulatory actions and/or penalties or we will be able to continue or begin the production of such products."* on page 30.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits and comply with conditionality attached thereto under the FDI policy and the FEMA Rules; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

As per the existing policy of the Government, OCBs could not participate in this Offer.

For details, see "*Offer Procedure*" beginning on page 275.

The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders were advised to make their independent investigations and ensure that the number of Equity Shares Bid for did not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other until the Investor Exit Date. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable until the Investor Exit Date. However, Part II shall automatically terminate and cease to have any force and effect from the Investor Exit Date.

Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

Part I

Share Capital

Article 2 provides that "The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time."

Article 3 provides that "The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act."

Article 4 provides that "Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise."

Debentures

Article 9 provides that "Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution."

Consolidation, Sub-Division and Cancellation of Share Certificate

Article 13 provides that "Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61 of the Act;

Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled."

Further Issue of Shares

Article 15 provides that:

1. "Where at any time the Board or the Company, as the case may be, proposes to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the applicable law and the provisions of Section 62 of the Act, and the rules made thereunder:

    (i) to the persons who at the date of the offer are holders of the equity shares of the Company in proportion as nearly as circumstances admit to the paid-up share capital on those shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;

    (ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined. Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;

(iv) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;

A. to employees under any scheme of employees' stock option subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under applicable law; or

B. to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to compliance with such conditions as may be prescribed under the Act and the rules made thereunder;

2. Nothing in sub-clause (iii) of Clause (1)(A) shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.

3. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company:

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

4. Notwithstanding anything contained in Article 15(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the company and the government pass such order as it deems fit.

A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder."

Modification of Class Rights

Article 17 provides that "If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation."

Commission for subscription of shares or debentures

Article 32 provides that "Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.”

Calls on Shares

Article 34 provides that “(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (2) A call may be revoked or postponed at the discretion of the Board. (3) A call may be made payable by installments.”

Article 35 provides that “Fifteen days’ notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.”

Article 36 provides that “A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.”

Article 38 provides that “The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.”

Lien on Shares

Article 44 provides that “The Company shall have a first and paramount lien upon (i) all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, (ii) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company’s lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company’s lien shall be restricted to money called or payable at a fixed price in respect of such shares.”

Forfeiture and Surrender of Shares

Article 47 provides that “If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.”

Article 48 provides that “The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.

The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.”

Article 49 provides that “If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.”

Article 59 provides that “The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.”

Transfer and Transmission of Shares

Article 60 provides that "(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof."

Article 61 provides that "The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The instrument of transfer shall be in a common form."

Article 63 provides that "Subject to the provisions of these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may (at its own absolute ad uncontrolled discretion and by giving reasons) refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company, after providing sufficient cause. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares."

Article 71 provides that "The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act."

Article 73 provides that "Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'."

Article 75 provides that "Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity."

Transmission of Securities by Nominee

Article 80 provides that "A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

(i) to be registered himself as holder of the security, as the case may be; or

(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;

(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;

(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with."

Borrowing Powers

Article 92 provides that "Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose."

General Meetings

Article 98 provides that "All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings."

Article 99 provides that "The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members.

If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors."

Votes of Members

Article 108 provides that "Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares."

Proxies

Article 114 provides that "Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly authorised as mentioned in Articles."

Directors

Article 125 provides that "Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution."

Article 142 provides that "Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board, which shall be subsequently approved by members in the immediate next general meeting and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid."

Capitalisation

Article 165 provides that:

1. "The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

2. The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

3. A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.

4. The Board shall give effect to the resolution passed by the Company in pursuance of this regulation."

Dividend

Article 151 provides that: "Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly".

Article 152 provides that: "The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting."

Article 154 provides that: "Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company."

Article 164 provides that: "a)Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account of Paras Defence and Space Technologies Limited". b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investors Education and Protection Fund established under the Act. c) No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company. d) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend."

Winding Up

Article 172 provides that:

"Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability."

Indemnity

Article 173 provides that "Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court."

Part II

In case of inconsistency between Part I and Part II, the provisions of Part II were applicable until the Investor Exit Date. However, Part II has automatically terminated and has ceased to have any force and effect from the Investor Exit Date.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company and includes contracts entered into until the date of the Red Herring Prospectus) which are deemed material and were attached to the copy of the Red Herring Prospectus which was delivered to the RoC for filing. Copies of the above mentioned contracts and also the documents for inspection referred to hereunder, were available for inspection at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Registrar Agreement dated March 6, 2021 entered into between our Company, the Selling Shareholders and the Registrar to the Offer.

2. Offer Agreement dated March 6, 2021 entered into between our Company, the Selling Shareholders and the BRLM.

3. Cash Escrow and Sponsor Bank Agreement dated September 13, 2021 entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLM, the Syndicate Member and the Banker to the Offer.

4. Share Escrow Agreement dated September 13, 2021 entered into between the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate Agreement dated September 13, 2021 entered into between our Company, the Selling Shareholders, the BRLM and the Syndicate Member.

6. Underwriting Agreement dated September 24, 2021 entered into between our Company, the Selling Shareholders, and the Underwriters.

7. Monitoring Agency Agreement dated September 13, 2021 entered into between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended from time to time.

2. Certificate of incorporation dated June 16, 2009 upon incorporation, certificate for commencement of business dated July 24, 2009, fresh certificate of incorporation dated September 25, 2009 pursuant to change of name of Company to "Paras Flowform Engineering Limited" by passing of a special resolution in the extraordinary general meeting held on September 22, 2009 and fresh certificate of incorporation dated January 29, 2016, pursuant to change of name of Company to "Paras Defence and Space Technologies Limited" by passing of a special resolution in the extraordinary general meeting held on December 2, 2015.

3. Resolutions of the Board dated March 7, 2020, December 29, 2020, March 2, 2021 and August 25, 2021 in relation to the Offer and other related matters.

4. Resolution of the Board dated March 2, 2021 and the resolution of the IPO Committee dated March 6, 2021 in relation to approval of the Draft Red Herring Prospectus.

5. Resolution of the Board dated September 13, 2021 in relation to approval of the Red Herring Prospectus.

6. Resolution of the IPO Committee dated September 25, 2021 in relation to approval of this Prospectus.

7. Resolution of the Shareholders of our Company dated March 13, 2020 in relation to the Fresh Issue and other related matters.

8. Resolution of the Board taking on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated December 29, 2020.

9. The examination report dated July 6, 2021 of the Statutory Auditor, on our Restated Financial Statements.

10. Employment agreement dated July 6, 2021 between our Company and our Managing Director, Munjal Sharad Shah.

11. Employment agreement dated July 6, 2021 between our Company and our Whole-Time Director, Shilpa Amit Mahajan.

12. Subscription cum shareholders' agreement dated August 5, 2020 amongst our Promoters, Shareholders, MDAVF and our Company.

13. Share subscription and shareholders agreements each dated March 25, 2021 executed by our Company and our Promoters separately with certain investors, namely Chandrakant Vallabhaji Gogri, Pooja Unichem LLP, Devansh Ventures LLP, Jaya Chandrakant Gogri, Jayshree Harit Shah, Mukul Mahavir Agrawal and Priyank Mukesh Dedhia.

14. Amendment and conditional termination agreement dated January 28, 2021 to the subscription cum shareholders' agreement dated August 5, 2020 entered into by and amongst our Promoters, Shareholders, MDAVF and our Company.

15. Declaration by guarantors dated March 31, 2021 issued by our Promoters, Shilpa Amit Mahajan and Ami Munjal Shah to NKGSB Co-operative Bank Limited as guarantors in relation to facilities availed by our Company.

16. Deed of guarantee dated June 4, 2021 issued by our Promoters, Shilpa Amit Mahajan and Ami Munjal Shah in favour of NKGSB Co-operative Bank Limited in relation to a facility of ₹100 million availed by our Company.

17. Written consent dated September 1, 2021 from the Statutory Auditor namely, Chaturvedi & Shah LLP, Chartered Accountants, for inclusion of their name as required under Section 26(1) of the Companies Act read with the SEBI ICDR Regulations in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as a Statutory Auditor and in respect of their (i) examination report, dated July 6, 2021 on our Restated Financial Statements; and (ii) their report dated September 1, 2021 on the statement of special tax benefits in this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

18. Written consent dated September 1, 2021 from the independent chartered accountant, namely Ambavat Jain & Associates LLP, Chartered Accountants, to include their name in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

19. Copies of the audited financial statements along with the auditor report and directors' report of our Company for Fiscals 2021, 2020 and 2019.

20. The statement of special tax benefits dated September 1, 2021 from the Statutory Auditor.

21. Industry report entitled "*Defence and Space Industry Report*" dated August 6, 2021 prepared by Frost & Sullivan.

22. Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLM, Special International Legal Counsel to the BRLM, Bankers to our Company, the BRLM, the Syndicate Member, the Registrar to the Offer, the Banker to the Offer and the Monitoring Agency as referred to in their specific capacities.

23. Consent letter dated August 16, 2021 from M/s. S.K Singh & Associates, Chartered Engineers in relation to the proposed expansion and purchase of additional machineries by the Company.

24. Due diligence certificate dated March 6, 2021, addressed to SEBI from the BRLM.

25. In-principle listing approvals dated March 31, 2021 and May 11, 2021 issued by BSE and NSE, respectively.

26. Tripartite agreement dated January 3, 2019 among our Company, NSDL and the Registrar to the Offer.

27. Tripartite agreement dated January 8, 2019 among our Company, CDSL and the Registrar to the Offer.

28. Appointment letter dated July 16, 2021 issued by the Company to Frost & Sullivan.

29. SEBI interim observation letter dated April 20, 2021 and SEBI final observation letter bearing reference number SEBI/CFD/DIL1/2021/11764 and dated June 8, 2021.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the rules, guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Sharad Virji Shah
(Chairman and Non-Executive Director)

Munjal Sharad Shah
(Managing Director)

Shilpa Amit Mahajan
(Whole-Time Director)

Sunil Kumar Sharma
(Independent Director)

Manmohan Handa
(Independent Director)

Hina Gokhale
(Independent Director)

Suresh Katyal
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER

Harsh Dhirendra Bhansali
(Chief Financial Officer)

Place: Navi Mumbai

Date: September 25, 2021

DECLARATION

I, the undersigned, acting as a Promoter Selling Shareholder hereby certify that all statements, disclosures and undertakings made or confirmed by me in this Prospectus in relation to myself and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct.

Signed by the Promoter Selling Shareholder

Sharad Virji Shah

Place: Navi Mumbai

Date: September 25, 2021

DECLARATION

I, the undersigned, acting as a Promoter Selling Shareholder hereby certify that all statements, disclosures and undertakings made or confirmed by me in this Prospectus in relation to myself and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct.

Signed by the Promoter Selling Shareholder

Munjal Sharad Shah

Place: Navi Mumbai

Date: September 25, 2021

DECLARATION

I, the undersigned, acting as an Individual Selling Shareholder hereby certify that all statements, disclosures and undertakings made or confirmed by me in this Prospectus in relation to myself and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct.

Signed by the Individual Selling Shareholder

Ami Shah

Ami Munjal Shah

Place: Navi Mumbai

Date: September 25, 2021

DECLARATION

I, the undersigned, acting as an Individual Selling Shareholder hereby certify that all statements, disclosures and undertakings made or confirmed by me in this Prospectus in relation to myself and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct.

Signed by the Individual Selling Shareholder

SAMahajan

Shilpa Amit Mahajan

Place: Navi Mumbai

Date: September 25, 2021

DECLARATION

I, the undersigned, acting as an Individual Selling Shareholder hereby certify that all statements, disclosures and undertakings made or confirmed by me in this Prospectus in relation to myself and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct.

Signed by the Individual Selling Shareholder

Mahajan

Amit Navin Mahajan

Place: Navi Mumbai

Date: September 25, 2021