

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PARAS AEROSPACE PRIVATE LIMITED (FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying Financial Statements of **PARAS AEROSPACE PRIVATE LIMITED (FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)** (“the Company”) which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its Profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

##### **Other Information**

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibility for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (Including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”.

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

Since the Company is a private limited Company, hence section 197 is not applicable to the Company.

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

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Sd/-

**R. Koria**  
**Partner**  
**Membership No. 35629**  
UDIN No.: 21035629AAAACD2059  
Place: Mumbai  
Dated: July 05, 2021

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

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date on Financial Statements of PARAS AEROSPACE PRIVATE LIMITED (FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED) for the year ended March 31, 2021.**

**Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to Financial Statements of **PARAS AEROSPACE PRIVATE LIMITED (FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)**, as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Financial Statements (‘the Guidance Note’) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards of Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Financial Statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

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

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

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2021, based on the internal control with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Sd/-

**R. Koria**  
**Partner**  
**Membership No. 35629**  
UDIN No.: 21035629AAAACD2059  
Place: Mumbai  
Dated: July 05, 2021

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

**(Referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of PARAS AEROSPACE PRIVATE LIMITED (FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED) on the Financial Statements for the year ended March 31, 2021)**

- i. In respect of Fixed Assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the Company has physically verified all the fixed assets. No material discrepancies were noticed on such physical verification as compared with the available records.
  - c) According to the information and explanations given to us, the Company does not have immovable property; hence the provisions of paragraph 3(i)(c) of the CARO 2016 are not applicable to the company.
- ii. According to the information and explanation given to us and on the basis of our examination of the records of the Company, no Inventory has been held by the Company as on March 31, 2021. Therefore, the provisions of Clause (ii) of paragraph 3 of CARO 2016 are not applicable to the Company.
- iii. In our opinion and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause (iii) (a) to (c) of paragraph 3 of CARO 2016 are not applicable to the Company.
- iv. The Company has not given any loan, made investments and provided guarantees and securities during the year. Therefore, the provisions of the clause (iv) of paragraph 3 of CARO 2016 are not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of paragraph 3 (v) of CARO 2016 are not applicable to the Company.
- vi. According to the information and explanation given to us, the Central Government has not prescribed the Cost Records to be maintained under sub-Section (1) of Section 148 of the Act in respect of the activities carried on by the Company. Therefore the provisions of paragraph 3(vi) of CARO 2016 are not applicable to the Company.

- vii. According to the information and explanations given to us in respect of statutory dues:
- a. The company has been generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, cess, goods and service tax and any other statutory dues, as applicable, with the appropriate authorities during the year however delays have been noticed in respect of payment of Income tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2021 for a period of more than six months from the date they became payable.
  - b. 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.
- viii. Based on our audit procedures and information and explanations given by the Management, the company has not raised any loans from financial institutions, bank or government or through debenture issue during the year. Therefore the provisions of paragraph 3(viii) of CARO 2016 are not applicable to the Company.
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loan. Therefore the provisions of paragraph 3(ix) of CARO 2016 are not applicable to the Company.
- x. Based on our audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and on the basis of information and explanations given by the management, no fraud has been noticed or reported on the Company by its officers or employees during the year. Therefore the provisions of paragraph 3(x) of CARO 2016 are not applicable to the Company.
- xi. The company is a Private Company and hence provision regarding managerial remuneration as provided under section 197 of the Act is not applicable, hence the provisions of the clause (xi) of paragraph 3 of CARO 2016 are not applicable to the company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Therefore, the provisions of paragraph 3(xii) (a) to (b) of CARO 2016 are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements etc. as required by the applicable Indian accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any Preferential Allotment or Private Placement of shares or fully or partly convertible debentures during the year. Therefore the provisions of paragraph 3 (xiv) of CARO 2016 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, the provisions of paragraph 3 (xv) of CARO 2016 are not applicable to the Company.



- xvi. In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Sd/-

**R. KORIA**  
**Partner**  
**Membership No. 35629**  
**UDIN No.: 21035629AAAACD2059**

**Mumbai**  
**Date:** July 05, 2021

<b>PARAS AEROSPACE PRIVATE LIMITED</b>			
<b>(FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)</b>			
<b>BALANCE SHEET AS AT 31ST MARCH, 2021</b>			
<b>(Amount in Rupees)</b>			
<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>
<b>I ASSETS</b>			
<b>1) Non Current Assets</b>			
a. Property, Plant and Equipment	2	12,36,135	35,172
b. Financial Assets			
i. Other Financial Assets	3	-	4,10,000
c. Deferred Tax Assets (Net)	4	2,292	-
Non Current Tax Assets		28,500	-
d. Other Non Current Assets	5	3,90,000	2,50,000
			-
<b>2) Current Assets</b>			
a. Financial Assets			
i. Trade Receivables	6	22,32,880	-
ii. Cash and Cash Equivalents	7	4,61,995	2,72,433
iii. Bank Balances other than (ii) above	8	4,36,650	-
iv. Other Financial Assets	9	793	949
b. Other Current Assets	10	11,89,350	2,15,013
<b>TOTAL ASSETS</b>		<b>59,78,595</b>	<b>11,83,567</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a. Equity Share Capital	11	1,00,000	1,00,000
b. Other Equity	12	(14,71,770)	(18,94,942)
		<b>(13,71,770)</b>	<b>(17,94,942)</b>
<b>LIABILITIES</b>			
<b>1) Non Current Liabilities</b>			
Financial Liabilities			
i. Lease Liabilities	13	5,92,794	-
<b>Current Liabilities</b>			
a. Financial Liabilities			
i. Borrowings	14	57,05,000	27,40,000
ii. Lease Liabilities	15	6,21,811	-
iii. Other Financial Liabilities	16	3,67,334	2,28,009
b. Other Current Liabilities	17	63,426	10,500
		<b>67,57,571</b>	<b>29,78,509</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,78,595</b>	<b>11,83,567</b>
Significant accounting policies and notes to the financial statements	1 to 32		
<b>As per our Report of even date</b>		<b>For and on behalf of Board of Directors</b>	
<b>For Chaturvedi &amp; Shah LLP</b> Chartered Accountants (Firm Registration No. 101720W/W100355)			
Sd/-	Sd/-	Sd/-	
<b>R. KORIA</b> Partner Membership No. 35629	<b>MUNJAL SHAH</b> Director DIN: 01080863	<b>AMIT MAHAJAN</b> Director DIN: 01087400	
<b>Place: Mumbai</b> <b>Date: 5th July, 2021</b>			

**PARAS AEROSPACE PRIVATE LIMITED**

**(FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021**

**(Amount in Rupees)**

	<b>PARTICULARS</b>	<b>Note No.</b>	<b>For the Year Ended 31st March, 2021</b>	<b>For the Period Ended 31st March, 2020</b>
<b>1</b>	Revenue from Operations	18	75,82,166	-
<b>2</b>	Other Income	19	81,773	949
<b>3</b>	<b>Total Income</b>		<b>76,63,939</b>	<b>949</b>
<b>4</b>	<b>Expenses</b>			
	Purchase of Stock in Trade		37,07,202	-
	Employee Benefits Expense	20	15,58,448	7,96,866
	Finance Costs	21	36,878	18,036
	Depreciation	22	1,17,277	3,792
	Other Expenses	23	18,23,254	10,77,197
	<b>Total Expenses</b>		<b>72,43,059</b>	<b>18,95,891</b>
<b>5</b>	<b>Profit/(Loss) Before Exceptional Items and Tax (3-4)</b>		4,20,880	(18,94,942)
<b>6</b>	Exceptional Items		-	-
<b>7</b>	<b>Profit/(Loss) Before Tax (5-6)</b>		<b>4,20,880</b>	<b>(18,94,942)</b>
<b>8</b>	<b>Tax Expenses :</b>			
<b>(a)</b>	Current Tax		-	-
<b>(b)</b>	Deferred Tax	4	(2,292)	-
<b>9</b>	<b>Profit/(Loss) for the Year/Period (7-8)</b>		<b>4,23,172</b>	<b>(18,94,942)</b>
<b>10</b>	<b>Other Comprehensive Income</b>			
<b>(i)</b>	Items that will not be reclassified to Profit or Loss		-	-
<b>(ii)</b>	Items that will be reclassified to Profit or Loss		-	-
	<b>Total Other Comprehensive Income (Net of Tax)</b>		-	-
	<b>Total Comprehensive Income for the Year/Period (9-10)</b>		<b>4,23,172</b>	<b>(18,94,942)</b>
<b>11</b>	<b>Earnings per Equity Share of Rs. 10/- each</b>	24		
	Basic		42	(189)
	Diluted		42	(189)
	Significant accounting policies and notes to the financial statements	1 to 32		

As per our Report of even date

For and on behalf of Board of Directors

**For Chaturvedi & Shah LLP**

Chartered Accountants

(Firm Registration No. 101720W/W100355)

Sd/-

Sd/-

Sd/-

**R. KORIA**

Partner

Membership No. 35629

**MUNJAL SHAH**

Director

DIN: 01080863

**AMIT MAHAJAN**

Director

DIN: 01087400

**Place: Mumbai**

**Date: 5th July, 2021**

**PARAS AEROSPACE PRIVATE LIMITED**

**(FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021**

**A. EQUITY SHARE CAPITAL**

**(Amount in Rupees)**

<b>PARTICULARS</b>	<b>Balance as at 13th February, 2019*</b>	<b>Issued during the Period</b>	<b>Balance as at 31st March, 2020</b>	<b>Changes during the Year</b>	<b>Balance as at 31st March, 2021</b>
Equity Share Capital	-	1,00,000	1,00,000	-	1,00,000

\* Date of incorporation of the Company

**B. OTHER EQUITY**

**(Amount in Rupees)**

<b>PARTICULARS</b>	<b>Reserves and Surplus</b>	<b>Total</b>
	<b>Retained Earnings</b>	
Total Comprehensive Income for the Period	(18,94,942)	(18,94,942)
<b>Balance as at 31st March, 2020</b>	<b>(18,94,942)</b>	<b>(18,94,942)</b>
Total Comprehensive Income for the Year	4,23,172	4,23,172
<b>Balance as at 31st March, 2021</b>	<b>(14,71,770)</b>	<b>(14,71,770)</b>

As per our Report of even date

For and on behalf of Board of Directors

**For Chaturvedi & Shah LLP**

Chartered Accountants

(Firm Registration No. 101720W/W100355)

Sd/-

**R. KORIA**

Partner

Membership No. 35629

Sd/-

**MUNJAL SHAH**

Director

DIN: 01080863

Sd/-

**AMIT MAHAJAN**

Director

DIN: 01087400

**Place: Mumbai**

**Date: 5th July, 2021**

PARAS AEROSPACE PRIVATE LIMITED		
(FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)		
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021		
(Amount in Rupees)		
PARTICULARS	For the Year ended 31st March, 2021	For the Period ended 31st March, 2020
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax as per the Statement of Profit and Loss	4,20,880	(18,94,942)
<b>ADJUSTMENT FOR:</b>		
Depreciation	1,17,277	3,792
Finance Costs	36,878	18,036
Interest Income	(26,494)	(949)
<b>OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>5,48,541</b>	<b>(18,74,063)</b>
<b>ADJUSTMENT FOR:</b>		
Trade and Other Receivables	(33,47,217)	(4,65,962)
Trade and Other Payables	2,08,352	2,22,408
<b>CASH USED IN OPERATIONS</b>	<b>(25,90,324)</b>	<b>(21,17,617)</b>
Income tax	(28,500)	-
<b>NET CASH USED IN OPERATIONS (A)</b>	<b>(26,18,824)</b>	<b>(21,17,617)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	-	(38,964)
Interest Income	26,650	949
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)</b>	<b>26,650</b>	<b>(38,015)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Share Capital	-	1,00,000
Finance Costs	(26,614)	(1,935)
Current Borrowings	29,65,000	27,40,000
Margin Money	(26,650)	(4,10,000)
Lease Liabilities	(1,30,000)	-
<b>NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>27,81,736</b>	<b>24,28,065</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,89,562</b>	<b>2,72,433</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR / PERIOD</b>	<b>2,72,433</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD (Refer Note No. 7)</b>	<b>4,61,995</b>	<b>2,72,433</b>
<b>Notes :</b>		
1 Bracket indicates cash outflow.		
2 Changes in liabilities arising from financing activities on account of Current Borrowings		
(Amount in Rupees)		
<b>Particulars</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Opening balance of liabilities arising from financing activities</b>	<b>27,40,000</b>	<b>-</b>
<b>Add : Changes from Cash Flow from Financing Activities (Net)</b>	<b>29,65,000</b>	<b>27,40,000</b>
<b>Closing balance of liabilities arising from financing activities</b>	<b>57,05,000</b>	<b>27,40,000</b>
3 Previous Period' figures have been regrouped / rearranged wherever necessary to make them comparable with those of current year		
4 The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Ind AS-7 " Statement Cash Flows".		
<b>As per our Report of even date</b>	<b>For and on behalf of Board of Directors</b>	
<b>For Chaturvedi &amp; Shah LLP</b> Chartered Accountants (Firm Registration No. 101720W/W100355)		
Sd/-	Sd/-	Sd/-
<b>R. KORIA</b> Partner Membership No. 35629	<b>MUNJAL SHAH</b> Director DIN: 01080863	<b>AMIT MAHAJAN</b> Director DIN: 01087400
<b>Place: Mumbai</b> <b>Date: 5th July, 2021</b>		

**PARAS AEROSPACE PRIVATE LIMITED**  
**(FORMERLY KNOWN AS PARAS AEROSPACE SOLUTIONS PRIVATE LIMITED)**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2021**

**1.1 Corporate Information**

Paras Aerospace Private Limited (the 'Company') is a private limited Company domiciled and incorporated in India. The registered office of the Company is situated at 3rd Floor, F 302, Earthen Pheonix, Nagavarapalya Main Road, C.V. Raman Nagar, Bengaluru (Banglore), Karnataka -560093. The Parent Company is Paras Defence & Space Technologies Limited.

The main object of the company is to set up the business to provide products and services to aviation, aerospace and allied industries.

The financial statements of the Company for the year ended 31st March, 2021 were approved and adopted by board of directors in their meeting held on **5th July, 2021**

**1.2 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 (the 'Act'), read together with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These financial statements are presented in Indian Rupees, which is the company's functional and presentation currency.

As on 31st March, 2021 the Company is having negative networth. Its Parent Company, Paras Defence and Space Technologies Limited and Directors of the Company have provided the support and agreed to provide support in future as well, accordingly the Company has prepared its financial statements on going concern basis.

**1.3 Significant Accounting policies**

**(A) Property, Plant and Equipment:**

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 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.

Property, Plant and Equipment are eliminated from financial statements, either on disposal or when retired from active use. Gains / losses arising in the case of retirement/disposal of Property, Plant and Equipment are recognised in the statement of profit and loss in the year of occurrence.

**Depreciation:**

Depreciation on the Property, Plant and Equipment is provided using straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013. 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) 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 Company incurs in connection with the borrowing of funds. All other borrowing costs are expensed in the year in which they occur.

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

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

**PARAS AEROSPACE PRIVATE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2021**

<b>NOTE 2 : PROPERTY, PLANT AND EQUIPMENT</b>			
<b>(Amount in Rupees)</b>			
<b>Particulars</b>	<b>Office Equipment</b>	<b>Right of Use of Assets (Building)</b>	<b>Total</b>
<b>As at 13th February, 2019</b>	-	-	-
Additions	38,964	-	38,964
Disposals / Transfer	-	-	-
<b>As at 31st March, 2020</b>	<b>38,964</b>	-	<b>38,964</b>
Additions	-	13,18,240	13,18,240
Disposals / Transfer	-	-	-
<b>As at 31st March, 2021</b>	<b>38,964</b>	<b>13,18,240</b>	<b>13,57,204</b>
<b>Depreciation</b>			
<b>As at 13th February, 2019</b>	-	-	-
Depreciation	3,792	-	3,792
Disposals	-	-	-
<b>As at 31st March, 2020</b>	<b>3,792</b>	-	<b>3,792</b>
Depreciation	7,424	1,09,853	1,17,277
Disposals	-	-	-
<b>As at 31st March, 2021</b>	<b>11,216</b>	<b>1,09,853</b>	<b>1,21,069</b>
<b>Net Carrying Value</b>			
<b>As at 31st March, 2020</b>	<b>35,172</b>	-	<b>35,172</b>
<b>As at 31st March, 2021</b>	<b>27,748</b>	<b>12,08,387</b>	<b>12,36,135</b>
-			
<p><b>2.1</b> The management during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the Ind AS. On the basis of review carried out by the management, there was no impairment loss on property, plant and equipments during the year ended 31st March 2021.</p>			

**PARAS AEROSPACE PRIVATE LIMITED**  
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**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2021**

**NOTE 3 : OTHERS NON CURRENT FINANCIAL ASSETS**

PARTICULARS	(Amount in Rupees)	
	As at 31.03.2021	As at 31.03.2020
Fixed Deposits with Banks held as Margin Money	-	4,10,000
<b>Total</b>	<b>-</b>	<b>4,10,000</b>

**NOTE 4: INCOME TAX**

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

PARTICULARS	(Amount in Rupees)	
	For the Year ended 31.03.2021	For the Period ended 31.03.2020
<b>Recognised in the Statement of Profit and Loss</b>		
Current Tax	-	-
Deferred Tax:-Relating to origination and reversal of temporary differences	(2,292)	-
<b>TOTAL Tax Expenses/(Income)</b>	<b>(2,292)</b>	<b>-</b>

4.2 Reconciliation between Tax Expense / (Income) and Accounting Profit multiplied by tax rate for the year ended 31st March, 2021 & for the period ended 31st March, 2020:

PARTICULARS	(Amount in Rupees)	
	For the Year ended 31.03.2021	For the Period ended 31.03.2020
<b>Accounting Profit Before Tax</b>	<b>4,20,880</b>	<b>(18,94,942)</b>
Applicable tax rate (in %)	25.17	25.17
Computed Tax Expenses / (Income)	1,05,927	(4,76,919)
<b>Tax effect on account of:</b>		
Property, Plant and Equipment	2,073	632
(Brought) / Carried Forward Loss Adjusted	(1,08,000)	4,76,287
<b>TOTAL Tax Expenses/(Income)</b>	<b>-</b>	<b>-</b>

4.3 Deferred Tax Assets

PARTICULARS	(Amount in Rupees)			
	As at 31st March, 2021	As at 31st March, 2020	For the Year ended 31.03.2021	For the Period ended 31.03.2020
Property Plant and Equipment	(3,03,400)	-	(3,03,400)	-
Lease Liabilities	3,05,692	-	3,05,692	-
<b>Deferred TAX Assets</b>	<b>2,292</b>	<b>-</b>	<b>2,292</b>	<b>-</b>

4.4 Amount and expiry date of unused tax losses for which no Deferred Tax Assets recognised:

Assessment Year	Unused Tax Loss	Carried Forward till Assessment Year
2020-21	14,63,316	2028-29
<b>Total</b>	<b>14,63,316</b>	

**NOTE 5 : OTHER NON CURRENT ASSETS**

PARTICULARS	(Amount in Rupees)	
	As at 31.03.2021	As at 31.03.2020
(Unsecured, Considered Good) Security Deposits	3,90,000	2,50,000
<b>Total</b>	<b>3,90,000</b>	<b>2,50,000</b>



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<b>NOTE 6 : TRADE RECEIVABLES</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
(Unsecured) Considered Good	22,32,880	-
<b>Total</b>	<b>22,32,880</b>	<b>-</b>
<b>NOTE 7 : CASH AND CASH EQUIVALENTS</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
Balances with Bank In Current Account	3,62,006	2,72,433
Cash on Hand	99,989	-
<b>Total</b>	<b>4,61,995</b>	<b>2,72,433</b>
7.1 For the purpose of statement of Cash Flows, cash and cash equivalents	4,61,995	2,72,433
<b>NOTE 8 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
Fixed Deposits with Banks Pledged as Margin Money	4,36,650	-
<b>Total</b>	<b>4,36,650</b>	<b>-</b>
<b>NOTE 9 : OTHERS CURRENT FINANCIAL ASSETS</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
Interest Receivables	793	949
<b>Total</b>	<b>793</b>	<b>949</b>
<b>NOTE 10 : OTHER CURRENT ASSETS</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
Advances to Suppliers	5,44,938	-
Balances with Government Authorities	3,84,186	1,25,013
Security Deposits	-	90,000
Prepaid Expenses	2,60,226	-
<b>Total</b>	<b>11,89,350</b>	<b>2,15,013</b>

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<b>NOTE 11 : EQUITY SHARE CAPITAL</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Authorised</b> 10,000 ( 31st March 2020: 10,000) Equity Shares of Rs. 10/- each	1,00,000	1,00,000
	<b>1,00,000</b>	<b>1,00,000</b>
<b>Issued, Subscribed and Paid up</b> 10,000 ( 31st March 2020 : 10,000) Equity Shares of Rs. 10/- each	1,00,000	1,00,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

11.1	<b>Reconciliation of the number of equity shares outstanding at the beginning and at the end of year financial year / period</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Particulars</b>		<b>No. of shares</b>	<b>No. of shares</b>
	Number of shares at the beginning of the financial year/period	10,000	-
	Add: Shares issued during the financial year/period	-	10,000
	Number of shares at the end of financial year/period	<b>10,000</b>	<b>10,000</b>

11.2 <b>Details of Shareholder, holding more than 5% shares of the Company:</b>				
<b>(Amount in Rupees)</b>				
<b>Name</b>	<b>As at 31st March, 2021</b>		<b>As at 31st March, 2020</b>	
	<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>
Paras Defence & Space Technologies Limited *(Holding Company)	6,000	60%	10,000	100%
Swati Sinha**	4,000	40%	-	-

\* Out of the above, 1 share is held by Mr. Munjal Shah as nominee of Paras Defence & Space Technologies Limited  
\*\* On 9th October, 2020 the Holding Company has sold equity shares of Rs.10/- each as per the duly executed Transfer Deed.

11.3 The Company has only one class of equity shares having a face value of Rs. 10/- per share. In the event of liquidation of the Company, the equity shareholder will be entitled to receive any of remaining assets of the Company, after distribution of all preferential amounts.

<b>NOTE 12 : OTHER EQUITY</b>				
<b>(Amount in Rupees)</b>				
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2021</b>	<b>31.03.2020</b>	<b>31.03.2020</b>
<b>Retained Earnings</b>				
Balance as per last Balance Sheet	(18,94,942)		-	
Add :Profit/(Loss) for the Year / Period	4,23,172	(14,71,770)	(18,94,942)	(18,94,942)
<b>TOTAL</b>		<b>(14,71,770)</b>		<b>(18,94,942)</b>

**NOTE NO. 12.1 NATURE AND PURPOSE OF RESERVES**

**Retained Earnings**  
Retained Earnings represent the Profits / (losses) made by the company.

<b>NOTE 13 : LEASE LIABILITY</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Lease Liabilities</b>	5,92,794	-
<b>TOTAL</b>	<b>5,92,794</b>	<b>-</b>

13.1: <b>The following is the movement in lease liabilities during the Year:</b>			
<b>(Amount in Rupees)</b>			
<b>Particulars</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>	
<b>Opening Balance</b>	-	-	
Add: Addition during the Year	13,18,240	-	
Add: Finance cost accrued during the Year	26,365	-	
Less: Payment of lease liabilities	1,30,000	-	
<b>Closing Balance</b>	<b>12,14,605</b>	<b>-</b>	

13.2: <b>The following is the contractual maturity profile of lease liabilities:</b>			
<b>(Amount in Rupees)</b>			
<b>Particulars</b>	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>	
Less than one year	6,21,811	-	
One year to Five years	5,92,794	-	
More than five years	-	-	
<b>Total</b>	<b>12,14,605</b>	<b>-</b>	

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<b>NOTE 14 : CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Unsecured</b>		
Loans From Related Party (Refer note no. 26)	57,05,000	27,40,000
<b>TOTAL</b>	<b>57,05,000</b>	<b>27,40,000</b>
<b>NOTE 15 : CURRENT FINANCIAL LEASE LIABILITY</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Lease Liabilities</b>		
	6,21,811	-
<b>TOTAL</b>	<b>6,21,811</b>	<b>-</b>
<b>NOTE 16 : OTHER FINANCIAL LIABILITIES</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
Interest Accrued but not due on Borrowings	-	16,101
Other payables*	3,67,334	2,11,908
<b>TOTAL</b>	<b>3,67,334</b>	<b>2,28,009</b>
*Other Payables mainly includes outstanding liability for expenses and payable to employees.		
<b>NOTE 17 : OTHER CURRENT LIABILITIES</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>As at</b>	<b>As at</b>
	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Statutory Liabilities</b>		
	63,426	10,500
<b>TOTAL</b>	<b>63,426</b>	<b>10,500</b>

**(D) Taxes on Income:**

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

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

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

**(E) Financial Instruments:**

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

**Financial Assets -Initial recognition and measurement**

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

**Financial assets - Subsequent measurement**

For the purpose of subsequent measurement financial assets are classified in two broad categories:

- a) Financial assets at fair value
- b) Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is **measured at amortised cost** (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

a) **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flow.

b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at **fair value through other comprehensive income** unless the asset is designated at fair value through profit or loss under the fair value option.

a) **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets

b) **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

**All other financial asset is measured at fair value through profit or loss.**

**Financial assets - Derecognition**

A financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flow from the asset.

**Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to

- a) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used

**Financial Liabilities - Initial recognition and measurement:**

The financial Liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net 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 approximate fair value due to the short maturity of these instruments.

**Financial Liabilities - Financial guarantee contracts:**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

**Financial liability - Derecognition:**

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

**(F) Fair Value:**

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**(G) Revenue Recognition and Other Income:**

**Sales of goods and services:**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transfer upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Revenue from rendering of services is recognised over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

**Contract Balances - Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional.

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**Interest Income:**

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

**(H) Foreign currency transactions and translation:**

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

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

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

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

**(I) Lease:**

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

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**The Company as a lessee**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

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

The Company elects not to apply the requirements of Ind AS 116 to Short term leases or the leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as expense on either a straight line basis over lease term or another systematic basis.

**The Company as a lessor**

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

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

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

**(J) Provisions, Contingent Liabilities and Contingent Assets:**

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised in financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

**(K) Cash and cash equivalents:**

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

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



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**(L) 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 financial 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.

**(M) Current / Non-current classification:**

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

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

**An asset is classified as current when it is:**

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

**A liability is classified as current when it is:**

- a) Expected to be settled in normal operating cycle
- b) Held primarily for the purpose of trading
- c) Due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The Company has identified twelve months as its operating cycle.

**(N) Off-setting financial instruments:**

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

**1.4 Key accounting estimates and judgements**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**a) Provisions:**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

**b) Income Tax:**

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

**c) Impairment of Financial Assets :**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**d) 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.

**e) 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.

**f) Contingencies:**

Management has estimated the possible outflow of resources at the end of each annual financial year, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

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<b>NOTE 18 : REVENUE FROM OPERATIONS</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Sale of Products	75,82,166	-
	<b>75,82,166</b>	-
<b>18.1 Revenue disaggregation by geography is as follows:</b>		
(Amount in Rupees)		
<b>Particulars</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
India	75,82,166	-
Outside India	-	-
	<b>75,82,166</b>	-
<b>18.2 Reconciliation of Revenue from Operations with Contract Price:</b>		
(Amount in Rupees)		
<b>Particulars</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Contract Price	75,82,166	-
<b>TOTAL</b>	<b>75,82,166</b>	-
<b>NOTE 19 : OTHER INCOME</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Interest Income from Financial assets measured at amortised cost		
On fixed Deposits with Banks	26,494	949
Gain on Foreign Currency Fluctuations (Net)	55,279	-
	<b>81,773</b>	<b>949</b>
<b>NOTE 20 : EMPLOYEE BENEFITS EXPENSE</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Salaries, Wages & Allowances	15,29,224	7,59,075
Welfare and Other Amenities	29,224	37,791
	<b>15,58,448</b>	<b>7,96,866</b>
<b>NOTE 21 : FINANCE COSTS</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Interest Expenses	10,513	18,036
Interest Expenses on Lease Liabilities	26,365	-
<b>TOTAL</b>	<b>36,878</b>	<b>18,036</b>

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<b>NOTE 22 : DEPRECIATION</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	1,17,277	3,792
	<b>1,17,277</b>	<b>3,792</b>
<b>NOTE 23 : OTHER EXPENSES</b>		
(Amount in Rupees)		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Exhibition Expenses	8,06,472	-
Advertisement and Business Promotion	77,500	50,241
	<b>8,83,972</b>	<b>50,241</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	4,58,000	4,40,000
Rates and Taxes	3,706	5,620
Property Maintenance	36,000	40,900
Printing and Stationery	402	24,586
Communication Expenses	3,092	1,794
Travelling and Conveyance	60,630	1,14,867
Legal and Professional Charges	38,000	14,210
Fees and subscriptions	49,975	-
Payment to Auditors (Refer Note no. 23.1)	75,000	50,000
Office Expenses	27,827	1,43,620
Miscellaneous Expenses	1,70,862	1,81,440
	<b>9,23,494</b>	<b>10,17,037</b>
<b>OTHER EXPENSES</b>		
Bank Charges	15,788	9,919
<b>Total</b>	<b>18,23,254</b>	<b>10,77,197</b>
<b>Note 23.1: Break-up of Payment to Auditors :</b>		
(Amount in Rupees)		
<b>Particulars</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
Audit Fees	75,000	50,000
<b>Total</b>	<b>75,000</b>	<b>50,000</b>

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<b>NOTE 24 :</b>		
<b>EARNINGS PER SHARE</b>		
<b>(Amount in Rupees)</b>		
<b>PARTICULARS</b>	<b>For the Year ended 31.03.2021</b>	<b>For the Period ended 31.03.2020</b>
<b>Basic Earnings Per Share</b>		
Profit/(Loss) for the Year/Period	4,23,172	(18,94,942)
Weighted average number of Equity Shares (Nos.)	10,000	10,000
Basic Earnings Per Share of Rs.10/- each	42	(189)
<b>Diluted Earnings Per Share</b>		
Amount available for calculation of Diluted EPS	4,23,172	(18,94,942)
Weighted average number of Equity Shares (Nos.)	10,000	10,000
Add : Potential number of Equity Shares (Nos.)	-	-
No. of shares used for calculation of Diluted EPS (Nos.)	10,000	10,000
Diluted Earnings Per Share of Rs.10/- each	42	(189)

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<b>NOTE 25 : CONTINGENT LIABILITIES</b>			
<b>(Amount in Rupees)</b>			
<b>Particulars</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>	
<b>Contingent liabilities (to the extent not provided for)</b>			
Guarantees	4,09,750	4,09,750	
<b>NOTE 26 : RELATED PARTY DISCLOSURE</b>			
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 periods, are as detail below:			
<b>(a) List of Related Parties :</b>			
(As certified by the Management)			
<b>I. Holding Company</b>			
Paras Defence & Space Technologies Limited			
<b>II. Key Management Personnel &amp; their Relative</b>			
Munjal Sharad Shah			
Amit Navin Mahajan			
Shilpa Amit Mahajan			
Swati Sinha (w.e.f. 9th October 2020)			
Pankaj Akula (w.e.f. 1st February 2021)			
<b>(b) Related Party Transactions</b>			
<b>(Amount in Rupees)</b>			
<b>Nature of Transactions</b>	<b>Name of the Related Parties</b>	<b>2020-2021</b>	<b>2019-2020</b>
<b>Transactions with Holding Company:</b>			
Equity shares issued	} Paros Defence and Space Technologies Ltd.	-	1,00,000
Loans Taken		2,31,012	2,83,026
Loans Repaid		2,47,113	2,83,026
Lease Rent Expenses		1,50,000	-
Interest Expense		9,177	16,101
<b>Transactions with other Related Parties:</b>			
Loans Taken from Director	} Munjal Sharad Shah Swati Sinha Pankaj Akula	85,65,000	27,40,000
Loans Repaid to Director		56,00,000	-
Salary Paid to Relatives		1,50,000	-
Salary Paid to Key Management Personnel		3,00,000	-
<b>(Amount in Rupees)</b>			
<b>Name of the Related Parties</b>	<b>As at 31st March, 2021</b>	<b>As at 31st March, 2020</b>	
<b>Balances with Holding Company</b>			
<b>Interest Accrued but not due on Borrowings</b>			
Paras Defence & Space Technologies Limited	-	16,101	
<b>Balance with other Related Parties:</b>			
<b>Current-Borrowings - Loan from director</b>			
Munjal Sharad Shah	57,05,000	27,40,000	
<b>Salary Payable Key Management Personnel &amp; their relative</b>			
Swati Sinha	75,000	-	
Pankaj Akula	1,50,000	-	

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**NOTE 27: FAIR VALUE**

**FAIR VALUE :-**The carrying amounts of cash at bank, trade receivables, borrowings and other payables approximate their fair values and are carried at amortized cost.

(Amount in Rupees)

Particulars	As at 31-03-2021		As at 31-03-2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Trade Receivable	22,32,880	22,32,880	-	-
Cash & Cash equivalents	4,61,995	4,61,995	2,72,433	2,72,433
Bank Balance other than Cash and Cash Equivalents	4,36,650	4,36,650	-	-
Other Financial Assets	793	793	4,10,949	4,10,949
<b>Total</b>	<b>31,32,318</b>	<b>31,32,318</b>	<b>6,83,382</b>	<b>6,83,382</b>
<b>Financial Liabilities</b>				
Lease Liabilities	12,14,605	12,14,605	-	-
Short Term Borrowings	57,05,000	57,05,000	27,40,000	27,40,000
Other Financial Liabilities	3,67,334	3,67,334	2,28,009	2,28,009
<b>Total</b>	<b>72,86,939</b>	<b>72,86,939</b>	<b>29,68,009</b>	<b>29,68,009</b>

**NOTE 28 : FINANCIAL RISK MANAGEMENT**

The company is exposed to credit risk, market risk and liquidity risk

**(a) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise foreign currency 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. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities. The Company transacts business primarily in USD and Euro. The Company has no foreign currency trade payables as at 31st March, 2021 and is therefore, not exposed to foreign currency exchange risk. The Company regularly reviews and evaluates exchange rate exposure arising from foreign currency transactions.

**(b) Credit Risk**

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and ageing of financial assets. Individual risk limits are periodically reviewed on the basis of such information.

Cash and cash equivalents and deposits: Balances and deposits with banks are subject to low credit risks due to good credit ratings assigned to the banks.

**(c) Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of short term borrowing, trade payable and other financial liabilities. Short term borrowings is from director, hence it is not exposed to significant liquidity risk

**Liquidity Risk Management**

As Company does not have any long term borrowings hence it is not exposed to significant liquidity risk.

The table below illustrates the aging analysis of the company's financial liabilities.

**31st March, 2021**

(Amount in Rupees)

Particulars	On demand	Up to 1 year	More than 1 year	Total
<b>Liabilities</b>				
Lease Liabilities	-	6,21,811	5,92,794	12,14,605
Short Term Borrowings	57,05,000	-	-	57,05,000
Other Financial Liabilities	-	3,67,334	-	3,67,334
<b>Total</b>	<b>57,05,000</b>	<b>9,89,145</b>	<b>5,92,794</b>	<b>72,86,939</b>

**31st March, 2020**

(Amount in Rupees)

Particulars	On demand	Up to 1 year	More than 1 year	Total
<b>Liabilities</b>				
Short Term Borrowings	27,40,000	-	-	27,40,000
Other Financial Liabilities	-	2,28,009	-	2,28,009
<b>Total</b>	<b>27,40,000</b>	<b>2,28,009</b>	<b>-</b>	<b>29,68,009</b>

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**NOTE 29 : CAPITAL RISK MANAGEMENT**

For the purpose of the Company capital management, capital includes issued capital and other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the business. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The company includes within net debt, borrowings less cash and cash equivalents. The capital structure of the company consist of equity share capital, other equity and net debt.

Gearing Ratio

The gearing ratio at the period end was as follows :

(Amount in Rupees)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Debt	57,05,000	27,40,000
Less: Cash and cash equivalent	4,61,995	2,72,433
Less: Other Bank Balances	4,36,650	-
Less: Non current Bank Deposits	-	4,10,000
<b>Net Debt</b>	<b>48,06,355</b>	<b>20,57,567</b>
Total Equity	(13,71,770)	(17,94,942)
<b>Total Capital (Equity + Net Debts)</b>	<b>34,34,585</b>	<b>2,62,625</b>
<b>Gearing Ratio</b>	<b>140%</b>	<b>783%</b>

**NOTE : 30 SEGMENT**

The Company is predominantly in the business of providing solution to Aerospace and Allied Industries and as such there are no separate reportable segments. The Company's operations are currently in India.

30.1 Revenue from operations includes Rs. 75,04,924 (Previous Year Rs. Nil) from 3 customers (Previous Year: Nil) having more than 10% of the total revenue.

**NOTE : 31**

The Management and Authorities have power to amend the financial statements in accordance with the section 130 and 131 of the Act.

**NOTE : 32**

Previous year's figures have been regrouped / rearranged wherever necessary, to make them comparable with those of current period.

**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**

Sd/-

Sd/-

Sd/-

**R. KORIA**

Partner

Membership No. 35629

**MUNJAL SHAH**

Director

DIN: 01080863

**AMIT MAHAJAN**

Director

DIN: 01087400

**Place: Mumbai**

**Date: 5th July, 2021**