



PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

Corporate & Registered Address

D/112, TTC Indt. Area, Nerul, Navi Mumbai- 400706, India | Tel.: +91-22-2762 9900 / 2762 9999, Fax : +91-22-2762 9990
CIN # U29253MH2009PLC193352 | E-mail : business@parasdefence.com | Web : www.parasdefence.com

NOTICE OF 09th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 09TH ANNUAL GENERAL MEETING OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED WILL BE HELD ON SHORTER NOTICE FRIDAY, 28TH DAY OF SEPTEMBER, 2018 AT 11:00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT D-112, TTC INDUSTRIAL AREA, MIDC, NERUL, NAVI MUMBAI - 400706, TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements and Consolidated Financial Statements of the Company for the year ended as on 31st March, 2018 and report of Board of Directors and Auditors thereon;
2. To re-appoint a Director in place of Mr. Munjal Sharad Shah (Din: 01080863) who retires by rotation and being eligible, offer himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai (Firm Reg No.: 101720W) be and is hereby appointed as Statutory Auditor of the Company in place of M/s. Nitin Maru & Associates, (Firm Registration No.: 114022W), Chartered Accountants, Mumbai to hold office from the conclusion of this Annual General Meeting until the conclusion of 13th Annual General Meeting to be held for the financial year 2022-2023 at such remuneration plus GST as applicable and reimbursement of out of pocket expenses in connection with the audit as the Board of Directors may fix in this behalf from time to time.”

“RESOLVED FURTHER THAT Directors of the Company be and are hereby severally authorized to file necessary e-forms with the Registrar of Companies and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

SPECIAL BUSINESS:

4. APPOINTMENT OF MRS. SHILPA MAHAJAN AS WHOLE TIME DIRECTOR OF THE COMPANY:

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

“RESOLVED THAT pursuant to the provisions of Sections 152,196,197,198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mrs. Shilpa Mahajan (DIN: 01087912) who was appointed as an Additional Director by the Board of Directors of the Company with effect from 25th June, 2018 and who holds office as such up to the date of ensuing Annual General Meeting be and is hereby appointed as a Whole Time Director of the Company for a period of five years from 28th September, 2018 to any amendments thereto or any re-enactment thereof as may be agreed by the Board of Directors on such remuneration, terms and conditions :

- a. Tenure: The appointment of Mrs. Shilpa Mahajan as the Whole-time Director shall be for a period of 5 years from 28th September, 2018 with liberty to either party to terminate the appointment on notice in writing to the other .
- b. Remuneration: The salary of Mrs. Shilpa Mahajan shall be Rs.1,00,000/- (inclusive of perquisites) per month with authority to the Board of Directors to increase the Salary.
- c. Overall Remuneration: The aggregate of salary, perquisites and allowances as aforesaid in any one financial year shall not exceed the limits prescribed under Section 197,198 and other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act for the time being in force.
- d. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the tenure of services of the Whole-time Director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto.”

5. CHANGE IN DESIGNATION OF MR. SHARAD VIRJI SHAH FROM EXECUTIVE DIRECTOR TO CHAIRMAN CUM NON-EXECUTIVE DIRECTOR OF THE COMPANY:

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, consent of the Company be and is hereby

accorded for the change of designation of Mr. Sharad Virji Shah(DIN: 00622001) from Executive Director to Chairman cum Non-Executive Director of the Company .

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto.”

6. APPOINTMENT OF MR. MUNJAL SHARAD SHAH AS MANAGING DIRECTOR:

To consider ad if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 196,197,198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, consent of the Company be and is hereby accorded to appoint Mr. Munjal Sharad Shah (DIN:01080863) as Managing Director for a period of five years from 28th September, 2018 to any amendments thereto or any re-enactment thereof as may be agreed by the Board of Directors on such remuneration, terms and conditions :

- a. Tenure: The appointment of Mr. Munjal Sharad Shah (DIN:01080863) as the Managing Director shall be for a period of 5 years from 28th September, 2018 with liberty to either party to terminate the appointment on notice in writing to the other .
- b. Remuneration: The salary of Mr. Munjal Sharad Shah shall be Rs.5,00,000/- (inclusive of perquisites) per month with authority to the Board of Directors to increase the Salary.
- c. Overall Remuneration: The aggregate of salary, perquisites and allowances in any one financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013, read with Schedule V to the said Act for the time being in force.
- d. Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year during the tenure of services of the Managing Director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto.”

7. APPOINTMENT OF MRS. AMI MUNJAL SHAH (DIRECTORS RELATIVE) ON OFFICE OF PLACE OF PROFIT:

To consider ad if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to Section 188(1) and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules made thereunder and (any amendment or reenactment thereto), the consent of the members be and is hereby accorded for holding an office or

place of profit/employment in the Company by Mrs. Ami Munjal Shah, wife of Mr. Munjal Shah Director of the company on total remuneration of Rs. 2,50,000/- (Rupees Two Lacs Fifty Thousand Only) p.m.

“RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mrs. Ami Munjal Shah, including her remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard.”

8. APPOINTMENT OF MR. AMIT MAHAJAN (DIRECTORS RELATIVE) ON OFFICE OF PLACE OF PROFIT:

To consider ad if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 188(1) and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules made thereunder and (any amendment or reenactment thereto), the consent of the members be and is hereby accorded for holding an office or place of profit/employment in the Company by Mr. Amit Mahajan, husband of Mrs. Shilpa Mahajan Director of the company on total remuneration of Rs. 1,00,000/- (Rupees One Lacs Only) p.m.

“RESOLVED FURTHER THAT the Directors of the Company be and are hereby severally authorised to review and determine from time to time, the term of holding of the said office or place of profit/employment of Mr. Amit Mahajan, including his remuneration at its discretion, and to do all such necessary acts, deeds, matters and things as are required to be done in this regard.”

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



**SHARAD SHAH
DIRECTOR
DIN: 00622001**

**DATE: 25th September, 2018
PLACE: NAVI MUMBAI**

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member.
2. Proxies to be effective must be received by the company not less than 48 hours before the meeting. A proxy form for the AGM is enclosed.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. Members, proxies, authorised representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting
5. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special business and certain ordinary businesses to be transacted at the Annual General Meeting is annexed hereto.
6. All documents referred in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of Annual General Meeting.
7. The route map showing the direction to reach the venue of the Annual General Meeting is annexed at the last page.

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

ITEM NO 3:

APPOINTMENT OF M/S CHATURVEDI & SHAH, CHARTERED ACCOUNTANTS (FIRM REG. NO.101720W) AS STATUTORY AUDITORS OF THE COMPANY:

M/s. Nitin Maru & Associates, (Firm Registration No.: 114022W), Chartered Accountants, Mumbai have expressed their unwillingness to continue as the Statutory Auditors of the Company due to pre-occupation in others matters. The vacancy caused by their relinquishment can be only filled by the members in the General Meeting. Board of Directors propose to appoint M/s. Chaturvedi & Shah, Chartered Accountants to fill up the casual vacancy.

M/s. Chaturvedi & Shah, Chartered Accountants have conveyed their consent to be appointed as the Statutory Auditors of the Company along with the confirmation that their appointment, if made by the member shall be within the limits prescribed under Companies Act, 2013.

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

None of the Directors, KMPs, or their relatives are interested or concerned, financially or otherwise, in the resolution set out at item no. 3.

ITEM NO 4:

APPOINTMENT OF MRS. SHILPA MAHAJAN AS WHOLE TIME DIRECTOR OF THE COMPANY:

Mrs. Shilpa Mahajan (DIN: 01087912) was appointed as an Additional Director by the Board of Directors of the Company with effect from 25th June, 2018 in accordance with the provision of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 the above Director holds office as such up to the date of this Annual General Meeting but is eligible for appointment as Director of the Company. Requisite consent, pursuant to Section 152 of the Act, has been filed by her to act as Whole Time Director, if appointed.

The Board of Directors at its meeting held on 25th September, 2018 has appointed Mrs. Shilpa Mahajan as Whole Time Director of the company's w.e.f. 28th September, 2018 for a period of five years on total remuneration of Rs. 100000/- p.m. and subject to approval by the members. The other details are enclosed as Annexure A

The remuneration and other terms and conditions of Mrs. Shilpa Mahajan's appointment as Whole time Director as set out in the resolution is subject to your approval of members.

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

Except for Mrs. Shilpa Mahajan herself and Mr. Amit Mahajan being relative of Mrs. Shilpa Mahajan, none of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this resolution set out at Item no.4

ITEM NO.5:

CHANGE IN DESIGNATION OF MR. SHARAD VIRJI SHAH FROM EXECUTIVE DIRECTOR TO CHAIRMAN CUM NON-EXECUTIVE DIRECTOR OF THE COMPANY:

Mr. Sharad Virji Shah was appointed as Executive Director of the Company with effect from 16th June, 2009. It is proposed to change his designation to Chairman cum Non-Executive Director of the Company.

Since all the members of Board of Directors were interested in the matter uninterested quorum could not be formed in Board Meeting dated 25th September, 2018. The Board of Directors therefore proposed the matter to placed before the shareholders for their approval.

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

Except for Mr. Sharad Virji Shah himself Mr. Munjal Sharad Shah, Mrs Niranjana Shah, Mrs Ami Shah, Mr. Kaajal Bhansali and Mr. Harsh Bhansali being relative of Mr. Sharad Shah none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no.5

ITEM NO.6:

APPOINTMENT OF MR. MUNJAL SHARAD SHAH AS MANAGING DIRECTOR:

Mr. Munjal Sharad Shah was appointed as Executive Director of the Company with effect from 16th June,2009. It is proposed to appoint him as Managing Director of the Company.

According to Section 196 of the Companies Act, 2013, Managing Director is to be appointed by the Members of the Company for a term not exceeding five years. The Board of Directors have, subject to the approval of the shareholders, appointed Mr. Munjal Sharad Shah as Managing Director of the Company with effect from 28th September,2018 for a period of 5 years on the remuneration, terms and conditions as decided by the Board. The other details are enclosed as Annexure A

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

Except for Mr. Munjal Sharad Shah himself Mr. Sharad Virji Shah, Mrs Niranjana Shah, Mrs Ami Shah, Mrs. Kaajal Bhansali being a relative of the Director none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no.6

ITEM NO.7:

APPOINTMENT OF MRS. AMI MUNJAL SHAH (DIRECTORS RELATIVE) ON OFFICE ON PLACE OF PROFIT :

Mrs. Ami Munjal Shah is a related party within the definition of Section 2(76) of the Companies Act 2013 ("the Act"). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the Company, requires approval by way of members approval. Hence; approval of members is sought for his appointment in and payment of remuneration to him by the s company as proposed in the resolution under this item of business.

The information as required in accordance with Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014, as well as pursuant to Sec. 102 of the Act is as under:

- (a) Name of the related party: Mrs. Ami Munjal Shah;
- (b) Name of the Director or Key Managerial Personnel who is related: Mr. Munjal Sharad Shah, Director
- (c) Nature of relationship: Mrs. Ami Munjal Shah is wife of Mr. Munjal Shah Director of the Company. Mrs. Ami Munjal Shah herself holds 6,72,442 equity shares in the company, constituting 12.05 % of the paid-up equity share capital of the Company.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement: Mrs Ami Munjal Shah is paid Rs. 2500000/ p.m.

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

Except for Mrs. Ami Munjal Shah herself and Mr. Munjal Sharad Shah being relative of Mrs. Ami Munjal Shah none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no.7

ITEM NO.8:

APPOINTMENT OF MR. AMIT MAHAJAN (DIRECTORS RELATIVE) ON OFFICE ON PLACE OF PROFIT:

Mr. Amit Mahajan is a related party within the definition of Section 2(76) of the Companies Act 2013 ("the Act"). Pursuant to the provisions of Section 188 of the Act, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, appointment of any related party to any office or place of profit in the Company, requires approval by way of members approval. Hence; approval of members is sought for his appointment in and payment of remuneration to him by the s company as proposed in the resolution under this item of business.

The information as required in accordance with Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014, as well as pursuant to Sec. 102 of the Act is as under:

- (a) Name of the related party: Mr. Amit Mahajan;
- (b) Name of the Director or Key Managerial Personnel who is related: Mrs. Shilpa Mahajan, Director
- (c) Nature of relationship: Mr. Amit Mahajan is husband of Mrs. Shilpa Mahajan Director of the Company. Mr. Amit Mahajan himself holds 152449 equity shares in the company, constituting 2.73 % of the paid-up equity share capital of the Company.
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement: Mr. Amit Mahajan is paid Rs. 100000/ p.m.

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

Except for Mr. Amit Mahajan himself and Mrs. Shilpa Mahajan being relative of Mr. Amit Mahajan none of the other Directors and Key Managerial Personnel of the Company, or their relatives, are interested in this resolution set out at Item no.8

ANNEXURE A

Additional information on the Director being appointed, as required Secretarial Standard 2 issued by the Institute of Company Secretaries of India

Name of Director	Mr. Munjal Sharad Shah	Mrs. Shilpa Mahajan
Category	Managing Director	Whole time Director
DIN	01080863	01087912
Age	41 Years	38 Years
Qualification	Bachelors Degree from USA	Design engineer
Date of First Appointment on the Board	16 th June,2009	25 th June,2018
Brief resume including experience	Please refer profile of Directors	Please refer profile of Directors
Other Directorship	Holland Shielding Systems (India) Private Limited	NA
Chairmanship/Membership of Committees in companies in which position of Director is held	NA	NA
Relationship with other Directors, Managers and other Key Managerial Personnel of the Company	Mr Munjal Shah is son of Mr Sharad Shah , Chairman of the Company	NA
No. of equity shares held in the Company	681460 equity shares	152449 equity shares
No. of board meetings attended during the year	10	NA
Terms and conditions of appointment or re-appointment	Terms and conditions are appended in the resolution stated in the notice	Terms and conditions are appended in the resolution stated in the notice
Remuneration last drawn as Director of the Company	18,00,000/- p.a.	NA

FORM MGT - 11

PROXY FORM

[Pursuant to section 105(6) of the companies Act, 2013 and rule 19(3) of the companies
(Management and Administration) Rules, 2014]

CIN: U29253MH2009PLC193352

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

D-112, TTC Industrial Area, MIDC, Nerul,

Navi Mumbai, Mumbai City-400706, Maharashtra, India

Name of the member (s):

Registered Address:

E-mail Id:

Folio No/ client Id:

DP ID:

I/We, being the member (s) of _____ shares of the above named Company , hereby
Appoint

1. Name: _____
Address: _____
Email-Id: _____
Signature:....., or falling him

2. Name: _____
Address: _____
Email-Id: _____
Signature:....., or falling him

3. Name: _____
Address: _____
Email-Id: _____
Signature:....., or falling him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the _____
General Meeting of the Company held on ____ day of _____ At _____ A.M/P.M. the
registered office of the Company situated at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai,
Mumbai City-400706, Maharashtra, India and at any adjournment thereof in respect of such resolutions
are indicated below:

Resolution No.

1.....

2.....

3.....

4.....

5.....

Signed this.....day of.....20.....

Affix
Revenue
stamp

Signature of Shareholder

Signature of proxy holder(s)

ATTENDANCE SLIP

Please fill the Attendance Slip and hand it over at the entrance of the Meeting hall.

Folio No.

Name & Address of Shareholder:

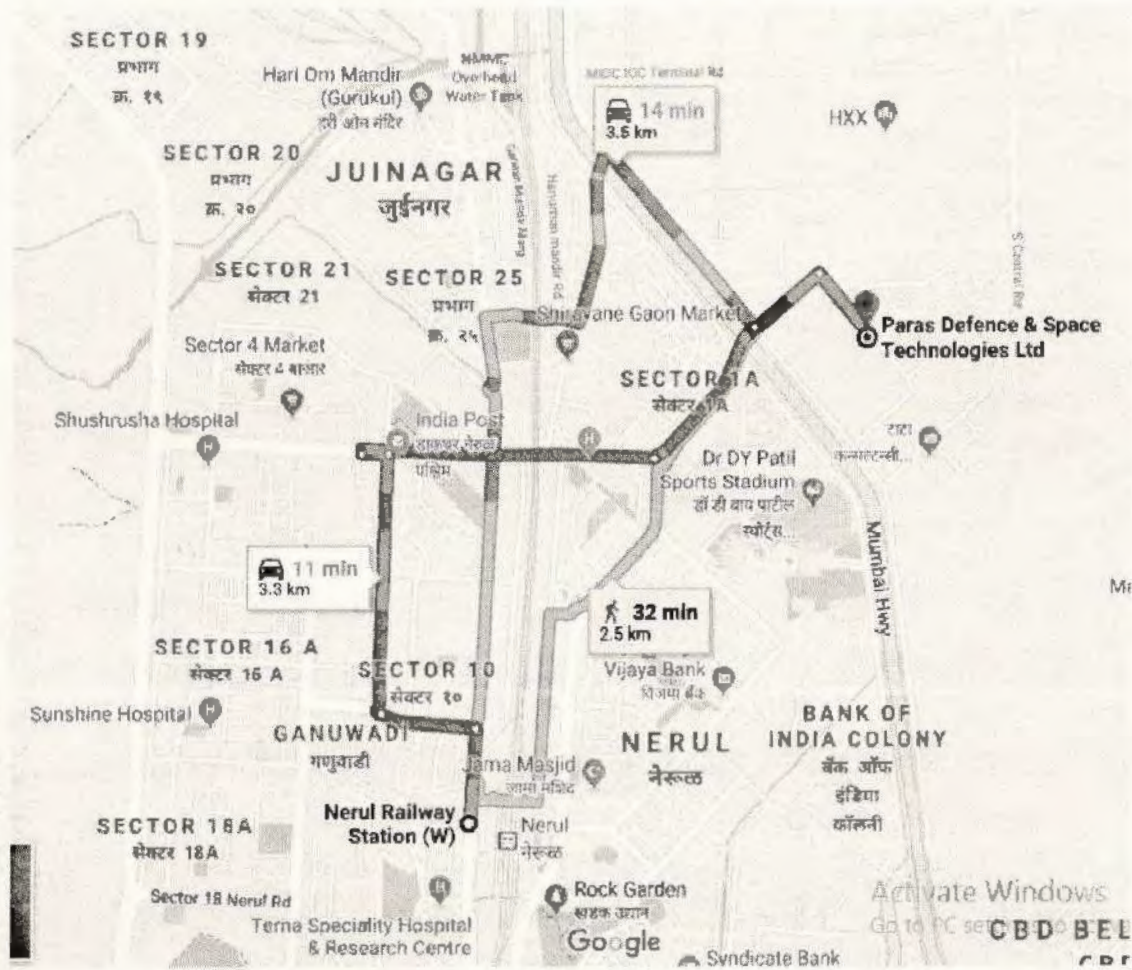
No. of Shares held:

I hereby record my presence at the Annual General Meeting of the Company on ____day,
_____, 2018 at _____ A.M./P.M. at the registered office of the company situated at D-
112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai, Mumbai City-400706, Maharashtra, India.

Signature of the Shareholder/Proxy

ROUTE MAP FOR VENUE:

D-112, TTC INDUSTRIAL AREA, MIDC, NERUL, NAVI MUMBAI - 400706



Board of Directors

Mr. Sharad V. Shah Founder & Chairman



Mr Sharad Shah is the Founder of Paras Defence and Space Technologies Limited, formerly known as Paras Engineering Co., which he started in 1971.

Having a background of precision engineering and manufacturing, he revolutionised critical engineering in India. His passion for Indigenisation & Import Substitution made him as one stop solution for all Critical Components & Assemblies. His on-time delivery with exceptional quality earned him wide and loyal customer base and included Atomic Energy, Ship Builders, Ordnance Factory, DRDO, Defence PSU's, Nuclear Power Corp, etc.

Because of his dynamic nature, he was invited & given the 1st right of refusal for any challenging work that was there with the customer. In the 1980's he bought India's most prestigious Tool Room for manufacturing Ultra Precision Parts with very high accuracies & catered to mostly all the Defence Companies of India then.

A hands-On Engineer, Mr. Sharad Shah has been instrumental in mentoring one of the successful brains in the industry and enjoys immense goodwill and respect across the various generations in the field.

Mr. Munjal Shah joined him in the year 1998, which flourished his work and gave his business the well deserved scalability.

Mr. Munjal S. Shah
Managing Director



Mr. Munjal Sharad Shah, started his career at a very young age of 20, After studying in USA, he returned back to India to join his family business, which then was a small-scale industry.

With his exceptional capability in the area of business development, he propelled the company from a small-scale engineering company into an organisation with diversified offerings such as Flow Forming of Motor Tubes for Rocket & Missile Programs, Special Purpose Machines & Equipment's, Turnkey Mechanical Units for Liquid Cooling System for all New Generation Military Radar Programs, Titanium Structure for Naval Ships & Submarines, etc. The organisation under his able leadership started gaining customer trust and popularity for fast turn-around and customer-friendly approach.

Mr. Munjal Shah always had a vision to excel, which always pushed him to achieve greater heights. He expanded his horizons into Optics Manufacturing for Thermal Imaging & Defence Electronics in the year 2012-13. Today Paras Defence is the only company in India for manufacturing & supply of Infrared Optics for all the Thermal Imaging System companies.

With one of the most powerful team an SME could possess, he leads a dynamic organisation which is one of its kind in the Defence Private Sector, to offer Heavy Engineering Solutions, Advance Electronics for Defence, Optics for Electro-Optics Systems & Space Cameras & IEMI & EMP Solutions, all under one roof.

Mrs. Shilpa Mahajan
Whole-Time Director



Mrs. Shilpa Mahajan is the daughter of founder & promoter of M/s Concept Shapers & Electronics Pvt Ltd. Her father late Mr. Raghunarayana Deepaparakash Mysore was one of the finest engineers of our country. Shilpa Mahajan has a Diploma in Interior Designing from one of the renowned universities in Mumbai.

After graduation she started her own business, which offered design and project execution services to renowned clients. Making her venture a successful and profitable business, she decided to join her father with an intention to scale up the business and take on the creativity baton ahead.

Having started from grass root level, she has earned her management positions through excelling in the technical and managerial assignments.

Her knowledge and passion lies in designing products and is well acquainted with design softwares.

She has handled several projects in the company as a design engineer during the start of her tenure with Concept Shapers in the year 2000. From then she has moved to various aspects of the business which includes project management, business development and various other Administration and HR activities.

She has an all round experience over the last 18 years in the company, which helps her successfully handle the complete operations of the company right from design to delivery.

BOARD'S REPORT

Dear Shareholder,

The Directors of your Company are pleased to present 09th Annual Report together with the audited Financial Statement for the financial year ended on 31st March 2018.

1. Financial Result:

Particulars	Standalone*		Consolidated*	
	For Financial Year ended 31st March, 2018	For Financial Year ended 31st March, 2017	For Financial Year ended 31st March, 2018	For Financial Year ended 31 st March, 2017
Revenue from Operations	1,45,35,03,723	47,66,51,082	1,45,35,03,723	1,12,99,51,846
Other Income	1,13,69,613	12,37,132	1,13,69,613	1,30,028,640
Less: Expenditure	1,16,63,17,609	44,75,98,208	1,16,63,17,609	1,01,47,00,438
Profit before Taxation	29,85,55,726	3,02,90,005	29,85,55,726	12,82,80,048
Provisions for Taxation	6,31,13,231	97,86,094	6,31,13,231	3,10,01,144
Adjustment for tax of previous years (net)	(6,63,921)	(72,111)	(6,63,921)	(72,111)
Deferred Tax Liability	1,24,61,604	2,75,130	1,24,61,604	62,22,924
Net Profit	22,36,44,812	2,03,00,892	22,36,44,812	8,61,74,861

Note*:As per the NCLT Order dated 07th June,2018 Mechvac India Limited and Concept Shapers And Electronics Private Limited has amalgated with Paras Defence and Space Technologies Limited. The above Schemes have been given effect to in the financial statements for the year ended March 31, 2018.

2. State of Companies Affairs/Financial Performance:

The Company has earned revenue from operation of Rs.1,45,35,03,723 during the year ended on 31st March, 2018 as against Rs. 47,66,51,082 earned during the previous year ended on 31st March, 2017. The Company's total revenue registered a growth. The Company has also earned other income of Rs. 1,13,69,613 during the year under review as against Rs. 12,37,132 earned during the previous year.

3. Dividend:

The Board of Directors of the Company has not recommended any dividend during the year under review.

4. Transfer to Reserves:

The Company has transferred an amount of Rs. 8,75,00,000 out of profits of the Company for the financial year 2017-18 to General Reserve Account. The description of reserves and surplus are given in Note No.3, forming part of financial statements.

5. Amalgamation Of Concept Shapers And Electronics Private Limited And Mechvac India Limited, With Paras Defence And Space Technologies Limited:

The Board of Directors of your Company at its meeting held on 12th January, 2018 considered and approved the scheme of amalgamation pursuant to the provisions of Sections 230 to 240 and all other applicable provisions of the Companies Act, 2013 providing for merger of its associate company named Concept Shapers and Electronics Private Limited and its subsidiary company named Mechvac India Limited, with Paras Defence and Space Technologies Limited.

Your Company has entered into this scheme of amalgamation as it will enable optimization of legal entity structure through rationalization of subsidiary and its associate company, integration of business operations leading to operational synergies and will provide your Company seamless access to the assets of the subsidiary and associate company and also result in reduction of the multiplicity of legal and regulatory compliances. The scheme of amalgamation was subject to necessary statutory and regulatory approvals under applicable laws, including approval of National Company Law Tribunal of India.

Your Company has received the said approval from National Company Law Tribunal of India on 07th June, 2018. Subsequently, the shareholders of the erstwhile Mechvac India Limited were allotted 100 equity shares fully paid up. of 10/- each of Paras Defence and Space Technologies Limited for every 784 shares of Mechvac India Limited and the shareholders of the erstwhile Concept Shapers and Electronics Private Limited were allotted 100 equity shares fully paid up. of 10/- each of Paras Defence and Space Technologies Limited for every 1535 equity shares of Concept Shapers and Electronics Private Limited. The shares pursuant to the scheme of amalgamation were allotted vide allotment dated 20th August, 2018 and the cross holdings stand cancelled.

6. Change in Capital Structure of the Company:

A. Authorized Share Capital –

During the year under review, there was no change in the authorized share capital of the Company.

However upon consummation of amalgamation with Concept Shapers and Electronics Private Limited and Mechvac India Limited with your Company the authorized share capital of the Company was increased after receipt of approval from National Company Law Tribunal of India on 07th June, 2018 from 5260000 equity shares of Rs.10 each to 352600000 Equity shares of Rs. 10 each

B. Issued and Subscribed Share Capital-

During the year under review there was no change in the issued and subscribed capital of the Company.

However pursuant to the scheme of amalgamation 572534 equity shares were allotted to the shareholders of the erstwhile Mechvac India Limited and Concept Shapers and Electronics Private Limited on 20th August, 2018.

Consequently the issued, subscribed and paid up capital has increased from 5010000 equity shares of Rs.10 each aggregating to Rs. 50100000 to 5582534 equity shares of Rs.10 each aggregating to Rs. 55825340.

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

During the year under review, the Company has not issued any equity shares with differential voting rights nor has granted any stock options or sweat equity or bonus issue. As on March 31, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company

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

The company has one wholly owned subsidiary as on 31st March 2018. There are no joint venture and Associate companies within the meaning of Section 2(6) of the Companies Act, 2013.

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

Details of companies which have become or ceased as subsidiary, associates and joint ventures, during the year under review, are as under:

Name of the Company	Relationship with the Company	Details of changes
Mechvac India Limited	Subsidiary Company	Ceased to be a Subsidiary Company <i>Note: Since the Subsidiary Company has amalgamated with your Company</i>
Concept Shapers And Electronics Private Limited	Associate Company	Ceased to be an Associate Company <i>Note: Since the Associate Company has amalgamated with your Company</i>
Holland Shielding Systems (India) Private Limited	Wholly-owned Subsidiary Company	Became wholly owned Subsidiary Company w.e.f. 12 th March, 2018

9. Consolidated Financial Statements

As per Section 129(3) of Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company, along with Holland Shielding Systems (India) Private Limited (Wholly owned Subsidiary).

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

10. Deposits

During the financial year 2017-2018, your Company has not accepted any deposits within the meaning of section 73 & 74 of the Companies Act, 2013 read together with the companies(Acceptance of Deposits) Rules, 2014.

11. Particulars of Loans, Guarantees or Investments

Particulars of loans & Investment as required under section 186 of the Companies Act 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014 are given in Note No. 12 forming part of financial statements. There is no Guarantee given during the year under review.

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

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

13. Directors:

A. Director's Retire by Rotation:

In accordance with the provisions of Section 152 Companies Act, 2013 and the Company's Articles of Association, Mr. Munjal Sharad Shah, Director retires by rotation at the forthcoming Annual General Meeting and, being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

B. Resignation of Mr. Harendra Damji Bhalla from the Directorship of the Company:

During the year under review, Mr. Harendra Damji Bhalla (DIN: 00275848) has resigned from the Directorship of the company on 30th November, 2017 due to personal reasons.

Mr. Harendra Damji Bhalla served on your board since 01st April, 2013. The Board places on record its appreciation for valuable advice and guidance given by Mr. Harendra Damji Bhalla during his tenure as Director of the Company.

During the year under review other than above mentioned resignation there was no change in the Board of Directors.

However, your Company has made following changes in the Board of Directors from end of the Financial Year to the date of report:

I. Appointment of Mr. Amit Mahajan (DIN: 01087400) as Additional Director of the Company:

In compliance with the provisions of Sections 152 and 161 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Amit Mahajan (DIN: 01087400) who was appointed as Additional Director on the Board of Directors of your Company at the Board Meeting held on 25th June, 2018 and holds office as such up to the date of ensuing Annual General Meeting.

For the upcoming Annual General Meeting Mr. Amit Mahajan has however not provided his consent for regularization/ reappointment as Director. Therefore, his term of office shall expire at the ensuing Annual General Meeting.

II. Appointment of Mrs. Shilpa Mahajan (DIN: 01087912) as Additional Director of the Company:

In compliance with the provisions of Sections 152 and 161 read with Companies (Appointment and Qualification of Directors) Rules, 2014 Mrs. Shilpa Mahajan (DIN: 01087912) who was appointed as Additional Director on the Board of Directors of your Company at the Board Meeting held on 25th June, 2018 and holds office as such up to the date of ensuing Annual General Meeting.

The Board recommended her appointment as Whole-Time Director to the Members of the Company at the ensuing Annual General Meeting. Consent for the same is received from Mrs. Shilpa Mahajan . if appointed.

III. Resignation of Mrs Ami Munjal Shah(DIN: 00930183)as the Director of the Company:

Mrs. Ami Munjal Shah(DIN: 00930183) has resigned from the Directorship of the company on 25th September, 2018 due to personal reasons.

Mrs. Ami Munjal Shah served on your board since 16th June, 2009.The Board places on record its appreciation for valuable advice and guidance given by Mrs. Ami Munjal Shah during her tenure as Director of the Company.

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

C. Independent Director:

The provisions of section 149(4) read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 of the Act for having an Independent Director on the Board of Directors does not apply to the Company. Consequently, the requirement under section 134(3)(d) of the Act with respect to furnishing a statement on declaration given by Independent Director(s)does not apply to the Company.

14. Key Managerial Personnel:

A. Appointment of Company Secretary of the Company

During the year Mrs. Nilakshi Sharma was appointed as the Company Secretary of the Company in compliance with the provisions of Section 203 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013.

However, Mrs. Nilakshi Sharma has resigned from the post of Company Secretary on 30th July,2018 due to personal reasons .Your Company has appointed Mrs. Mansi Sharma as Company Secretary of your Company w.e.f 20th August,2018 in place of Mrs. Nilakhshi Sharma .

B. Appointment of Chief Financial Officer of the Company:

In compliance with the provisions of Section 203 read with Companies (Appointment and Remuneration) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Prasantamadhab Barua was appointed as the Chief Financial Officer of your Company w.e.f 20th August, 2018.

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

The provisions of section 178 of the Act read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 stipulating having Audit Committee and Nomination & Remuneration Committee is not applicable to the Company.

16. Board Evaluation:

The provisions of section 134(3)(p) of the Act read with Rule 8(4) of the Companies (Accounts) Rules, 2014 for having formal self annual evaluation by the Board of Directors are not applicable to the Company.

17. Auditors:

a) Statutory Auditors

M/s. Nitin Maru & Associates, (Firm Registration No.: 114022W) who are the statutory Auditors of the Company and hold office upto the date of forthcoming Annual General meeting has place their unwillingness to continue as the Statutory Auditor of the Company due to pre-occupation in others matters

Your Company has accepted their relinquishment and after conducting a detail evaluation recommended the appointment of M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai (Firm Reg No.: 101720W) as Statutory Auditor of the Company for a term of 5 years from the Financial year 2018-19 on such terms and conditions and remuneration as may be decided by the Board from time to time .

Your Company has received a written confirmation from M/s. Chaturvedi & Shah, Chartered Accountants that their appointment, if made, would be in conformity with the limits specified in the said Section 141 of the Companies Act, 2013.

b) Cost Auditor:

Company is not eligible company which attracts provisions of Cost Audit and accordingly was not required to appoint Cost Auditor. However, Company has maintained cost records as per the applicable provisions of the Companies Act, 2013 or any other applicable Act.

c) Secretarial Auditors:

The company does not have paid up capital of Rs. 50 Cr. or more, or Turnover of Rs. 250 Crores or more and hence, the provisions of section 204 of Companies Act, 2013 regarding mandatory secretarial audit are not applicable to the company.

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

- a) No adverse remark and comments are given by the auditors of the Company. The Statutory Auditor has not reported any incident of fraud of the Company during the financial year 2017-2018.
- b) Provisions regarding secretarial audit are not applicable to the company and hence no report was issued for the same.

19. Extract of Annual return

Extract of Annual Return in form MGT-9 containing details as on the financial year ended 31st March 2018 as required under section 92(3) of the Companies Act ,2013 read with the Companies (Management and Administration)Rules,2014, is annexed herewith as Annexure II Which forms part of this report.

20. Corporate Social Responsibility Committee:

The provisions of section 135 of the Act and rules made thereunder requiring having Corporate Social Responsibility Committee is applicable to the Company for Financial year 2018-19 as the Net Profit for the financial year under review is exceeding Rs. 5,00,00,000.

The Board of Directors, in compliance of the Companies Act, 2013 and rules made thereunder, constituted Corporate Social Responsibility (CSR) Committee at their meeting held on 20th August, 2018. The CSR Policy is yet to be developed.

Your Company constituted Corporate Social Responsibility Committee with following members:

1. Mr. Munjal Shah
2. Mrs. Shilpa Amit Mahajan

Brief Terms of reference of Corporate Social Responsibility Committee:

- a) Formulation and recommendation to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013.
- b) Recommendation of the amount of expenditure to be incurred on the CSR activities and monitoring the same.
- c) Monitoring the Corporate Social Responsibility Policy of the company from time to time.

21. Vigil Mechanism:

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

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

22. Risk Management Policy:

In line with regulatory requirements, the Company has framed risk management policy to identify and access with the regulatory risk areas and a risk mitigation process. A detailed exercise is being carried out at regular interval to identify, evaluate, manage and monitor all business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined frame work.

23. Disclosure under the Sexual Harassment of women at a Workplace (Prevention, Prohibition and Redressal), Act 2013:

The Company is committed to provide a healthy environment to all the employees and thus does not tolerate any sexual harassment at workplace. The Company has in place, "Policy on prevention, Prohibition and Redressal of Sexual Harassment." The policy aims to provide protection to employees at the workplace and preventing and redressing complaints of sexual harassment and it covers matters connected or incidental thereto. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review the Company has not received any complaint of sexual harassment

24. Compliance with Secretarial Standards:

The Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India.

25. Change in Nature of business:

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

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

The following order has been passed by National Company Law Tribunal, Mumbai Bench:

Order Number CSP 1503 OF 2018 dated 07th June, 2018:

The Scheme of Amalgamation between Mechvac India Limited, Concept Shapers And Electronics Private Limited, Paras Defence and Space Technologies Limited and their respective Shareholders was approved by National Company Law Tribunal vide order dated 07th June, 2018. The amalgamation of the entities will help ensure that the business will be more efficient and cost effective. The business activities of the amalgamated entities were similar and complimentary to each other and hence the company's operation in future will include the business activities of the amalgamated entities as well.

27. Meetings of the Board:

The Board met 10 times in the financial year (2017-18). The maximum interval between any two meeting did not exceed 120 days :

Sr. No.	Date of Board Meeting	Place of Meeting	No of Directors associated as on the date of the Board Meeting	No of Directors attended Board Meeting
1	23 rd May,2017	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Four	Four
2	05 th September,2017	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Four	Four
3	21 st November,2017	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Four	Four
4	01 st December,2017	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three

5	12 th January,2018	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three
6	19 th February,2018	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three
7	28 th February,2018	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three
8	03 rd March,2018	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three
9	05 th March,2018	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three
10	23 rd March,2018	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Three	Three

28. General Meeting:

During the year under review 1 Extra Ordinary General Meeting and 1 Annual General Meeting were held:

Sr. No.	Date of Meeting	Place of Meeting	No of Members associated as on the date of the Meeting	No of Members attended the Meeting
1	23 rd May,2017 (Extra ordinary General Meeting)	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Seven	Seven
2	30 th September,2017 (Annual General Meeting)	Plot No. M-6 Addl. Midc Ambarnath (E), Thane - 421506	Seven	Seven

29. Particulars of contracts or arrangements with related parties:

All transactions entered with related parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. There were no materially significant related party

transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

The Disclosures as required under Accounting Standard – 18 (AS-18) "Related Party Disclosures" notified under Rule 7 of the Companies (Accounts) Rules, 2014 have been provided in Note No.36 of the Notes forming part of the Financial Statements

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

Your Company has made below mentioned material changes between the end of the Financial Year of the Company to which the Financial Statements relate and to the date of Report:

1. Amalgamation:

Pursuant to Scheme of amalgamation of Mechvac India Limited(Subsidiary Company) and Concept Shapers & Electronics Pvt Ltd (Associate Company) got amalgamated with Paras Defence & Space Technologies Limited. The Scheme of amalgamation was approved by National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated June, 07th 2018.

2. Increase in Authorized Capital of the Company:

Consequent to order dated June, 7 2018 of National Company Law Tribunal, Mumbai Bench (NCLT) under the Scheme of amalgamation of Concept Shapers and Electronics Private Limited and Mechvac India Limited with your Company the authorized share capital of the Company was increased from 5260000 equity shares of Rs.10 each to 352600000 Equity shares of Rs. 10 each.

3. Increase in Issued, Subscribed and Paid-up Capital of the Company:

Pursuant to the scheme of amalgamation 572534 equity shares were allotted to the shareholders of the erstwhile Mechvac India Limited and Concept Shapers and Electronics Private Limited on 20th August, 2018.

Consequently the issued, subscribed and paid up capital has increased from 5010000 equity shares of Rs.10 each aggregating to Rs. 50100000 to 5582534 equity shares of Rs.10 each aggregating to Rs. 55825340.

4. Shifting of Registered Office of the Company:

The Registered Office of the Company was shifted from Plot No. M-6 Addl. Midc Ambarnath (E), Thane – 421506 to D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai, Mumbai City -400706, Maharashtra, India w.e.f. 02nd July, 2018.

5. Issue and Allotment of 0% Compulsorily Convertible Debentures:

a. Allotment of 2,20,000(Two Lacs Twenty Thousand) 0% Compulsorily Convertible Debentures:

The Company allotted 2,20,000(Two Lacs Twenty Thousand) 0% Compulsorily Convertible Debentures of Rs. 100/- each aggregating to Rs. 2,20,00,000 vide allotment dated 18th May,2018.

b. Allotment of 5,10,000(Five Lacs Ten Thousand) Series B 0% Compulsorily Convertible Debentures:

The Company allotted 5,10,000(Five Lacs Ten Thousand) series B 0% Compulsorily Convertible Debenture of Rs. 100/- each aggregating to Rs. 5,10,00,000 issued at par vide allotment dated 15th June,2018.

c. Allotment of 2,70,000(Two Lacs Seventy Thousand) Series C 0% Compulsorily Convertible Debentures:

The Company allotted 2,70,000(Two Lacs Seventy Thousand) Series C 0% Compulsorily Convertible Debenture of Rs. 100/- each aggregating to Rs. 2,70,00,000 issued at par vide allotment dated 13th July,2018.

31. Internal Financial control:

The Company has in place adequate internal financial controls with reference to the Financial Statements. The Board reviews the internal control systems, the adequacy of internal audit function and significant internal audit findings with the management, Internal Auditors and Statutory Auditors.

32. Directors' Responsibility Statement:

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

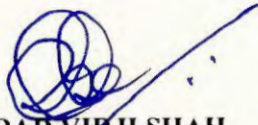
- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2018 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. Appreciation and Acknowledgement:

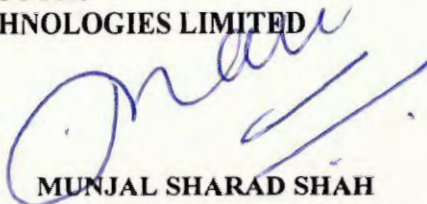
Your Directors would like to express their appreciation for the assistance and co-operation received from the Banks, customers, business associates and members during the year under review. Your

Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, employees, staff and workers of the Company.

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



SHARAD VIRJI SHAH
Director
DIN: 00622001



MUNJAL SHARAD SHAH
Director
DIN: 01080863

**Place: Navi Mumbai
Date: 25-09-2018**

Annexure I

Conservation of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo

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

	Particulars	Remarks
1.	Conservation of energy	
A	The steps taken or impact on Conservation of Energy	Your Company took many initiatives to reduce the electricity consumption through productivity increase. Your Company has focused on productivity so that unit consumption per unit is reduced
i.	Process Optimization and automation	
ii.	Optimization of Electrical Equipment	
iii.	Lighting	
iv.	Other key initiative for energy conservation	
B.	The steps taken by the Company for utilizing alternate source of energy	
C.	The capital investment on energy conservation equipment	
2.	Technology Absorption	
a.	The efforts made by the Company towards technology absorption	The Company has no activity relating to technology absorption. The Company has not imported technology during the year under review .
b.	The benefits derived like product improvement, cost reduction, product development or import substitution	
c	In case of imported technology(imported during the last three years reckoned from the beginning of the Financial Year)	
d.	The expenditure incurred on Research and Development	

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

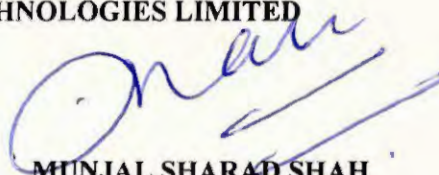
Amount in Rs.

Particulars	2017-18	2016 - 17
Foreign Exchange Earnings in terms of actual inflows	66,89,67,402	1,99,02,791
Foreign Exchange Outgo in terms of actual outflows	2,21,00,013	18,06,023

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



SHARAD VIRJI SHAH
Director
DIN: 00622001



MUNJAL SHARAD SHAH
Director
DIN: 01080863

Place: Navi Mumbai
Date: 25-09-2018

Annexure II

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U29253MH2009PLC193352
2.	Registration Date	16/06/2009
3.	Name of the Company	Paras Defence and Space Technologies Limited
4.	Category/sub-category of the Company	Company Limited by Shares/Non Govt. Company
5.	Address of the Registered Office and contact details	D-112, TTC Industrial Area, MIDC, Nerul Navi Mumbai Mumbai City -400706, Maharashtra, India Email: harsh@parasdefence.com Telephone No.: 022-2672 9999 PAN: AAFCP1825J
6.	Whether Listed Company	No
7.	Name, address and contact details of Registrar and Transfer Agent	Not applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Engineering and technological products, ferrous & non ferrous metals etc.	2599	24.41
2	Manufacture of Electronic & Mechanical Items such as Cabinets, Controlling Systems, Console	2610	50.97
3	Manufactures of optical components involving machinery, mechanical process & high precision jobs.	2670	24.62

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. N O	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% of shares held	Applicable Section
1	Holland Shielding Systems (India) Private Limited Address: 2nd Floor, Plot no. D-112, TTC Industrial Area, Nerul (E), Navi Mumbai City - 400706, Maharashtra, India	U74999MH2018PTC306329	Wholly owned Subsidiary Company	100	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF		50,10,000	50,10,000	100		43,37,554	43,37,554	77.70	(22.30)
b) Central Govt	-	-	-	--	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other..	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,10,000	50,10,000	100		43,37,554	43,37,554	77.70	(22.30)
(2) Foreign	--		-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Dem at	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	1,91,327	1,91,327	3.43	3.43
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	92	92	0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	10,53,562	10,53,562	18.87	18.87
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):- Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	12,44,981	12,44,981	22.30	22.30
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,10,000	50,10,000	100	-	55,82,534	55,82,534	100	0.00

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Mr. Sharad Shah	36,56,094	72.98	-	3,65,6094	65.49	-	(7.49)
2	Mr. Munjal Shah	6,81,460	13.60	-	6,81,460	12.21	-	(1.39)
3	Mrs. Ami Shah	6,72,442	13.42	-	-	-	-	(13.42)
4	Mrs. Niranjana Shah	1	0.00001	-	-	-	-	(0.00001)
5	Mr. Harsh Bhansali	1	0.00001	-	-	-	-	(0.00001)
6	Mrs. Kajal Bhansali	1	0.00001	-	-	-	-	(0.00001)
7	Mr. Sharad Kenia	1	0.00001	-	-	-	-	(0.00001)
	Total	50,10,000	100	-	43,37,554	77.70	-	(22.30)

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

Sl. No.	Particulars (Mr. Sharad Shah)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1					
	At the beginning of the year	36,56,094	72.98	36,56,094	72.98
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the			36,56,094	(7.49)

Sl. No.	Particulars (Mr. Sharad Shah)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies due to which shareholding of Mr. Sharad Shah has decreased.				
	At the End of the year	36,56,094	72.98	36,56,094	65.49

Sl. No.	Particulars (Mr. Munjal Shah)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2					
	At the beginning of the year	6,81,460	13.60	6,81,460	13.60
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc): Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt			6,81,460	(1.39)

	Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies due to which shareholding of Mr. Munjal Shah has decreased.				
	At the End of the year	6,81,460	13.60	6,81,460	12.21

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	(Mrs. Ami Shah)				
	At the beginning of the year	6,72,442	13.42	6,72,442	13.42
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): Change in category to Non-promoter	-	-	(6,72,442)	(13.42)
	At the End of the year	6,72,442	13.42	-	-

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	(Mrs. Niranjana Shah)				
	At the beginning of the year	1	0.00001	1	0.00001
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): Change in category to Non-promoter			(1)	(0.00001)

	At the End of the year	1	0.00001	-	-
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Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	(Mr. Harsh Bhansali)				
	At the beginning of the year	1	0.00001	1	0.00001
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): Change in category to Non- promoter			(1)	(0.00001)
	At the End of the year	1	0.00001	-	-

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	(Mrs. Kajal Bhansali)				
	At the beginning of the year	1	0.00001	1	0.00001
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): Change in category to Non- promoter			(1)	(0.00001)
	At the End of the year	1	0.00001	-	-

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	(Mr. Sharad Kenia)				
	At the beginning of the year	1	0.00001	1	0.00001
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc): Change in category to Non- promoter			(1)	(0.00001)
	At the End of the year	1	0.00001	-	-

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Badve Engineering Ltd				
	At the beginning of the year	-	-	-	-

	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies.	1,59,439	2.86	1,59,439	2.86
	At the End of the year	1,59,439	2.86	1,59,439	2.86
2.	Surashri Consultants Private Limited				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies.	31,888	0.57	31,888	0.57
	At the End of the year	31,888	0.57	31,888	0.57
3.	Amit Mahajan				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018.	1,52,449	2.73	1,52,449	2.73
	At the End of the year	1,52,449	2.73	1,52,449	2.73

4.	Shilpa Mahajan				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018.	1,52,449	2.73	1,52,449	2.73
	At the End of the year	1,52,449	2.73	1,52,449	2.73
5.	Rakesh Kriplani				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018	76,221	1.37	76,221	1.37
	At the end of the year	76,221	1.37	76,221	1.37
6.	Vinayak Joshi				
	At the beginning of the year	-	-	-	-

	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018	25	0.00001	25	0.00001
	At the end of the year	25	0.00001	25	0.00001
7.	Satish Mehta				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018	25	0.00001	25	0.00001
	At the end of the year	25	0.00001	25	0.00001
8.	Kishor Gala				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018	25	0.00001	25	0.00001

	At the end of the year	25	0.00001	25	0.00001
9.	Keyur Kenia				
	At the beginning of the year	-	-	-	-
	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies dated 20 th August,2018	13	0.00	13	0.00
	At the end of the year	13	0.00	13	0.00
10.	Niranjana Shah				
	At the beginning of the year	-	-	-	-
	Change in category to Non- promoter	1	0.00	1	0.00
	At the end of the year	1	0.00	1	0.00
11	Ami Shah				
	At the beginning of the year	6,72,442	13.42%	6,72,442	13.42%
	Change in category to Non- promoter	-	-	-	-
	At the end of the year	6,72,442	13.42%	6,72,442	13.42%

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Sharad Virji Shah				
	At the beginning of the year	36,56,094	72.98	36,56,094	65.49
	Date wise Increase / Decrease in Shareholding during the year	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of			

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	specifying the reasons for increase / decrease (e.g. Allotment / transfer /bonus/ sweat equity etc):	Transferor Companies due to which shareholding of Mr. Sharad Virji Shah has decreased.			
	At the End of the year	36,56,094	72.98	36,56,094	65.49

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	Mr. Munjal Shah	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	6,81,460	13.60	6,81,460	12.21
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies due to which shareholding of Mr. Munjal Shah has decreased.			
	At the End of the year	6,81,460	13.60	6,81,460	12.21

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	Ms. Ami Shah	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	6,72,442	13.42	6,72,442	12.05
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Pursuant to scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd(Transferor Companies) with Paras Defence & Space Technologies Limited the Company has allotted shares to the shareholders of Transferor Companies due to which shareholding of Ms. Ami Shah has decreased.			
	At the End of the year	6,72,442	13.42	6,72,442	12.05

Note: Pursuant to the Scheme of amalgamation dated 07th June,2018 the Company has allotted shares to the shareholders of Mechvac India Limited and Concept Shapers & Electronics Pvt Ltd on 20th August,2018.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the year				
i) Principal amount	21,59,79,249	6,74,84,411	NIL	28,34,63,660
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i + ii + iii)	21,59,79,249	6,74,84,411	NIL	28,34,63,660
Changes during the financial year				
Addition	36,62,17,170	NIL	NIL	36,62,17,170
Deletion	NIL	5,24,47,345	NIL	5,24,47,345
Net Changes	36,62,17,170	5,24,47,345	NIL	41,86,64,515
Indebtedness at the end of the financial year				
i) Principal amount	58,21,96,419	1,50,37,066	NIL	59,72,33,485
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i + ii + iii)	58,21,96,419	1,50,37,066	NIL	59,72,33,485

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	NAME OF THE DIRECTORS			Total Amount
		Mr. Sharad Shah	Mrs. Ami Shah	Mr. Munjal Shah	
1.	Gross Salary	Rs.18,00,000	Rs.15,00,000	Rs.18,00,000	Rs.51,00,000
(a)	Salary as per provisions contained in section 17(1) of Income Tax Act, 1961	NIL	NIL	NIL	NIL
(b)	Value of perquisites under section 17(2) of Income Tax Act, 1961	NIL	NIL	NIL	NIL
(c)	Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Options	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL	NIL
5.	Others, specify (if any)	NIL	NIL	NIL	NIL
	Total (A)	Rs.18,00,000	Rs.15,00,000	Rs.18,00,000	Rs.51,00,000

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors	Total Amount
Independent Directors	Not applicable	
Fee for attending Board/ Committee Meeting		
Commission		
Others, Please Specify		
Total		
Others Non-Executive Directors fee for attending Board/Committee Meeting		
Commission		
Other, please		

Specify	
Total(2)	
Total Managerial Remuneration	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	Rs.2,59,600	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	-	Rs.2,59,600	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

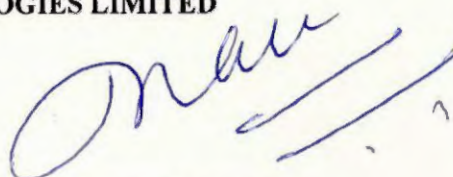
Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
Directors					

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

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



SHARAD VIRJI SHAH
Director
DIN: 00622001



MUNJAL SHARAD SHAH
Director
DIN: 01080863

Place: Navi Mumbai
Date: 25-09-2018



NITIN MARU AND ASSOCIATES

CHARTERED ACCOUNTANTS

NITIN MARU

B.Com. L.L.B (Gen), F.C.A

Office No. 103/104, Flora Point, S.N. Road, Mulund (w), Mumbai-400080

EMAIL: nmmaru@gmail.com, (O) 25610284/25670284

INDEPENDENT AUDITOR'S REPORT

To,
The Members of PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

1) Report on the Financial Statements

We have audited the attached Financial Statements of PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED ("the Company") which comprises the balance sheet as at 31st March 2018, and the Statement of Profit and Loss and Cash Flow Statement for the year the ended, and a summary of significant accounting policies and other explanatory information

2) Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; 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.

3) Auditors's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

4) Opinion

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:



- a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31,2018;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date;

5) **Report on Other Legal and Regulatory Requirements**

- 1 As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A , a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2 As required by the section 143(3) of the Act, we further 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 purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid Financial Statements comply with the applicable Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e) On the basis of written representaions received from the directors as on March 31,2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2018, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to Annexure-B to Audit report.
 - g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditors's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Company does not have any pending litigations.
 - (ii) The Company assesses periodically the foreseeable losses on all its long term contracts. As at end of the year, under report there were no such foreseeable losses. The company did not have any derivative contracts as at the date of Balance Sheet.
 - (iii) The company has not declared dividend till date and therefore question of delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company does not arise.

(cont....3)



6) **Other Matters**

- (i) In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 28 of the financial statements concerning the inability to disclose the Comparable Financial figures for the previous year. The Company has produced the figures of Single Financial Statement of Paras Defence and Space Technologies Limited for the F.Y. 2016-17 against the Current year's Merged Financial Statement.
- (ii) We did not audit the financial statements of Mechvac India Limited & Concept Shapers & Electronics Pvt Ltd, which are included in the standalone financial statements of the Company due to the schemes of amalgamation amongst Mechvac India Limited, Concept Shapers & Electronics Pvt Ltd and Paras Defence & Space Technologies Limited approved by National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated June, 7 2018 and as per Scheme, the appointed date for the Scheme is April 01, 2017. The financial statements of Mechvac India Limited & Concept Shapers & Electronics Pvt Ltd, have been audited by their respective auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Mechvac India Limited & Concept Shapers & Electronics Pvt Ltd, is based solely on the report of such auditors.

Our opinion is not modified in respect of this matter.

FOR NITIN MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
(Firm Regn No. 1140ZZW)



(CA NITIN M. MARU)
PROPRIETOR
M.NO. 37987



PLACE : MUMBAI
DATE: 25/09/2018



NITIN MARU AND ASSOCIATES

CHARTERED ACCOUNTANTS

NITIN MARU

B.Com. LL.B (Gen), F.C.A

Office No. 103/104, Flora Point, S.N. Road, Mulund (w), Mumbai-400080

EMAIL: nmmaru@gmail.com, (O) 25610284/25670284

ANNEXURE " A " TO THE INDEPENDENT AUDITOR'S REPORT

Annexure to the Independent Auditor's Report referred to in paragraph 5 of our report of even date on the accounts for the year ended on 31st March, 2018 of PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

- i) (a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed asset.
- (b) The company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- 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 (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the Public during the year and does not have any unclaimed deposits as at 31st March, 2018 within the meaning of provisions of Section 73 to section 76 or any relevant provisions of the Companies Act, 2013. Therefore the provision of Clause (v) of Paragraph 3 of the Order are not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of goods and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax and material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax and material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to the financial institution, bank or government or dues to debenture holders.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans taken during the year have been applied for the purpose they have been taken for.



- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is 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 notes to financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give 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. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them as referred to in Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company

PLACE: MUMBAI
DATE: 25/09/2018

FOR NITIN MARU AND ASSOCIATES
CHARTERED ACCOUNTANTS
(Firm Registration No. 114022W)

(CA NITIN M. MARU)
PROPRIETOR
M.NO. 37987





NITIN MARU AND ASSOCIATES

CHARTERED ACCOUNTANTS

| NITIN MARU |

B.Com. L.L.B (Gen), F.C.A

Office No. 103/104, Flora Point, S.N. Road, Mulund (w), Mumbai-400080

EMAIL: nmmaru@gmail.com, (O) 25610284/25670284

ANNEXURE " B " TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

1) Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED** ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

2) 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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.

3) Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 over financial reporting.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 over financial reporting.



4) **Meaning of Internal Financials Controls over Financial Reporting**

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

5) **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6) **Opinion**

In our opinion, 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 31 March 2018, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

PLACE : MUMBAI
DATE: 25/09/2018

FOR NITIN MARU AND ASSOCIATES
CHARTERED ACCOUNTANTS
(Firm Registration No. 114022W)

(CA NITIN M. MARU)
PROPRIETOR
M.NO. 37987



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	Note No	As at March 31, 2018	As at March 31, 2017
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
- Share capital	2	55,825,340	50,100,000
- Reserves and surplus	3	1,237,530,625	266,593,576
Sub-Total (A)		1,293,355,965	316,693,576
2. Non-Current Liabilities			
- Long-term borrowings	4	401,841,876	171,696,465
- Deferred tax liabilities (net)		55,154,039	13,004,579
- Other Long term liabilities	5	-	140,749,264
- Long-term provisions	6	8,746,176	-
Sub-Total (B)		465,742,091	325,450,308
3. Current Liabilities			
- Short term borrowings	7	195,491,609	111,767,195
- Trade payables		-	-
(i) Total outstanding dues of Micro and Small Enterprises	8	228,495,756	157,909,548
(ii) Total outstanding dues other than Micro and Small Enterprises		122,791,471	18,021,604
- Other current liabilities	9	57,371,206	8,704,541
- Short-term provisions	10	-	-
Sub-Total (C)		604,150,040	296,402,887
Total		2,363,248,097	938,546,771
II. ASSETS			
4. Non-Current Assets			
Fixed assets			
- Tangible assets	11	1,511,639,263	419,488,391
- Intangible assets		12,248,371	7,794
- Capital work-in-progress		12,068,021	-
Non-current investments	12	600,000	88,139,660
Long-term loans and advances	13	7,662,643	223,204
Other non-current assets	14	7,997,263	47,823,522
Sub-Total (D)		1,552,215,561	555,682,571
5. Current Assets			
- Inventories	15	437,936,902	247,611,938
- Trade receivables	16	282,709,776	113,886,866
- Cash and bank balances	17	34,441,516	12,702,664
- Short-term loans and advances	18	46,550,776	8,526,468
- Other current assets	19	9,393,566	136,264
Sub-Total (E)		811,032,535	382,864,200
Total		2,363,248,097	938,546,771

Significant Accounting Policies

1

Notes 1 to 40 form an integral part of Accounts.

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

Firm registration No. 11402284

CA NITIN M. MARU

Proprietor

Membership No. 037987



For and behalf of Board of Directors

SHARAD V. SHAH

Director

DIN: 00622001

PRASANTAMADHAB BARUA

Chief Financial Officer

MUNJAL S. SHAH

Director

DIN: 01080863

MANSI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25, 2018

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Revenue from Operations	20	1,453,503,723	476,651,082
II. Other income	21	11,369,613	1,237,132
III. Total Revenue (I+II)		1,464,873,335	477,888,213
IV. Expenses			
- Cost of materials consumed	22	948,191,031	315,387,883
- Changes in inventories of work-in-progress and finished goods	23	(164,876,969)	(7,790,565)
- Manufacturing expenses	24	73,455,827	44,641,617
- Employee benefit expenses	25	75,829,162	15,753,016
- Finance cost	26	72,690,779	36,312,994
- Depreciation and amortisation expense	11	69,438,555	18,579,572
- Selling, distribution & admin expenses	27	91,589,224	24,713,692
Total Expenses		1,166,317,609	447,598,208
V. Profit before Exceptional Items and Tax (III-IV)		298,555,726	30,290,005
VI. Exceptional items			
VII. Profit before Tax (V-VI)		298,555,726	30,290,005
VIII) Tax Expense :			
(a) Current tax		64,141,903	9,786,094
(b) MAT credit entitlement		(1,028,672)	-
(c) Deferred tax		12,461,604	275,130
(d) Adjustment for tax of previous years (net)		(663,921)	(72,111)
Total Tax		74,910,914	9,989,113
IX. Profit/(loss) for the year		223,644,812	20,300,892
X. Earning per Equity share of Rs. 10 each			
(Basic and Diluted)	37	40.06	4.06

Significant Accounting Policies

1

Notes 1 to 40 form an integral part of Accounts.

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

Firm registration No. 114022W

CA NITIN M. MARU

Proprietor

Membership No. 037987



For and behalf of Board of Directors

SHARAD V. SHAH

Director

DIN: 00622001

MUNJAL S. SHAH

Director

DIN: 01080863

PRASANTAMADHAB BARUA

Chief Financial Officer

MANSI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25, 2018

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash Flows from Operating Activities		
Profit before Tax as per Statement of Profit and Loss	298,555,726	30,290,005
Adjustments for:		
Depreciation	69,438,555	18,579,567
Profit on sale of investment	(500,000)	-
Investment income	(3,030,510)	(1,099,006)
Interest expenses	55,714,154	30,116,302
Dividend	(60,000)	(60,000)
Operating Profit before working capital changes	420,117,925	77,826,868
Working capital changes:		
(Increase) / decrease in trade and other receivables	510,130,759	(49,338,998)
(Increase) / decrease in inventories	(16,611,336)	(14,136,851)
Increase / (decrease) in trade payables and customer advances	(277,374,222)	65,365,098
Cash Generated from Operations	636,263,126	79,716,118
Less: Income tax payment	(64,793,885)	(9,713,983)
Net Cash from Operating Activities (A)	571,469,241	70,002,135
B. Cash Flows from Investing Activities		
Purchase of fixed assets	(553,170,750)	(30,462,486)
Investment in subsidiary	(100,000)	-
Sale of Investment	3,000,000	-
Investment income	3,030,510	1,099,006
Dividend income	60,000	60,000
Net Cash from Investing Activities (B)	(547,180,240)	(29,303,480)
C. Cash Flow from Financing Activities		
Repayment of long term borrowings	(163,315,254)	(4,471,111)
Proceeds from long-term borrowings	253,929,576	-
Proceeds/ (repayment) from short-term borrowings	(103,194,167)	(31,637,576)
(Increase) / Decrease in Margin money	42,501,463	(12,466,957)
Interest Paid	(55,714,154)	(30,116,302)
Net Cash from Financing Activities (C)	(25,792,535)	(78,691,946)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,503,534)	(37,993,291)
Cash and cash equivalents at beginning of year	235,707	38,228,999
Add: Cash & cash equivalents taken over pursuant to scheme of amalgamation (refer note 2B)	4,892,612	-
Cash and cash equivalents at end of year (refer note 17)	3,624,785	235,707

Note

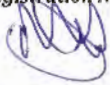
1. Bracket indicates cash outflow
2. Previous year figures have been regrouped, reclassified and rearranged wherever necessary
3. The above cash flow statement has been prepared under the " Indirect Method" as set out in AS-3 on cash flow statement

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

Firm registration No. 1140227W




CA NITIN M. MARU

Proprietor

Membership No. 037987




For and behalf of Board of Directors



SHARAD V. SHAH

Director

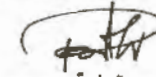
DIN: 00622001



MUNJAL S. SHAH

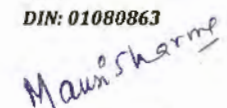
Director

DIN: 01080863



PRASANTAMADHAB BARUA

Chief Financial Officer



MANJI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25, 2018

Notes forming part of the Financial Statements**1.00 Significant Accounting Policies****1.01 Basis of preparation of Financial Statements**

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and on going concern basis in accordance with Generally Accepted Accounting Principles in India (' Indian GAAP), the Applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The accounting policies adopted in the presentation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

1.02 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

1.03 Fixed assetsTangible assets

a) Tangible assets are stated at cost net of value added tax credits, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use. Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital Work-in-Progress".

b) Land acquired on lease for 95 years or more, where the Company has the option of renewal, are treated as freehold land

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and is amortised over the useful life of the underlying plant. Softwares are amortised over a period of useful life.

1.04 Depreciation

Depreciation on fixed tangible assets are provided on written down value method over useful life of the assets as prescribed in schedule II to the Companies Act, 2013 except in respect of following assets, where the useful life is different as per technical evaluation than those prescribed in schedule II:

Particulars	Useful life considered for depreciation
Factory building	60 Years
Plant & Machinery	25 Years
Furniture & Fixtures	15 years
Air conditioner	5 Years
Office equipment	10 Years

1.05 Investments

Current investments are carried at the lower of cost and quoted / fair value, computed category- wise. Non current investments are stated at cost. Provision for diminution in the value of non current investments is made only if such a decline is other than temporary.

1.06 Inventory

The inventories have been valued at lower of cost and net realisable value. The cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing them to their respective present location and condition. The cost of raw materials and stores & spares are determined at first-in-first-out method and weighted average method respectively.

Costs of work in progress and finished goods are determined on absorption costing method.



Notes forming part of the Financial Statements (Contd.)**Note 1: Significant Accounting Policies (Contd.)****1.07 Foreign currency transactions**

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

1.08 Revenue recognition

- (a) Sales are recognised when goods are supplied and significant risks and rewards of ownership in the goods are transferred to the buyer. Sales are recorded net of returns, trade discounts, rebates, value added tax and excise duties and GST.
- (b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
- (c) Income from export incentives such as duty drawback is recognised when the right to receive is established. The incentives on export such as (MEIS) are recognised on accrual basis.
- (d) Dividend income on investments is recognised when the right to receive dividend is established.

1.09 Government grant

The Company is entitled to subsidy from DSIR (Department of Scientific & Industrial Research), Ministry of Science & Technology for the difference between the normal rate of interest @12% and the concessional rate of interest @ 3% on financial assistance received from DSIR, subject to prompt repayment of the principal and interest thereon.

Government grants are recognized only if there is reasonable assurance that the grant will be received and all the conditions attached there to shall be complied with and shown under the head "Other Income".

1.10 Customs

Liability on account of customs duty on imported materials in transit or in bonded warehouse is accounted in the year in which the goods are cleared from customs.

1.11 Employee benefits

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques based on projected unit credit method. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

1.12 Provisions for taxes on income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets and Deferred tax liabilities are off set if legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit & Loss as current tax. MAT credit available is recognised as an asset only to the extent there is reasonable possibility that the company will pay normal income tax during the specified period for which MAT credit is allowed to be carried forward. The company recognises MAT credit as an asset by way of credit to the Statement of Profit & Loss and is disclosed as "MAT credit entitlement" under Long term loans & advances.



Notes forming part of the Financial Statements (Contd.)**Note 1: Significant Accounting Policies (Contd.)****1.13 Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the company has a present obligation as a result of a past event, due to which there is likely to be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

1.14 Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.15 Borrowing costs

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised. All other borrowing costs are expensed in the period they occur.

1.16 Earnings per share

The basic and diluted earning per share ("EPS") is computed by dividing the net profit for the period attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.17 Cash & cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

1.18 Segment reporting

The Accounting Policies adopted for segment reporting are in line with the Accounting Policies of the Company. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, trade receivables and inventories. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

2. Share Capital

				(Amount in ₹)	
SN.	Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
i)	Authorised Share Capital Opening balance (Equity shares of Rs.10/- each) Add : Pursuant to the scheme of amalgamation (refer note 28) Closing balance (Equity shares of Rs.10/- each)	52,600,000 300,000,000 352,600,000	52,600,000 - 52,600,000		
ii)	Issued, Subscribed and fully Paid-up : Opening balance (Equity shares of Rs.10/- each) (out of the above, 20,10,000 (P.Y. 20,10,000) equity shares of Rs.10/- each fully paid up for consideration other than cash in the scheme of amalgamation dated 28.09.2015) Add: 572,534 equity shares of Rs.10/- each fully paid up (for consideration other than cash in the scheme of amalgamation -r(efer note 28)	50,100,000 5,725,340 55,825,340	50,100,000 - 50,100,000		
2.01	Details of shareholding as at March 31, 2018 Shareholders holding more than 5 % of equity shares:	Current Year		Previous Year	
	Name	No. of shares	% holding	No. Of shares	% holding
	Mr. Sharad V. Shah	3,656,094	65.49%	3,656,094	72.98%
	Mr. Munjal S Shah	681,460	12.21%	681,460	13.60%
	Mrs. Ami M Shah	672,442	12.05%	672,442	13.42%
2.02	Reconciliation of the number of equity shares outstanding	As at March 31, 2018		As at March 31, 2018	
	Particulars	No. of shares	No. of shares	No. of shares	No. of shares
	Number of shares at the beginning of the year	5,010,000	5,010,000	5,010,000	5,010,000
	Add: Shares allotted pursuant to the scheme of amalgamation	572,534	-	-	-
	Less: Shares forfeited	-	-	-	-
	Number of shares at the end of year	5,582,534	5,010,000	5,582,534	5,010,000
2.03	The Company has only one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets remaining, after remittance of all preferential amounts.				

3. Reserves and Surplus

				(Amount in ₹)	
SN.	Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
i)	Securities Premium Reserve Balance as per last Balance Sheet Add: Pursuant to the scheme of amalgamation (refer note 28) Closing balance	- 394,471,041 394,471,041	- - -		
ii)	Revaluation Reserve Balance as per last Balance Sheet Add: Pursuant to the scheme of amalgamation (refer note 28) Less: Depreciation on enhanced value of fixed assets Closing balance	238,875,291 342,956,843 (9,545,814) 572,286,320	238,875,291 - - 238,875,291		
iii)	General Reserve Balance as per last Balance Sheet Add: Pursuant to the scheme of amalgamation (refer note 28) Add:- Transferred to general reserve for issue of bonus shares (refer note 28) Less:- Bonus shares issued (refer note 28) Add: On account of excess of purchase consideration over net assets taken over pursuant to the scheme of amalgamation as per AS-14 (Refer note no. 28) Closing balance	1,094,323 97,850 87,500,000 (87,500,000) (80,836,038) (79,643,865)	1,094,323 - - - - 1,094,323		
iv)	Surplus as per Profit and Loss Account Balance as per last Balance Sheet Add: Pursuant to the scheme of amalgamation (refer note 28) Add:- Profit after tax for the year Add: Depreciation on revalued assets Less:- Transferred to general reserve for issue of bonus shares (refer note 28) Balance at the end of the year	26,623,965 184,471,893 223,644,812 3,176,460 (87,500,000) 350,417,130 1,237,530,625	6,323,070 - 20,300,892 - - 26,623,963 266,593,576		



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

4. Long Term Borrowings

(Amount in ₹)

SN	Particulars	As at March 31, 2018	As at March 31, 2017
a.	Secured		
	Term Loans		
	- From banks	262,595,122	20,687,760
	- From others	124,209,688	83,524,294
	(Refer note i, ii, iii, v and vi below)		
b.	Unsecured loans		
	- from related parties	1,174,720	44,745,135
	- From others	13,862,346	22,739,276
	(Refer note iv and vi below)		
		401,841,876	171,696,465

Notes:

i) **Term loans from banks**

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Vehicle loan	14,117,580	4,805,822
Other loan	248,477,542	15,881,938
TOTAL	262,595,122	20,687,760

ii) **Term loan from banks include:**

- Two term loans from **Kotak bank** taken by the transferor Company I (Mechvac) vide sanction letter no. SME/SAP/WEST1/2017-18/MAR/5518 against collateral mortgage of D-112, TTC Industrial area, Nerul- East, Navi Mumbai-400706, carrying floating interest @ 8.45% p.a. over the tenure of the facility and repayable in 70 months and 60 months respectively, commencing on April, 2018 amounting to ₹ 114,445,447/- [including current maturities of long term borrowings ₹ 14,042,084/- (refer note 9)]

(Out of the above, one loan was originally taken from **Axis bank** which was taken over by Kotak Bank. However, additional interest of ₹ 2,16,655/- was charged by Axis bank, which was entirely repaid in April, 2018 and, therefore, the same is grouped under current maturities of long term debt (refer note 9)

- Two loans from **Kotak bank** taken by the transferor Company II (Concept) vide sanction letter no. SME/SAP/WEST 1/2017-18/MAY80929 dated 14.06.2017, against hypothecation of the property situated at Cherlapalli, Hyderabad and other properties, carrying interest @ 10.25% and the final maturity installment is payable on March 28, 2025, amounting to ₹ 24,772,593/- and the second loan amounting to ₹ 8,886,502/- repayable in 60 instalments commencing on November, 2017 [including current maturities of long term borrowings ₹ 2,569,589/- (refer note 9)]

- Loan from **NKGSB bank** taken by Paras vide sanction letter no. ADV/BOARD/THANE N/PDSTL/684/2017-18 subject to modification vide letter no. ADV/BOARD/THANE N /PDSTL/601/2017-18 dated 23.02.2018 against hypothecation of collateral security of land & building situated at Plot no. M-6, MIDC, Addl. Ambernath Industrial Area Ambernath- East-421506 and the flowforming Plat & Machinery carrying interest @11% p.a. for 84 months commencing on April, 2018, amounting to ₹ 129,700,000/ [including current maturities of long term borrowings ₹ 12,715,328 /- (refer note 9)]

- Loan from **HDFC bank** taken by the transferor Company II (**Concept**) against hypothecation of three vehicles (Honda City) carrying interest @ 10% p.a. amounting to ₹ 1,763,655/- repayable in 60 months commencing on September, 2015 [including current maturities of long term borrowings ₹ 678,741/- (refer note 9)]

- Loan from **ICICI bank** taken by Paras against hypothecation of Mercedes Benz, carrying interest @ 9.01% p.a. amounting to ₹ 4,805,822/- repayable in 84 months commencing on February, 2017 [including current maturities of long term borrowings ₹ 655,756/- (refer note 9)]

- Loan from **Axis bank** taken by Paras against hypothecation of Mercedes Benz-5578 carrying interest @ 8.51% p.a. amounting to ₹ 5,000,000/- repayable in 84 months commencing on April, 2018 [including current maturities of long term borrowings ₹ 558,700/- (refer note 9)]

- Loan from **Axis bank** taken by Paras against hypothecation of Mercedes Benz-6628 carrying interest @ 8.51% p.a. amounting to ₹ 5,000,000/- repayable in 84 months commencing on April, 2018 [including current maturities of long term borrowings ₹ 558,700/- (refer note 9)]

iii) **From other parties**

Loan from others include

- Four term loan were availed from **Siemens Financial Services Pvt Ltd** against hypothecation of Tester- Model- Form Talysurf PGI 1200, Nano form 250 ultragrind machining System, HM 300, NC_SOP_Polishing Machine 120 rmp with sub items and accessories, SM 80 CNC generator- grinder Machine consisting of standard accessories & equipments, SPO 80 CNC Polishing Machine, Carl Zeiss Make Ex Demo prismo with VAST Gold Active Scanning Sensor System carrying interest @14%p.a.,13% p.a, 12% p.a, 11.50% p.a respectively, amounting to ₹ 58,975,703/- repayable in 60 months, 48 months, 60 months, 48 months commencing from May, 2015, August 2015, December,2017 and January, 2018 [including current maturities of long term borrowings ₹ 17,228,147/- (refer note 9)]

- loan availed from **Siemens Financial Services Pvt Ltd** against hypothecation of HASS make VMC VF-2 carrying interest @ 8.49% p.a amounting to ₹ 3,784,184/- repayable in 48 months commencing from September, 2017 [including current maturities of long term borrowings ₹ 1,271,177 /- (refer note 9)]



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

Note 4 (Contd.)

- Three loans availed from **HDFC** vide sanction letter no. 621249021/DHOOT, 621246781/DHOOT and 621246712/DHOOT respectively, carrying interest @ 11.25 % p.a. in all the three loans against hypothecation of following properties. Amount outstanding ₹ 54,301,703/- repayable in 180 months commencing from February, 2017, March, 2017, and April, 2017 respectively [Including current maturities of long term borrowings ₹ 558,252/- (refer note 9)]

- Property situated at 396/397, Mahape village, Navi Mumbai-400710

- Property situated at 101, Kalinga Link Road, Mulund -W, Mumbai -400080

- Financial assistance received from Department of Scientific & Industrial Research (DSIR), Government of India (GOI) to Paras Defence & Space Technologies Limited for design, manufacturing and supply of three roller flow forming machine carrying interest @ 12% p.a. amounting to ₹ 32,960,000/- repayable by July, 2020 [Including current maturities of long term borrowings ₹ 89,60,000/- (refer note 9)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of Toyota Innova Crysta having Equated Monthly Installment (EMI) of ₹ 33166/-, to be repaid by December, 2021 amounting to ₹ 12,56,138/- [Including current maturities of long term borrowings ₹ 2,93,569/- (refer note 9)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of Accord having Equated Monthly Installment (EMI) of ₹ 15,963/-, to be repaid by March, 2021 amounting to ₹ 4,98,372/- [Including current maturities of long term borrowings ₹ 1,50,684/- (refer note 9)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of AUDI having Equated Monthly Installment (EMI) of ₹ 1,34,700/-, to be repaid by June, 2019 amounting to ₹ 17,57,486/- [Including current maturities of long term borrowings ₹ 13,66,592/- (refer note 9)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of JAZZ 1.2V having Equated Monthly Installment (EMI) of ₹ 16,672/-, to be repaid by January, 2021 amounting to ₹ 4,93,418/- [Including current maturities of long term borrowings ₹ 1,44,119/- (refer note 9)]

- Loan from Tata Capital Financial Services Limited taken by Paras against hypothecation of Honda City 1.5V having Equated Monthly Installment (EMI) of ₹ 20,980/- amounting to ₹ 44,609/-. Since the entire amount is repayable in next 2 months, the same is grouped under current maturities of long term borrowings ₹ 44,609/- (refer note 9)

- Loan from Tata Capital Financial Services Limited taken by Paras against hypothecation of Swift Dezire LDI having Equated Monthly Installment (EMI) of ₹ 11,760/-, to be repaid by May, 2019, amounting to ₹ 1,64,987/- [Including current maturities of long term borrowings ₹ 9764/- (refer note 9)]

iv) Loans from related parties and others carry interest @ 12% and are repayable beyond one year.

v) The facility is further secured by the personal guarantees from directors.

vi) The Company does not have any continuing defaults as on the Balancesheet date in repayment of principal or interest.

5 - Other long term liabilities

(Amount in ₹)			
SN	Particulars	As at March 31, 2018	As at March 31, 2017
	Long term creditors for capital items	-	140,749,264
		-	140,749,264

6 - Long term provisions:

(Amount in ₹)			
SN	Particulars	As at March 31, 2018	As at March 31, 2017
	Provision for Gratuity- (refer note 29.01)	8,746,176	-
		8,746,176	-

7 - Short term borrowings

(Amount in ₹)			
SN	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Secured		
	Loans repayable on demand		
	- From banks (refer note i, ii, iii and v below)	177,000,952	111,767,195
	- Buyers credit (refer note iv and v below)	18,490,657	-
		195,491,609	111,767,195



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

Note 7 (Contd.)

**Notes
From banks**

- i) The transferor company - II (Concept) availed secured working capital demand loan in the form of cash credit from Bank of Maharashtra amounting to ₹ 350,00,000/-, secured against hypothecation of stocks and receivables of the company and equitable mortgage of the following properties: Flat No. 003, Lokhandwala Complex, Andheri - West, Mumbai-400058, Premices No. 103,115,207 B, 209-B 1st Floor, Veena Industrial Premises Co- Op Society Ltd, Plot No. B-61, Veena Desai Road, Andheri- West, Mumbai-400058
- The above financial facility was discontinued and new funding was sanctioned by Kotak Mahindra Bank vide letter dated 30.09.2016 and the limits were enhanced on 22.02.2018 vide saction letter SME/SAP/West/ 1/2017-18/Feb/5065 to ₹ 32,69,00,000/-. Out of that ₹ 14,00,00,000/- was working capital limit at interest rate linked to 2Y MCLR valid till 27.10.2019 (SIDBI rate) and balance for non funded facility.
- The above funding is secured against first and exclusively charge on all existing and future receivables/ current assets/ movable properties/ movable fixed assets etc. Premices No. 103,115,207-B, 209-B 1st Floor, Veena indatrial premises Co- Op Soc Ltd, Plot No. B 61, Veena Desai Road, Andheri- West, Mumbai-400058, Plot no. 108 A, survey No. 261, IDA, cherlapalli, Hyderabad -500062, Flat No. 003, Ground Floor, A- Wing, Andheri - West- 400058 are provided as the collateral security at interest rate of 11%p.a. Amount outstanding as on March 31, 2018 was ₹ 98,197,481/-
- ii) In addition to above, the secured working capital includes cash credit facility availed by Paras from NKGSB Co- Operative Bank Ltd (₹ 800,00,000 /-) and Corporation Bank (₹ 10,00,00,000/-) in consortium arrangement with pari passu charge on the properties. However, in the month of March 2018, the financial facilities from Corporation Bank was discontinued and the entire limits taken over by the lead bank i.e NKGSB and the same was secured against hypothecation of stock and book Debt at interest rate of 11% p.a. Amount outstanding as on March 31, 2018 was ₹ 48,135,944/-
- iii) The transferor company I (Mechvac) availed secured working capital loan including cash credit from Axis Bank Ltd of ₹ 12,50,00,000/-, secured against hypothecation of stocks and receivables of the company, both present and future, and collateral security by way of equitable/ registered mortgage of the following properties:
- Properties situated at Plot no. D-112, MIDC, TTC Industrial Area, Navi Mumbai-400506
- The above financial facility was discontinued and new funding is sanctioned by Kotak Mahindra Bank wide letter dated 23.03.2018. The funded as well as Non funded facility is of ₹ 40,00,00,000/- on 31.03.2018 is sanctioned by Kotak Mahindra Bank. against hypothecation of Stocks, receivables of the Company, both present & future, and collateral security by way of Equiable/ Registered mortgage of the following properties: - Properties situated at Plot no. D-112, MIDC, TTC Industrial Area, Navi Mumbai-400506, at interest rate of 9.25 % p.a
- iv) **Buyers credit**
₹ 18,490,657/- availed by Paras at an interest rate of 1.25% PC secured by exclusive charge on imported assets.
- v) All the above facilities are further secured by the personal guarantees from dircetors.

8. Trade payables

(Amount in ₹)

	Particulars	As at March 31, 2018	As at March 31, 2017
	<u>Trade Payables</u>		
	- Other than micro and small enterprises		
	(a) For goods, labour and expenses	228,495,756	157,909,548
		228,495,756	157,909,548

9. Other current liabilities

(Amount in ₹)

SN	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Current maturities of long term debt (refer note 4)	62,022,466	12,763,898
ii)	Statutory dues	874,424	1,613,995
iii)	Advances from customers	25,267,733	3,000,000
iv)	Creditors for fixed assets	32,319,520	-
iii)	Other payables*	2,307,328	643,711
		122,791,471	18,021,604

* other payable includes mainly outstanding liabilities for expenses, audit fees etc.

10. Short term provisions

(Amount in ₹)

SN	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Provision for tax	52,742,896	8,704,541
ii)	Provision for Gratuity (refer note 29.01)	1,128,310	-
iii)	Provision for stamp duty	3,500,000	-
		57,371,206	8,704,541



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

11 - Fixed Assets

(Amount in ₹)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at April 01, 2017	Assets acquired as per scheme of amalgamation (refer Note 28)	Addition for the Year	Disposals/ Other adjustments	As at March 31, 2018	As at April 01, 2017	Depreciation on assets acquired as per scheme of amalgamation (refer Note 28)	For the year	Deduction/ adjustments	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
I. Tangible Assets												
Land												
- Freehold [refer note 1.03(b)]	248,043,500	169,771,500	-	-	417,815,000	-	-	-	-	-	417,815,000	248,043,500
Buildings												
- Factory Building	72,158,380	281,656,564	30,509,117	-	384,324,061	25,234,371	40,159,283	9,630,382	-	75,024,036	309,300,025	46,924,009
- Office Building	-	26,460,722	-	-	26,460,722	-	5,020,766	2,005,946	-	7,026,712	19,434,010	-
Plant and Machinery	161,637,514	291,594,933	475,290,379	-	928,522,826	62,803,535	98,899,973	49,137,931	-	210,841,439	717,681,387	98,833,980
Furniture and Fixtures	3,169,245	11,165,992	1,428,380	-	15,763,617	521,820	7,342,033	1,772,663	-	9,636,516	6,127,101	2,647,425
Electric Fittings	3,978,092	6,739,823	1,668,800	-	12,386,715	2,480,282	4,151,965	1,154,765	-	7,787,012	4,599,703	1,497,810
Tools & Equipment	4,323,958	6,889,988	1,319,160	-	12,533,106	3,728,130	3,980,738	655,019	-	8,363,887	4,169,219	595,828
Computer	1,192,433	7,282,539	650,314	-	9,125,286	970,426	6,663,462	447,270	-	8,081,158	1,044,128	222,006
Vehicles	35,574,640	4,215,557	10,946,743	-	50,736,940	15,443,217	861,193	4,284,210	-	20,588,620	30,148,320	20,131,423
Office Equipments	1,621,949	2,629,237	728,323	-	4,979,509	1,029,538	2,230,814	398,787	-	3,659,139	1,320,370	592,411
II. Intangible Assets												
Accounting Software	94,476	-	-	-	94,476	86,682	-	3,062	-	89,744	4,732	7,794
Licenses, Services and operating rights	-	-	18,561,513	-	18,561,513	-	-	6,317,874	-	6,317,874	12,243,639	-
Grand Total - (I+II)	531,794,187	808,406,855	541,102,729	-	1,881,303,771	112,298,001	169,310,227	75,807,909	-	357,416,137	1,523,887,634	419,496,185
(Previous year's Figures)	501,331,701	-	30,462,486	-	531,794,187	93,718,429	-	18,579,572	-	112,298,001	419,496,185	-
III. Capital Work in progress-WIP			12,068,021		12,068,021						12,068,021	

Depreciation charged to Statement of Profit & Loss		For the year ended March 31, 2018	For the year ended March 31, 2017
Particulars			
Depreciation for the year as above		75,807,909	18,579,572
Less: Depreciation recouped from fixed assets revaluation reserve		6,369,354	-
Depreciation charged to Statement of Profit & Loss		69,438,555	18,579,572



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

12. Non current investments

(Amount in ₹)

SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Investment in equity instrument - Subsidiary company Mechvac India Limited (P.Y. 87,49,216 shares of Rs. 10/- each fully paid up) Holland Shielding Systems (India) Pvt Ltd (10,000 shares of Rs. 10/- each fully paid up) - Associate company Concept Shapers Electronics Limited (P.Y. 87,500 shares of Rs. 1/- each fully paid up) - Others NKG Co-op Bank (P.Y. 5000 Shares of Rs. 100/- each fully paid)	- 100,000 - 500,000	87,492,160 - 87,500 500,000
ii)	Investment in preference shares - Associate company Concept Shapers Electronics Limited (P.Y. 60,000 Shares of Rs. 1/- each fully paid) (Refer note no. 28)	-	60,000
		600,000	88,139,660

12.01	Details of quoted/ unquoted investments	As at March 31, 2018	As at March 31, 2017
	Aggregate amount of quoted investment	-	-
	Aggregate amount of unquoted investment	600,000	88,139,660
		600,000	88,139,660

12.02 Details of Investment in Subsidiaries & Associates

	Current Year		Previous Year	
	Country	% of Holding	Country	% of Holding
Equity Shares- Mechvac India Limited	India	0%	India	87.49%
Equity Shares- Holland Shielding Systems (India) Pvt Ltd	India	100%	India	0.00%
Equity Shares- Concept Shapers Electronics Limited	India	0%	India	50.00%
Preference Shares- Concept Shapers Electronics Limited	India	0%	India	50.00%

13. Long term loans and advances

(Amount in ₹)

SN.	Particulars	As at March 31, 2018	As at March 31, 2017
I	Unsecured, considered good Security deposits	6,633,971	223,204
II	MAT credit entitlement A.Y. 2018-19	1,028,672	-
		7,662,643	223,204

14. Other non current assets

(Amount in ₹)

SN.	Particulars	As at March 31, 2018	As at March 31, 2017
	Unsecured and considered good Advances to suppliers	7,997,263	47,823,522
		7,997,263	47,823,522

15. Inventories

(Amount in ₹)

SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Raw Materials	200,231,582	46,567,078
ii)	Work in Progress	120,610,898	201,044,860
iii)	Finished Goods	117,094,422	-
		437,936,902	247,611,938

15.01 For method of valuation - refer Note 1.06

(Amount in ₹)

15.02	Broad heads of Raw Materials	As at March 31, 2018	As at March 31, 2017
	Carbon Steel Plates, Structures, Pipes, forgins, casting	49,450,500	10,125,890
	Stainless Steel Sheets/Plates/Tubes	29,550,600	10,356,800
	Titanium Sheets/ plates/ Rounds/ Tubes/ Parts	19,550,500	10,285,900
	Copper & Copper Alloys	4,960,800	-
	Aluminium Sheets / Plates/ rounds	10,285,650	15,798,488
	Electronic Components	39,580,860	-
	Germanium, Silicon, Zinc Sulphide Optical Material	38,950,990	-
	Sub Assemblies for Integration Purpose	7,901,682	-
		200,231,582	46,567,078



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

Note 15 (Contd.)

(Amount in ₹)			
15.03	Broad heads of Work in Progress	As at March 31, 2018	As at March 31, 2017
	Heavy Engineering	27,985,015	2,010,444,860
	Optics	92,625,883	-
		120,610,898	2,010,444,860
(Amount in ₹)			
15.04	Broad heads of Finished Goods	As at March 31, 2018	As at March 31, 2017
	Heavy Engineering	117,094,422	-
		117,094,422	-
16. - Trade receivables			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Unsecured, considered good		
	- outstanding for a period exceeding six months	48,693,506	13,785,921
	- Others	234,016,270	100,100,945
		282,709,776	113,886,866
17. - Cash and bank balances			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Cash & cash equivalents		
	Balance with banks in current account	608,514	63,025
	Cash on hand	3,016,271	172,682
		3,624,785	235,707
ii)	Other bank balances		
	Margin Money for BG and LC (Incl ₹. 7,896,866 (P.Y. ₹ 2,474,072) having maturity period of over 12 months)	30,816,731	12,466,957
		34,441,516	12,702,664
18. - Short-term Loans and Advances			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Unsecured, considered good		
	Advance with revenue authorities	32,168,268	3,740,493
	Trade advances	13,547,203	4,560,277
	Advances to staff	835,225	225,698
		46,550,776	8,526,468
19. - Other Current Assets			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Eligible incentives		
	MEIS incentive usable balance	9,264,054	-
	Interest receivable from MSEDCCL	49,829	56,581
	Excess amount refundable by HDFC	10,225	10,225
	Others	69,458	69,458
		9,393,566	136,264



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

20. Revenue from Operations

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	Sale of manufactured products		
	Export sales	668,967,402	19,902,791
	Domestic sales	788,337,365	470,617,410
	Sub- (A)	1,457,304,767	490,520,201
B.	Sale of services		
	Labour charges for job work	35,068,984	22,127,000
	Freight on sales	160,000	658,091
	Sub- (B)	35,228,984	22,785,091
C.	Other operating revenue		
	- Rejection and discount	-	5,928,722
	- Insurance on sale	-	43,030
	- Drawback and MEIS incentives	21,529,661	-
	- Interest subsidy	1,116,986	1,584,421
	- Scrap sales	28,500	-
	Sub- (C)	22,675,147	7,556,173
	Less: Excise Duty (refer note 20.01)	61,705,175	44,210,383
		1,453,503,723	476,651,082

20.01 Excise duty figures of previous year and current financial year are not comparable due to the enactment of GST w.e.f. 1st July, 2017

21. Other Income

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on		
- Current investment	3,030,510	1,161,876
Dividend from		
- Non current investment	60,000	60,000
Net gain on sale of investment	500,000	15,256
Gain in foreign currency (net)	6,975,001	-
Other Misc. Income	804,102	-
	11,369,613	1,237,132

22. Cost of Materials consumed

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Carbon steel plates, structures, pipes, forgins, casting	398,884,980	45,585,855
Stainless steel sheets/plates/tubes	73,063,960	101,168,110
Titanium sheets/ plates/ rounds/ tubes/ parts	25,440,850	102,694,178
Copper & copper alloys	10,126,874	9,985,960
Aluminium sheets / plates/ rounds	29,958,698	19,985,980
Electronic components	211,045,600	-
Germanium, silicon, zinc sulphide optical material	141,017,642	-
Sub assemblies for integration purpose	58,652,427	35,967,800
	948,191,031	315,387,883

Note: Refer Note No. 31

23. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a	Finished Goods		
	Opening stock	-	-
	Less: Closing stock	117,094,422	-
		(117,094,422)	-
b	Work-in-progress		
	Opening stock	260,978,308	193,254,295
	Less: Closing stock	120,610,898	201,044,860
	Less: Conversion of stock into flowforming machine	188,149,957	-
		(47,782,547)	(7,790,565)
		(164,876,969)	(7,790,565)



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

24. Manufacturing expenses

(Amount in ₹)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Labour charges	45,335,632	37,265,580
	Power and fuel	16,487,727	5,392,845
	Factory expenses	3,896,747	695,485
	Repairs and maintenance	2,601,090	496,344
	Project installation & maintenance	2,196,084	-
	Technical services	1,190,598	-
	Inspection & Testing Charges	1,747,950	791,363
		73,455,827	44,641,617

25. Employee benefit expenses

(Amount in ₹)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Salaries and wages	50,361,472	9,573,223
	Directors' remuneration	10,443,302	4,200,000
	Contribution to Provident Fund & ESIC (refer note 29.02)	722,967	-
	Gratuity expenses (refer note 29.01)	9,874,486	-
	Workman & staff welfare expenses	4,426,935	1,979,793
		75,829,162	15,753,016

26. Finance Cost

(Amount in ₹)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Interest on overdraft and others	35,170,870	17,308,066
	Interest on term loan	19,744,696	12,749,527
	Interest on BC/ LC/BG	678,174	-
	Others	17,097,039	6,255,401
		72,690,779	36,312,994

27. Selling, distribution & admin expenses

(Amount in ₹)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Selling & distribution expenses		
	Advertising & Business promotion	11,049,916	1,957,862
	Late delivery charges	6,361,285	1,231,732
	Commission & brokerage	50,484	7,500
	Packing charges	895,750	902,983
	Freight outward	1,327,000	713,500
		19,684,434	4,813,577



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

27. Selling, distribution & admin expenses (Contd.)

(Amount in ₹)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Administrative expenses		
	Travelling expenses	20,374,872	4,341,204
	Legal & professional fees	13,067,910	1,910,397
	Office Expenses	6,760,570	2,240,188
	Rent	1,424,171	209,400
	Rates & taxes	3,632,208	781,821
	Stamp duty	3,545,002	1,762,668
	Insurance	1,721,030	615,900
	Payment to auditors (refer note 27.01)	355,000	130,000
	Donation	1,317,126	61,876
	Postage & courier charges	1,814,852	494,509
	Printing & stationery	920,158	310,155
	Security expenses	1,601,608	505,427
	Communication expenses	1,251,890	658,727
	Vehicle expenses	2,194,266	2,255,132
	Bad debt written off	6,170,781	531,440
	Other Misc. expenses	5,753,347	3,091,282
		<u>71,904,790</u>	<u>19,900,115</u>
		91,589,224	24,713,692
27.01 Break-up of Payment to Auditors :₹			
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Audit fees	250,000	75,000
	Tax audit fees	105,000	55,000
		<u>355,000</u>	<u>130,000</u>



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

28 Amalgamation schemes

The schemes of amalgamation (the "schemes") amongst Mechvac India Limited (Mechvac) (Subsidiary Company), Concept Shapers & Electronics Pvt Ltd (Concept) (Associate Company), and Paras Defence & Space Technologies Limited (Paras) (Transferee Company) was approved by National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated June, 7 2018. While the appointed date for the Scheme is April 01, 2017, the Schemes became effective from June 25, 2018, being the date of filing the NCLT order with the Registrar of Companies.

The above Schemes have been given effect to in the financial statements for the year ended March 31, 2018, based on the appointed date.

A Amalgamation of Mechvac with Paras:

i) Mechvac was engaged in the business of manufacturing of components involving machinery, fabrication, high precision jobs, high performance coating and optical & physical testing of lenses for night vision devices and was a subsidiary of Paras.

ii) In accordance with the scheme:

- With effect from the Appointed Date, the undertaking, pursuant to the sanction of this scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 of the Companies Act 2013 and other applicable provisions, if any, of the Act, stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed.

- All assets, debts and liabilities of Mechvac have been deemed transferred to and vested in the Company with effect from April 01, 2017.

- Mechvac carried on the business for and on behalf of the Company for the period from the appointed date to the effective date, in trust as per the scheme.

- Upon the scheme becoming effective, no shares of the Transferee Company have been allotted in lieu or exchange of the holding of the Transferee Company in each of the Transferor Companies and the shares held by the Transferee Company in Transferor Company 1 (Mechvac) stand cancelled

- For every 784 shares of Rs. 10 each fully paid up of Mechvac, the transferee company issued 100 equity shares of Rs. 10 each to the other members of Mechvac

iii) The amalgamation has been accounted under the 'Pooling of Interests' method as envisaged in the Accounting Standard (AS)-14 on Accounting for Amalgamations, whereby:

In accordance with the Scheme, the assets, liabilities and reserves of Mechvac as at April 01, 2017 have been recorded at their book values. Further, equity share capital of Mechvac and investments in the equity shares of Mechvac has been eliminated and resultant balance amount of ₹ 56,106,918 has been debited to General Reserve of the Company.

The operations of Mechvac during the year have been accounted for in the current year's Statement of Profit and Loss of the Company. The credit balance in Surplus in Statement of Profit and Loss of Mechvac as at April 01, 2017 ₹81,4B5,713 has been included in Surplus in Statement of Profit and Loss of the Company.

In terms of the Scheme, inter-company balances (payables, receivables, loans, advances, etc) between Mechvac and the Company as at appointed date have been cancelled.

B Amalgamation of Concept with Paras:

i) Concept was engaged in the business of manufacturing, dealing, importing and broking, in microprocessor based systems, industrial PCs, monitors, printers, defence electronics equipments, designers & developers for defence, Industrial and commercial products, mechanical enclosures for Industrial and defence establishments, x-ray equipment for hospitals, photo processing equipments for photo laboratories, semi-automatic / automatic equipment for industrial canteens/ hospitals and equipments for printed circuit boards manufacturing and was an Associate Company of Paras in terms of Accounting Standard 23(AS-23) on Accounting for Investment in Associates.

ii) In accordance with the scheme:

- With effect from the Appointed Date, the undertaking, pursuant to the sanction of this Scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 of the Companies Act 2013 and other applicable provisions, if any, of the Act, stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed.

- All assets, debts and liabilities of Concept have been deemed transferred to and vested in the Company with effect from April 01, 2017.

- Concept carried on the business for and behalf of the Company for the period from the Appointed Date to the effective date, in trust as per the Scheme.

- No shares of the Transferee Company have been allotted in lieu or exchange of the holding of the Transferee Company in each of the Transferor Companies and the shares held by the Transferee Company in Transferor Company 2 (Concept) stand cancelled

- For every 1535 equity shares of Rs. 10 each fully paid up of Concept, the transferee company issued 100 equity shares shares of Rs. 10 each to the members of Concept

iii) The amalgamation has been accounted under the 'Pooling of Interests' method as envisaged in the Accounting Standard (AS)-14 on Accounting for Amalgamations, whereby:



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

Note 28 (Contd.)

In accordance with the Scheme, the assets, liabilities and reserves of Concept as at April 01, 2017 have been recorded at their book values. Further, equity share capital of Concept, and investments in the equity shares of Concept has been eliminated and resultant balance amount of ₹ 24,729,120 has been debited to General Reserve of the Company.

The Transferor company Concept had issued Bonus shares in the ratio of 5:1 to their existing shareholders vide board resolution dated 24.09.2017

The operations of Concept during the year have been accounted for in the current year's Statement of Profit and Loss of the Company. The credit balance in Surplus in Statement of Profit and Loss of Concept as at April 01, 2017 ₹102,068,408 has been included in Surplus in Statement of Profit and Loss of the Company.

In terms of the Scheme inter-company balances (payables, receivables, loans, advances, etc) between Concept and the Company as at appointed date have been cancelled.

29 Employee benefits

29.01 Defined Benefit plan:

The disclosures regarding the Company's gratuity plan (funded) is as follows:

The present value of obligation is determined based on actuarial valuation using projected unit credit method, which recognize 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.

Actuarial assumptions

(Amount in ₹)

Date of Valuation	March 31, 2018	March 31, 2017
Discount Rate	7.86%	-
Salary Escalation Rate	7.50%	-
Expected rate on return on assets	N.A	-
Mortality	IALM (2006-08) Ultimate	-
Employee Turnover	2.50%	-
Retirement Age	60 Years	-

(Amount in ₹)

Amounts in Balance sheet at period end	March 31, 2018	March 31, 2017
Defined Benefit Obligation	9,874,486	-
Fair Value of Plan Assets	-	-
Funded Status- (Surplus)/ Deficit	9,874,486	-
Past service Cost not yet realised	-	-
Unrecognised Assets due to Limit in Para 58(B)	-	-
(Asset)/ Liability recognised on Balancesheet Date	-	-

(Amount in ₹)

Amounts Recognised in Statement of Profit & Loss at Period-End	March 31, 2018	March 31, 2017
Service Cost	9,874,486	-
Interest Cost	-	-
Expected Return on Plan Assets	-	-
Past Service Cost	-	-
Net Actuarial Losses/(Gains) Recognised during the period	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Unrecognised Asset due to Limit in Para 58(B)	-	-

(Amount in ₹)

Current / Non-Current Bifurcation	March 31, 2018	March 31, 2017
Current Benefit Obligation	1,128,310	-
Non- Current Benefit Obligation	8,746,176	-

29.02 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below :

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Defined contribution plan*		
Employer's contribution to Provident Fund	475,132	-
Employer's contribution to ESIC	226,108	-
PF admin charges	21,727	-
	722,967	-

* Pursuant to the Scheme of Amalgamation



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

30 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
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	-	-

There are no dues to micro and small enterprises which have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

31 Imported and Indigenous materials consumed

(Amount in ₹)

Particulars	March 31, 2018	Percentage	March 31, 2017	Percentage
Imported	387,956,507	40.92%	-	0.00%
Indigenous	560,234,524	59.08%	315,387,883	100.00%
Total	948,191,031	100.00%	315,387,883	100.00%

32 CIF value of imports

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Raw materials	103,575,894	4,939,913
Components and spare parts	51,207,000	-
Capital goods	3,916,796	17,637,015
Total	158,699,690	22,576,928

33 Expenditure in foreign currency

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Marketing & sales Promotion	2,230,289	-
Installation & maintenance	18,679,127	-
Professional & consultation fees	1,190,598	-
Others	-	1,806,023
Total	22,100,013	1,806,023

34 Earnings in foreign currency

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Export of goods calculated on FOB basis	668,967,402	19,902,791
Total	668,967,402	19,902,791

35 Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
A. Contingent liabilities		
a) Guarantees		
Bank guarantees	140,335,423	68,323,256
b) Others		
Letter of credit	5,329,512	-
Total (a+b)	145,664,935	68,323,256
B. Commitments		
Estimated amount of contracts to be executed on capital account not provided for	14,894,060	7,692,729
Commitment towards EPCG License	131,423,691	73,395,297

35.01 The Figures of last financial year and current financial year are not comparable due to the Scheme of Amalgamation mentioned under Note 28 above

36 Related Party Disclosures

a) List of Related Parties

(As Certified by the Company)

Subsidiary Company

Mechvac India Limited (ceases to be related party from the appointed date 01.04.2017 pursuant to the scheme of Amalgamation with the Company- refer note 28)

Holland Shielding Systems (India) Pvt Ltd (wholly owned subsidiary)

Associate Company

Concept Shapers & Electronics Pvt Ltd (ceases to be related party from the appointed date 01.04.2017 pursuant to the scheme of amalgamation with the Company- refer note 28)



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

Note 36 (Contd.)

Key Management Personnel

Mr. Sharad Virji Shah
Mr. Munjal Sharad Shah
Mr. Ami Munjal Shah

Relative of Key Managerial Personnel

Mr. Harsh Dharendra Bhansali
Mrs. Kaajal Harsh Bhansali
Mrs. Niranjana Sharad Shah
Mr. Anish Mehta

36.01 Related Party Transactions

Nature of Transaction with name of the parties	For the year ended March 31, 2018	For the year ended March 31, 2017	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
Remuneration				
Ami Munjal Shah	1,500,000	1,200,000	251,928	82,180
Harsh Bhansali	1,214,931	1,214,860	43,059	130,226
Kajal Bhansali	914,903	914,897	676,982	907,298
Munjal Sharad Shah	1,800,000	1,500,000	112,959	100,698
Sharad V. Shah	1,800,000	1,500,000	239,899	9,796
Anish Mehta	347,232	347,260	27,600	27,700
Advance Received				
Niranjana Shah	-	300,000	-	7,540,030
Kajal Bhansali	-	2,500,000	-	-
Advance returned on cancellation of order				
Niranjana Shah	7,540,030	20,130,222	-	-
Sharad V. Shah	-	23,371	-	-
Kajal Bhansali	-	5,000,000	-	-
Harsh Bhansali	-	64,556	-	-
Loans Taken				
Munjal Shah	46,350,000	38,075,000	1,065,220	31,104,320
Sharad V. Shah	29,340,131	52,796,479	-	-
Ami Shah	-	-	109,500	109,500
Mechvac India Limited	-	150,117,700	-	116,264,288
Concept Shapers & Electronics Pvt Ltd	-	10,138,132	-	13,531,315
Loans Repaid				
Munjal Sharad Shah	76,389,100	25,389,000	-	-
Sharad V. Shah	29,340,131	53,909,440	-	-
Mechvac India Limited	-	44,004,598	-	-
Concept Shapers & Electronics Pvt Ltd	-	9,637,400	-	-
Sales				
Mechvac India Limited	-	166,224,689	-	57,628,711
Concept Shapers & Electronics Pvt Ltd	-	10,186,325	-	3,083,896
Purchases				
Mechvac India Limited	-	-	-	23,562,435
Concept Shapers & Electronics Pvt Ltd	-	3,933,562	-	-
Investment				
Holland Shielding Systems (India) Pvt Ltd	100,000	-	100,000	-

37 Earnings per equity share

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax attributable to equity share holders for Basic EPS	223,644,812	20,300,892
Profit after tax attributable to equity share holders for Diluted EPS *	223,644,812	20,300,892
Weighted Average no. of equity shares outstanding during the year		
for Basic EPS (Nos)	5,582,534	5,010,000
for Diluted EPS (Nos)	5,582,534	5,010,000
Basic EPS (in ₹)	40.06	4.06
Diluted EPS (in ₹)	40.06	4.06
Nominal Value per Share (in ₹)	10.00	10.00



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Financial Statements (Contd.)

38 Segment information
Information about primary business segments

(Amount in ₹)

Particulars	Heavy engineering		Defence & Space Optics		Defence Electronics		Unallocated		Grand total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue										
Revenue from operations	35,47,90,910	47,50,56,566	35,78,41,070	-	74,08,71,743	-			1,45,35,03,723	47,50,66,660
Results										
Segment Result (Profit/(loss))	18,27,48,322	10,39,60,095	11,32,63,644	-	20,52,08,271	-			50,12,20,238	10,39,60,095
Unallocated corporate overheads	-	-	-	-	-	-	(14,13,43,344)	(3,92,46,852)	(14,13,43,345)	(3,92,46,852)
Operating Profit/ (Loss)	-	-	-	-	-	-	-	-	35,98,76,893	6,47,13,243
Interest expense	-	-	-	-	-	-	(7,26,90,779)	(3,72,44,791)	(7,26,90,779)	(3,72,44,791)
Interest income	-	-	-	-	-	-	1,13,89,613	28,21,553	1,13,89,613	28,21,553
Income Tax	-	-	-	-	-	-	(7,24,97,194)	(99,89,113)	(7,24,97,194)	(99,89,113)
Profit/ (Loss) from ordinary activities	-	-	-	-	-	-	-	-	22,60,58,532	2,03,00,892
Extra-ordinary items	-	-	-	-	-	-	-	-	-	-
Net Profit/ (Loss) after tax	18,27,48,322	10,39,60,095	11,32,63,644	-	20,52,08,271	-	(27,51,61,705)	(8,36,59,203)	22,60,58,532	2,03,00,892
Other information										
Segment assets	92,07,94,441	78,09,34,989	73,36,62,157	-	59,00,77,713	-			2,24,45,34,311	78,09,34,989
Unallocated corporate assets	-	-	-	-	-	-	12,17,14,378	10,97,28,261	12,17,14,379	15,75,51,782
Total assets	92,07,94,441	78,09,34,989	73,36,62,157	-	59,00,77,713	-	12,17,14,378	10,97,28,261	2,36,62,48,690	93,85,46,771
Segment liabilities	52,46,58,731	56,10,25,095	24,47,57,101	-	18,03,33,189	-			94,97,49,021	56,10,25,095
Unallocated corporate liabilities	-	-	-	-	-	-	12,07,29,984	6,08,28,099	12,07,29,984	6,08,28,099
Total liabilities	52,46,58,731	56,10,25,095	24,47,57,101	-	18,03,33,189	-	12,07,29,984	6,08,28,099	1,07,04,79,005	62,18,53,194
Capital expenditure	29,19,54,450	3,04,62,486	25,25,34,104	-	96,82,196	-			55,31,70,750	3,04,62,486
Depreciation	3,07,23,275	1,85,79,572	3,56,14,892	-	31,06,388	-			6,94,38,555	1,85,79,572
Non- cash expenses other than depreciation	-	-	-	-	-	-	61,70,781	5,54,851	61,70,781	-

a. The Primary Business Segments are further described as under:

Heavy Engineering : Flow Formed Rockets/ Missile Motor Tubes, Radar Array Cooling Assemblies, Titanium Assemblies for Naval Applications, Turnkey projects

Defence & Space Optics : Infra Red Lenses for Night Vision Devices, Space Optics/ Gratings/ Mirrors, Reflex Sights, Precision Diamond Turned Components

Defence Electronics : Defence Automation & Control Systems, Rugged Command & Control Consoles and EMP Solutions

b. Information about Secondary Business Segments

Since the operation of the Company are predominantly conducted within India, there is no reportable Geographical Segment.

39 Deferred Tax Liabilities (Net)

Particulars	March 31, 2018	March 31, 2017
Liabilities		
Related to Fixed Assets	59,389,894	13,345,830
Total	59,389,894	13,345,830
Assets		
Disallowance under section 35DD of the Income Tax Act, 1961	1,360,405	341,251
Disallowance under section 43B of the Income Tax Act, 1961	2,875,450	-
Total	4,235,855	341,251
Deferred Tax Liabilities (Net)	55,154,039	13,004,579

40 Previous year's figures have been re-grouped, reworked, reclassified and re-arranged wherever necessary.

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

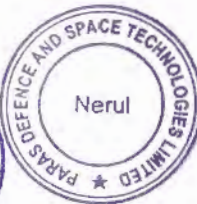
Firm registration No. 111022W

(Signature)

CA NITIN M. MARU

Proprietor

Membership No. 037987



For and behalf of Board of Directors

(Signature)
SHARAD V. SHAH

Director

DIN: 00622001

(Signature)
PRASANTAMADHAB BARUA

Chief Financial Officer

(Signature)
MUNJAL S. SHAH

Director

DIN: 01080863

(Signature)
MANSI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25, 2018



NITIN MARU AND ASSOCIATES

CHARTERED ACCOUNTANTS

NITIN MARU

B.Com. L.L.B (Gen), F.C.A

Office No. 103/104, Flora Point, S.N. Road, Mulund (w), Mumbai-400080

EMAIL: nmmaru@gmail.com, (O) 25610284/25670284

INDEPENDENT AUDITOR'S REPORT

To,
The Members of PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

1) Report on the Consolidated Financial Statements

We have audited the attached Consolidated Financial Statements of PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprises of the Consolidated balance sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2) Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

3) Auditors's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation of the consolidated financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018 and its consolidated financial performance and its consolidated cash flows for the year ended on that date.

(cont....2)



5) **Report on Other Legal and Regulatory Requirements**

As required by the section 143(3) of the Act, we further 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 purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement dealt with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the applicable Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e) On the basis of written representations received from the directors of the Holding Company as on March 31,2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors is disqualified as on March 31,2018, 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 over financial reporting and the operating effectiveness of such controls, refer to Annexure-A to Audit report which is based on the auditors' reports of the Holding company and its subsidiaries.
- g) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditors's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
 - (i) The Group does not have any pending litigations
 - (ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - (iii) The Holding company and its subsidiaries has not declared dividend till date and therefore delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund dose not arise.

PLACE : MUMBAI
DATE: 25/09/2018

FOR NITIN MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
(Firm Regn No. 114022W)

(CA NITIN M. MARU)
PROPRIETOR
M.NO. 37987





NITIN MARU AND ASSOCIATES

CHARTERED ACCOUNTANTS

NITIN MARU

B.Com. L.L.B (Gen), F.C.A

Office No. 103/104, Flora Point, S.N. Road, Mulund (w), Mumbai-400080

EMAIL: nmmaru@gmail.com, (O) 25610284/25670284

ANNEXURE " A " TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED

1) **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31,2018, we have audited the internal financial controls over financial reporting of PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiary together referred to as "the Group") as of that date.

2) **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiaries is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

3) **Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding Company and its subsidiaries, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 over financial reporting.

Contd[2]



We believe that the audit evidence obtained by us and the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiaries internal financial controls system over financial reporting.

4) **Meaning of Internal Financials Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 over financial reporting 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.

5) **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6) **Opinion**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company and its subsidiaries have, 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 March 31, 2018, based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

7) **Other Matters**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/standalone financial statements of the subsidiary which is company incorporated in India, is based on the corresponding reports of the auditors of such companies.

PLACE : MUMBAI
DATE: 25/09/2018

FOR NITIN MARU AND ASSOCIATES
CHARTERED ACCOUNTANTS
(Firm Registration No. 114022W)

(CA NITIN M. MARU)
PROPRIETOR
M.NO. 37987



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	Note No	As at March 31, 2018	As at March 31, 2017
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
- Share capital	2	55,825,340	50,100,000
- Reserves and surplus	3	1,237,530,625	806,372,621
Sub-Total (A)		1,293,355,965	856,472,621
2. Minority Interest			
Sub-Total (B)		-	68,595,429
3. Non-Current Liabilities			
- Long-term borrowings	4	401,841,876	248,806,889
- Deferred tax liabilities (net)		55,154,039	34,958,314
- Long-term provisions	5	8,746,176	-
Sub-Total (C)		465,742,091	283,765,203
4. Current Liabilities			
- Short term borrowings	6	195,491,609	282,024,641
- Trade payables			
(i) Total outstanding dues of Micro and Small Enterprises	7	-	-
ii) Total outstanding dues other than Micro and Small Enterprises		228,495,756	316,682,164
- Other current liabilities	8	122,791,471	29,502,351
- Short-term provisions	9	57,371,206	28,321,055
Sub-Total (D)		604,150,040	656,530,210
Total		2,363,248,097	1,865,363,464
II. ASSETS			
4. Non-Current Assets			
Fixed assets			
- Tangible assets	10	1,511,639,263	938,495,406
- Intangible assets		12,248,371	7,794
- Capital work-in-progress		12,068,021	-
Non-current investments	11	500,000	500,000
Long-term loans and advances	12	7,662,643	2,770,850
Other non-current assets	13	7,997,263	23,338,545
Sub-Total (D)		1,552,115,561	965,112,595
5. Current Assets			
- Inventories	14	437,936,903	366,587,517
- Trade receivables	15	282,709,776	306,605,002
- Cash and bank balances	16	34,541,516	73,459,828
- Short-term loans and advances	17	46,550,776	153,230,509
- Other current assets	18	9,393,566	368,013
Sub-Total (E)		811,132,536	900,250,869
Total		2,363,248,097	1,865,363,464

Significant Accounting Policies

1

Notes 1 to 41 form an integral part of Accounts.

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

Firm registration No. 114022W

CA NITIN M. MARU

Proprietor

Membership No. 037987



For and behalf of Board of Directors

SHARAD V. SHAH

Director

DIN: 00622001

PRASANTAMADHAB BARUA

Chief Financial Officer

MUNJAL S. SHAH

Director

DIN: 01080863

MANSI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25, 2018

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	Note No	For the year ended March 31, 2018	For the year ended March 31, 2017
I. Revenue from operations	19	1,453,503,723	1,129,951,846
II. Other income	20	11,369,613	13,028,640
III. Total Revenue (I+II)		1,464,873,335	1,142,980,485
IV. Expenses			
- Cost of materials consumed	21	948,191,031	775,651,847
- Changes in inventories of work-in-progress and finished goods	22	(164,876,969)	(46,522,695)
- Manufacturing expenses	23	73,455,827	58,476,913
- Employee benefit expenses	24	75,829,162	46,672,454
- Finance cost	25	72,690,779	71,320,845
- Depreciation and amortisation expense	10	69,438,555	44,599,136
- Selling, distribution & admin expenses	26	91,589,224	64,501,939
Total Expenses		1,166,317,609	1,014,700,438
V. Profit before Exceptional Items and Tax		298,555,726	128,280,048
VI. Exceptional items			
VII. Profit before Tax (V-VI)		298,555,726	128,280,048
VIII. Tax expense			
(a) Current tax		64,141,903	31,001,144
(b) MAT credit entitlement		(1,028,672)	-
(c) Deferred tax		12,461,604	6,222,924
(d) Adjustment for tax of previous years (net)		(663,921)	(72,111)
Total Tax		74,910,914	37,151,957
IX. Profit for the year (before Minority Interest adjustment)		223,644,812	91,128,090
Less: Share of Minority Interest		-	4,953,229
X. Profit for the year		223,644,812	86,174,861
XI. Earning per Equity share of Rs. 10 each (Basic and Diluted)	38	40.06	18.19

Significant Accounting Policies

1

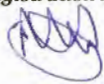
Notes 1 to 41 form an integral part of Accounts.

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

Firm registration No. 114022W



CA NITIN M. MARU

Proprietor

Membership No. 037987



For and behalf of Board of Directors

SHARAD V. SHAH

Director

DIN: 00622001



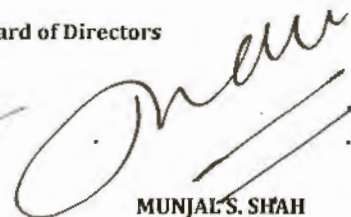
PRASANTAMADHAB BARUA

Chief Financial Officer

MUNJAL S. SHAH

Director

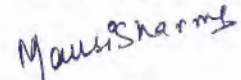
DIN: 01980863



MANSI SHARMA

Company Secretary

Membership No: A28636



Mumbai, September 25, 2018

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flows from operating activities		
Profit before taxation	298,555,726	128,138,549
Adjustments for:		
Depreciation	69,438,555	44,599,136
Profit on sale of investment	(500,000)	-
Investment income	(3,030,510)	(7,025,323)
Interest expenses	55,714,154	52,621,448
Dividend	(60,000)	(60,000)
Adjustments for Associate to Joint venture	-	78,447,135
Operating Profit before working capital changes	420,117,925	296,720,945
Working capital changes:		
(Increase) / decrease in trade and other receivables	510,130,759	(264,594,536)
(Increase) / decrease in inventories	(16,611,336)	(90,303,070)
Increase / (decrease) in trade payables and customer advances	(277,374,222)	166,741,861
Cash generated from operations	636,263,126	108,565,200
Less: Income tax payment	(64,793,886)	(30,929,032)
Net cash from operating activities (A)	571,469,240	77,636,168
B. Cash flows from investing activities		
Purchase of fixed assets	(553,170,750)	(160,199,407)
Sale of Investment	3,000,000	-
Investment income	3,030,510	7,025,323
Dividend income	60,000	60,000
Net cash used in investing activities (B)	(547,080,240)	(153,114,084)
C. Cash flow from financing activities		
Repayment of long term borrowings	(163,315,254)	
Proceeds from long-term borrowings	253,929,576	27,014,301
Proceeds/ (repayment) from short-term borrowings	(103,194,167)	(55,579,123)
(Increase) / Decrease in Margin money	42,501,463	(69,612,708)
Interest Paid	(55,714,154)	(52,621,448)
Net cash used in financing activities (C)	(25,792,535)	(150,798,977)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,403,535)	(226,276,894)
Cash and cash equivalents at beginning of year	3,847,120	230,124,014
Add: Adjustment pertaining to scheme of amalgamation (refer note 27)	1,281,200	-
Cash and cash equivalents at end of year (refer note 16)	3,724,785	3,847,120

Note

1. Bracket indicates cash outflow
2. Previous year figures have been regrouped, reclassified and rearranged wherever necessary
3. The above cash flow statement has been prepared under the " Indirect Method" as set out in AS-3 on cash flow statement

As per our report of even date.

FOR NITIN MARU & ASSOCIATES

Chartered Accountant

Firm registration No. 1140226




CA NITIN M. MARU

Proprietor

Membership No. 037987



For and behalf of Board of Directors

SHARAD V. SHAH

Director

DIN: 00622001

PRASANTAMADHAB BARUA

Chief Financial Officer

MUNJAL S. SHAH

Director

DIN: 01080863

MANSI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25, 2018

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements

1.00 Significant Accounting Policies

1.01 Principles of consolidation

The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements", as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises of the financial statements of Paras Defence and Space Technologies Ltd. and its wholly owned subsidiary Holland Shielding Systems (India) Pvt. Ltd. Reference in these notes to PDSTIL, Company, Parent Company, Companies or Group shall mean to include Paras Defence and Space Technologies Ltd. and its subsidiary, unless otherwise stated.

1.02 The Financial Statements of the Company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealized profits or losses.

1.03 As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

1.04 The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.

1.05 Other Significant Accounting Policies

1.05.1 Basis of preparation of Financial Statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and on going concern basis in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP"), the Applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with the Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The accounting policies adopted in the presentation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities

1.05.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

1.05.3 Fixed assets

Tangible assets

a) Tangible assets are stated at cost net of value added tax credits, less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use. Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital Work-in-Progress".

b) Land acquired on lease for 95 years or more, where the Company has the option of renewal, are treated as freehold land

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and is amortised over the useful life of the underlying plant. Softwares are amortised over a period of useful life.

1.05.4 Depreciation

Depreciation on fixed tangible assets are provided on written down value method over useful life of the assets as prescribed in schedule II to the Companies Act, 2013 except in respect of following assets, where the useful life is different as per technical evaluation than those prescribed in schedule II:

Particulars	Useful life considered for depreciation
Factory building	60 Years
Plant & Machinery	25 Years
Furniture & Fixtures	15 years
Air conditioner	5 Years
Office equipment	10 Years

1.05.5 Investments

Current investments are carried at the lower of cost and quoted / fair value, computed category- wise. Non current investments are stated at cost. Provision for diminution in the value of non current investments is made only if such a decline is other than temporary.



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

Note 1: Significant Accounting Policies (Contd.)

1.05.6 Inventory

The inventories have been valued at lower of cost and net realisable value. The cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing them to their respective present location and condition. The cost of raw materials and stores & spares are determined at first-in-first-out method and weighted average method respectively.

Costs of work in progress and finished goods are determined on absorption costing method.

1.05.7 Foreign currency transactions

i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.

iii) Non monetary foreign currency items are carried at cost.

iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

1.05.8 Revenue recognition

a) Sales are recognised when goods are supplied and significant risks and rewards of ownership in the goods are transferred to the buyer. Sales are recorded net of returns, trade discounts, rebates, value added tax and excise duties and GST.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

c) Income from export incentives such as duty drawback is recognised when the right to receive is established. The incentives on export such as (MEIS) are recognised on accrual basis.

d) Dividend income on investments is recognised when the right to receive dividend is established.

1.05.9 Government grant

The Company is entitled to subsidy from DSIR (Department of Scientific & Industrial Research), Ministry of Science & Technology for the difference between the normal rate of interest @12% and the concessional rate of interest @ 3% on financial assistance received from DSIR, subject to prompt repayment of the principal and interest thereon.

Government grants are recognized only if there is reasonable assurance that the grant will be received and all the conditions attached there to shall be complied with and shown under the head "Other Income".

1.05.10 Customs

Liability on account of customs duty on imported materials in transit or in bonded warehouse is accounted in the year in which the goods are cleared from customs.

1.05.11 Employee benefits

i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques based on projected unit credit method. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

1.05.12 Provisions for taxes on income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets and Deferred tax liabilities are off set if legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit & Loss as current tax. MAT credit available is recognised as an asset only to the extent there is reasonable possibility that the company will pay normal income tax during the specified period for which MAT credit is allowed to be carried forward. The company recognises MAT credit as an asset by way of credit to the Statement of Profit & Loss and is disclosed as "MAT credit entitlement" under Long term loans & advances.



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

Note 1: Significant Accounting Policies (Contd.)

1.05.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the company has a present obligation as a result of a past event, due to which there is likely to be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

1.05.14 Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

1.05.15 Borrowing costs

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised. All other borrowing costs are expensed in the period they occur.

1.05.16 Earnings per share

The basic and diluted earning per share ("EPS") is computed by dividing the net profit for the period attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

1.05.17 Cash & cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

1.05.18 Segment reporting

The Accounting Policies adopted for segment reporting are in line with the Accounting Policies of the Group. Segment assets include all operating assets used by the business segments and consist principally of fixed assets, trade receivables and inventories. Segment liabilities include the operating liabilities that result from the operating activities of the business. Segment assets and liabilities that cannot be allocated between the segments are shown as part of unallocated corporate assets and liabilities respectively. Income / Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income / expenses.



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

2. Share Capital

(Amount in ₹)

SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Authorised Share Capital		
	Opening balance (Equity shares of Rs.10/- each)	52,600,000	52,600,000
	Add : Pursuant to the scheme of amalgamation (refer note 27)	300,000,000	-
	Closing balance (Equity shares of Rs.10/- each)	352,600,000	52,600,000
ii)	Issued, Subscribed and fully Paid-up :		
	Opening balance (Equity shares of Rs.10/- each)	50,100,000	50,100,000
	(out of the above, 20,10,000 (P.Y. 20,10,000) equity shares of Rs.10/- each fully paid up for consideration other than cash in the scheme of amalgamation dated 28.09.2015)		
	Add: 572,534 equity shares of Rs.10/- each fully paid up (for consideration other than cash in the scheme of amalgamation -refer note 27)	5,725,340	-
		55,825,340	50,100,000
2.01	Details of shareholding as at March 31, 2018		
	Shareholders holding more than 5 % of equity shares:		
		Current Year	Previous Year
	Name	No. of shares	% holding
	Mr. Sharad V. Shah	3,656,094	65.49%
	Mr. Munjal S Shah	681,460	12.21%
	Mrs. Ami M Shah	672,442	12.05%
2.02	Reconciliation of the number of equity shares outstanding	As at March 31, 2018	As at March 31, 2018
		No. of shares	No. of shares
	Number of shares at the beginning of the year	5,010,000	5,010,000
	Add: Shares allotted pursuant to the scheme of amalgamation	572,534	-
	Less: Shares forfeited	-	-
	Number of shares at the end of year	5,582,534	5,010,000
2.03	The Company has only one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets remaining after remittance of all preferential amounts.		

3. Reserves and Surplus

(Amount in ₹)

SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Capital Reserve		
	On consolidation of subsidiary	-	147,251,273
	On consolidation of Joint Venture	-	13,424,099
			160,675,371
ii)	Securities Premium Reserve		
	Balance as per last Balance Sheet	-	-
	Add: On consolidation of subsidiary	-	164,047,800
	Add: Pursuant to the scheme of amalgamation (refer note 27)	394,471,041	-
	Closing balance	394,471,041	164,047,800
iii)	Revaluation Reserve		
	Balance as per last Balance Sheet	238,875,291	238,875,290
	Add: Pursuant to the scheme of amalgamation (refer note 27)	342,956,843	-
	Less: Depreciation on enhanced value of fixed assets	(9,545,814)	-
	Less : On consolidation of subsidiary	-	(1,737,090)
	Add : On consolidation of Joint Venture	-	81,761,549
	Closing balance	572,286,320	318,899,749
iv)	General Reserve		
	Balance as per last Balance Sheet	1,094,323	1,094,323
	Add: Pursuant to the scheme of amalgamation (refer note 27)	97,850	-
	Add:- Transferred to general reserve for issue of bonus shares (refer note 27)	87,500,000	-
	Less:- Bonus shares issued (refer note 27)	(87,500,000)	-
	Add: On account of excess of purchase consideration over net assets taken over pursuant to the scheme of amalgamation as per AS-14 (Refer note no. 27)	(80,836,038)	-
	Closing balance	(79,643,865)	1,094,323
v)	Surplus as per Profit and Loss Account		
	Balance as per last Balance Sheet	26,623,965	6,323,070
	Add: Pursuant to the scheme of amalgamation (refer note 27)	184,471,893	-
	Add: Profit after tax for the year	223,644,812	20,300,892
	Add: Depreciation on revalued assets	3,176,460	-
	Less:- Transferred to general reserve for issue of bonus shares (refer note 27)	(87,500,000)	-
	Add : On consolidation of subsidiary	-	82,769,886
	Add : On consolidation of Joint Venture	-	52,261,530
	Balance at the end of the year	350,417,130	161,655,378
		1,237,530,625	806,372,621



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

4. Long Term Borrowings

(Amount in ₹)

SN	Particulars	As at	As at
		March 31, 2018	March 31, 2017
a.	Secured loans		
	Term Loans		
	- From banks	262,595,122	72,493,694
	- From other parties	124,209,688	104,212,534
	(Refer note i, ii, iii, v and vi below)		
b.	Unsecured loans		
	- from related parties	1,174,720	37,979,478
	- from others	13,862,346	34,121,183
	(Refer note iv and vi below)		
		401,841,876	248,806,889

Notes:

i)	Particulars	As at	As at
		March 31, 2018	March 31, 2017
	Term loans		
	Term loan from bank		
	Vehicle loan	14,117,580	8,629,850
	Other loan	248,477,542	63,863,844
	TOTAL	262,595,122	72,493,694

ii) **Term loan from banks include:**

- Two term loans from **Kotak bank** taken by Mechvac vide sanction letter no. SME/SAP/WEST1/2017-18/MAR/5518 against collateral mortgage of D-112, TTC Industrial area, Nerul- East, Navi Mumbai-400706, carrying floating interest @ 8.45% p.a. over the tenure of the facility and repayable in 70 months and 60 months respectively, commencing on April, 2018 amounting to 114,445,447/- [Including current maturities of long term borrowings ₹ 14,042,084/- (refer note 8)]

(Out of the above, one loan was originally taken from **Axis bank** which was taken over by Kotak Bank. However, additional interest of ₹ 2,16,655/- was charged by Axis bank, which was entirely repaid in April, 2018 and, therefore, the same is grouped under current maturities of long term debt (refer note 8)

- Two loans from **Kotak bank** taken by Concept vide sanction letter no. SME/SAP/WEST 1/2017-18/MAY80929 dated 14.06.2017, against hypothecation of the property situated at Cherlapalli, Hyderabad and other properties, carrying interest @ 10.25% and the final maturity installment is payable on March 28, 2025, amounting to ₹ 24,772,593/- and the second loan amounting to ₹ 8,886,502/- repayable in 60 instalments commencing on November, 2017 [Including current maturities of long term borrowings ₹ 2,569,589/- (refer note 8)]

- Loan from **NKGSB bank** taken by Paras vide sanction letter no. ADV/BOARD/THANE N/PDSTL/684/2017-18 subject to modification vide letter no. ADV/BOARD/THANE N /PDSTL/601/2017-18 dated 23.02.2018 against hypothecation of collateral security of land & building situated at Plot no. M-6, MIDC, Addl. Ambernath Industrial Area Ambernath- East-421506 and the flowforming Plat & Machinery carrying interest @11% p.a. for 84 months commencing on April, 2018 , amounting to ₹ 129,700,000/- [Including current maturities of long term borrowings ₹ 12,715,328 /- (refer note 8)]

- Loan from **HDFC bank** taken by **Concept** against hypothecation of three vehicles (Honda City) carrying interest @ 10% p.a. amounting to ₹ 1,763,655/- repayable in 60 months commencing on September, 2015 [Including current maturities of long term borrowings ₹ 678,741/- (refer note 8)]

- Loan from **ICICI bank** taken by Paras against hypothecation of Mercedes Benz, carrying interest @ 9.01% p.a. amounting to ₹ 4,805,822/- repayable in 84 months commencing on February, 2017 [Including current maturities of long term borrowings ₹ 655,756/- (refer note 8)]

- Loan from **Axis bank** taken by Paras against hypothecation of Mercedes Benz-5578 carrying interest @ 8.51% p.a. amounting to ₹ 5,000,000/- repayable in 84 months commencing on April, 2018 [Including current maturities of long term borrowings ₹ 558,700/- (refer note 8)]

- Loan from **Axis bank** taken by Paras against hypothecation of Mercedes Benz-6628 carrying interest @ 8.51% p.a. amounting to ₹ 5,000,000/- repayable in 84 months commencing on April, 2018 [Including current maturities of long term borrowings ₹ 558,700/- (refer note 8)]

iii) **From other parties**

Loan from others include

- Four term loan were availed from **Siemens Financial Services Pvt Ltd** against hypothecation of Tester- Model- Form Talysurf PGI 1200, Nano form 250 ultragrind machining System, HM 300, NC_SOP_Polishing Machine 120 rpm with sub items and accessories, SM 80 CNC generator- grinder Machine consisting of standard accessories & equipments , SPO 80 CNC Polishing Machine, Carl Zeiss Make Ex Demo prismo with VAST Gold Active Scanning Sensor System carrying interest @14%p.a,13% p.a, 12% p.a, 11.50% p.a respectively, amounting to ₹ 58,975,703/- repayable in 60 months, 48 months, 60 months, 48 months commencing from May, 2015, August 2015, December,2017 and January, 2018 [Including current maturities of long term borrowings ₹ 17,228,147/- (refer note 8)]

- loan availed from **Siemens Financial Services Pvt Ltd** against hypothecation of HASS make VMC VF-2 carrying interest @ 8.49% p.a amounting to ₹ 3,784,184/- repayable in 48 months commencing from September, 2017 [Including current maturities of long term borrowings ₹ 1,271,177 /- (refer note 8)]



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

Note 4 (Contd.)

- Three loans availed from HDFC vide sanction letter no. 621249021/DHOOT, 621246781/DHOOT and 621246712/DHOOT respectively, carrying interest @ 11.25 % p.a. in all the three loans against hypothecation of following properties. Amount outstanding ₹ 54,301,703/- repayable in 180 months commencing from February, 2017, March, 2017, and April, 2017 respectively [Including current maturities of long term borrowings ₹ 558,252/- (refer note 8)]

- Property situated at 396/397, Mahape village, Navi Mumbai-400710

- Property situated at 101, Kalinga Link Road, Mulund -W, Mumbai -400080

- Financial assistance received from Department of Scientific & Industrial Research (DSIR), Government of India (GOI) to Paras Defence & Space Technologies Limited for design, manufacturing and supply of three roller flow forming machine carrying interest @ 12% p.a. amounting to ₹ 32,960,000/- repayable by July, 2020 [Including current maturities of long term borrowings ₹ 89,60,000/- (refer note 8)]

- loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of Toyota Innova Crysta having Equated Monthly Installment (EMI) of ₹ 33166/-, to be repaid by December, 2021 amounting to ₹ 12,56,138/- [Including current maturities of long term borrowings ₹ 2,93,569/- (refer note 8)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of Accord having Equated Monthly Installment (EMI) of ₹ 15,963/-, to be repaid by March, 2021 amounting to ₹ 4,98,372/- [Including current maturities of long term borrowings ₹ 1,50,684/- (refer note 8)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of Audi having Equated Monthly Installment (EMI) of ₹ 1,34,700/-, to be repaid by June, 2019 amounting to ₹ 17,57,486/- [Including current maturities of long term borrowings ₹ 13,66,592/- (refer note 8)]

- Loan from Kotak Mahindra Prime Ltd taken by Paras against hypothecation of JAZZ 1.2V having Equated Monthly Installment (EMI) of ₹ 16,672/-, to be repaid by January, 2021 amounting to ₹ 4,93,418/- [Including current maturities of long term borrowings ₹ 1,44,119/- (refer note 8)]

- Loan from Tata Capital Financial Services Limited taken by Paras against hypothecation of Honda City 1.5V having Equated Monthly Installment (EMI) of ₹ 20,980/- amounting to ₹ 44,609/- Since the entire amount is repayable in next 2 months, the same is grouped under current maturities of long term borrowings ₹ 44,609/- (refer note 8)

- Loan from Tata Capital Financial Services Limited taken by Paras against hypothecation of Swift Dezire LDI having Equated Monthly Installment (EMI) of ₹ 11,760/-, to be repaid by May, 2019, amounting to ₹ 1,64,987/- [Including current maturities of long term borrowings ₹ 9764/- (refer note 8)]

iv) Loans from related parties and others carry interest @ 12% and are repayable beyond one year.

v) The facility is further secured by the personal guarantees from directors.

vi) The Company does not have any continuing defaults as on the Balancesheet date in repayment of principal or interest.

5 - Long term provisions:

(Amount in ₹)

SN	Particulars	As at March 31, 2018	As at March 31, 2017
	Provision for Gratuity- (refer note 28.01)	8,746,176	-
		8,746,176	-

6 - Short term borrowings

(Amount in ₹)

SN	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Secured		
	Loans repayable on demand		
	- From banks (refer note i, ii, iii and v below)	177,000,952	208,621,640
	- Buyers credit (refer note iv and v below)	18,490,657	73,403,001
		195,491,609	282,024,641

Notes

From banks

i) The transferor company - II (Concept) availed secured working capital demand loan in the form of cash credit from Bank of Maharashtra amounting to ₹ 350,00,000/-, secured against hypothecation of stocks and receivables of the company and equitable mortgage of the following properties: Flat No. 003, Lokhandwala Complex, Andheri - West, Mumbai-400058, Premises No. 103,115,207-B, 209-B 1st Floor, Veena industrial Premises Co- Op Society Ltd, Plot No. B-61, Veena Desai Road, Andheri- West, Mumbai-400058.

The above financial facility was discontinued and new funding was sanctioned by Kotak Mahindra Bank vide letter dated 30.09.2016 and the limits were enhanced on 22.02.2018 vide sanction letter SME/SAP/West/ 1/2017-10/feb/5065 to ₹ 32,69,00,000/- Out of that ₹ 14,00,00,000/- was working capital limit at interest rate linked to 2Y MCLR valid till 27.10.2019 (SIDBI rate) and balance for non funded facility.

The above funding is secured against the first and exclusively charge on all existing and future receivables/ current assets/ movable properties/ movable fixed assets etc. Premises No. 103,115,207-B, 209-B 1st Floor, Veena industrial premises Co- Op Soc Ltd, Plot No. B-61, Veena Desai Road, Andheri- west, Mumbai-400058, Plot no. 108 A, survey No. 261, IDA, cheralpalli, erabad -500062, Flat No. 003, Ground Floor, A- Wing, Andheri - West 400058 are provided as the collateral security at interest rate of 11%p.a. Amount outstanding as on March 31, 2018 was ₹ 98,197,481/-



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

Note 6 (Contd.)

- ii) In addition to above, the secured working capital includes cash credit facility availed by Paras from NKGSB Co-Operative Bank Ltd (₹ 800,00,000 /-) and Corporation Bank (₹ 10,00,00,000/-) in consortium arrangement with pari passu charge on the properties. However, in the month of March 2018, the financial facilities from Corporation Bank was discontinued and the entire limits taken over by the lead bank i.e NKGSB and the same was secured against hypothecation of stock and book Debt at interest rate of 11% p.a. Amount outstanding as on March 31, 2018 was ₹ 48,135,944/-
- iii) In transferor company 1 (Mechvac) availed secured working capital loan including cash credit from Axis Bank Ltd of ₹ 12,50,00,000/-, secured against hypothecation of stocks and receivables of the company, both present and future, and collateral security by way of equiable/ registered mortgage of the following properties:
- Properties situated at Plot no. D-112, MIDC, TTC Industrial Area, Navi Mumbai-400506
- The above financial facility was discontinued and the new funding is sanctioned by Kotak Mahindra Bank wide letter dated 23.03.2018. The funded as well as Non funded facility is of ₹ 40,00,00,000/- on 31.03.2018 is sanctioned by Kotak Mahindra Bank against the hypothecation of Stocks, receivables of the Company both present & future And collateral security by way of Equiable/ Registered mortgage of the following properties: - Properties situated at Plot no. D-112, MIDC, TTC Industrial Area, Navi Mumbai-400506 at interest rate of 9.25 % p.a
- iv) **Buyers credit**
₹ 18,490,657/- availed by Paras at an interest rate of 1.25% PC secured by exclusive charge on imported assets.
- v) All the above facilities are further secured by the personal guarantees from directors.

7. Trade payables

		(Amount in ₹)	
	Particulars	As at March 31, 2018	As at March 31, 2017
	Trade Payables		
	- Other than micro and small enterprises		
	(a) For goods, labour and expenses	228,495,756	316,682,164
		228,495,756	316,682,164

8. Other current liabilities

		(Amount in ₹)	
SN	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Current maturities of long term debt (refer note 4)	62,022,466	14,237,084
ii)	Statutory dues	874,424	4,023,601
iii)	Advances from customers	25,267,733	9,392,523
iv)	Creditors for fixed assets	32,319,520	-
v)	Other payables*	2,307,328	1,849,144
		122,791,471	29,502,351

* other payable includes mainly outstanding liabilities for expenses, audit fees etc.

9. Short term provisions

		(Amount in ₹)	
SN	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Provision for tax	52,742,896	27,144,918
ii)	Provision for Gratuity (refer note 28.01)	1,128,310	1,176,137
iii)	Provision for stamp duty	3,500,000	-
		57,371,206	28,321,055



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

10 - Fixed Assets

(Amount in ₹)

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at April 01, 2017	Assets acquired as per the scheme of amalgamation (refer note 2B)	Addition for the Year	Disposals/ Other adjustments	As at March 31, 2018	As at April 01, 2017	Depreciation on assets acquired as per the scheme of amalgamation (refer note 2B)	For the year	Deduction/ adjustments	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
I. Tangible Assets												
Land												
- Freehold [refer note 1.05.3(b)]	248,043,500	169,771,500		-	417,815,000	-	-	-	-	-	417,815,000	412,063,750
Buildings												
- Factory Building	72,158,380	281,656,564	30,509,117	-	384,324,061	25,234,371	40,159,283	9,630,382	-	75,024,036	309,300,025	165,611,464
- Office Building	-	26,460,722		-	26,460,722	-	5,020,766	2,005,946	-	7,026,712	19,434,010	37,596,966
Plant and Machinery	161,637,514	291,594,933	475,290,379	-	928,522,826	62,803,535	98,899,973	49,137,931	-	210,841,439	717,681,387	287,926,386
Furniture and Fixtures	3,169,245	11,165,992	1,428,380	-	15,763,617	521,820	7,342,033	1,772,663	-	9,636,516	6,127,101	5,634,449
Electric Fittings	3,978,092	6,739,823	1,668,800	-	12,386,715	2,480,282	4,151,965	1,154,765	-	7,787,012	4,599,703	4,251,540
Tools & Equipment	4,323,958	6,889,988	1,319,160	-	12,533,106	3,728,130	3,980,738	655,019	-	8,363,887	4,169,219	1,798,556
Computer	1,192,433	7,282,539	650,314	-	9,125,286	970,426	6,663,462	447,270	-	8,081,158	1,044,128	735,967
Vehicles	35,574,640	4,215,557	10,946,743	-	50,736,940	15,443,217	861,193	4,284,210	-	20,588,620	30,148,320	21,808,607
Office Equipments	1,621,949	2,629,237	728,323	-	4,979,509	1,029,538	2,230,814	398,787	-	3,659,139	1,320,370	1,067,720
II. Intangible Assets												
Accounting Software	94,476	-			94,476	86,682	-	3,062		89,744	4,732	7,794
Licenses, Services and operating rights			18,561,513		18,561,513			6,317,874		6,317,874	12,243,639	
Grand Total - (I+II)	531,794,187	808,406,855	541,102,729	-	1,881,303,771	112,298,001	169,310,227	75,807,909	-	357,416,137	1,523,887,634	938,503,200
(Previous year's Figures)	982,207,808	58,855,374	162,663,157	2,463,750	1,201,262,589	198,236,232	17,361,446	47,976,311	814,600	262,759,389	938,503,200	
III. Capital Work in progress-WIP	-	-	12,068,021		12,068,021	-	-	-	-	-	12,068,021	-

Particulars	Details of Depreciation	
	For the year ended March 31, 2018	For the year ended March 31, 2017
	Amount	Amount
Depreciation for the year as above	75,807,909	47,976,311
Less: Depreciation recouped from fixed assets revaluation reserve	6,369,354	-
Less: Depreciation recouped from Fixed Assets Revaluation reserve (Mechavc)	-	2,692,002
Less: Depreciation recouped from Fixed Assets Revaluation reserve (Concept)	-	685,173
Depreciation charged to Statement of Profit & Loss	69,438,555	44,599,136



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED			
Notes forming part of the Consolidated Financial Statements (Contd.)			
11. Non current investments			
(Amount in ₹)			
S.N.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Investment in equity instrument NKGS Co-op Bank (5000 Shares of Rs. 100/- each fully paid) (Refer Note no. 27)	500,000	500,000
		500,000	500,000
11.01 Details of quoted/ unquoted investments			
	Agreegate amount of quoted investment	-	-
	Agreegate amount of unquoted investment	500,000	500,000
		500,000	500,000
12. Long term loans and advances			
(Amount in ₹)			
S.N.	Particulars	As at March 31, 2018	As at March 31, 2017
I	Unsecured, considered good Security deposits	6,633,971	2,770,850
II	MAT credit entitlement A.Y. 2018-19	1,028,672	-
		7,662,643	2,770,850
13. Other non current assets			
(Amount in ₹)			
S.N.	Particulars	As at March 31, 2018	As at March 31, 2017
	Unsecured and considered good Advances to suppliers	7,997,263	23,338,545
		7,997,263	23,338,545
14. Inventories			
(Amount in ₹)			
S.N.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	Raw Materials	200,231,583	71,338,403
ii)	Work in Progress	120,610,898	295,249,114
iii)	Finished Goods	117,094,422	-
		437,936,903	366,587,517
14.01 For method of valuation - refer Note 1.05.6			
(Amount in ₹)			
14.02	Broad heads of Raw Materials	As at March 31, 2018	As at March 31, 2017
	Carbon Steel Plates, Structures, Pipes, forgins, casting	49,450,500	10,125,890
	Stainless Steel Sheets/Plates/Tubes	29,550,600	10,356,800
	Titanium Sheets/ plates/ Rounds/ Tubes/ Parts	19,550,500	10,285,900
	Copper & Copper Alloys	4,960,800	-
	Aluminium Sheets / Plates/ rounds	10,285,650	15,798,488
	Electronic Components	39,580,860	24,771,325
	Germanium, Silicon, Zinc Sulpide Optical Material	38,950,990	-
	Sub Assemblies for Integration Purpose	7,901,683	-
		200,231,583	71,338,403



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED			
Notes forming part of the Consolidated Financial Statements (Contd.)			
Note 14 (Contd.)			
(Amount in ₹)			
14.03	Broad heads of Work in Progress	As at March 31, 2018	As at March 31, 2017
	Heavy Engineering	27,985,015	201,044,860
	Optics	-	64,237,530
	Electronic Components	92,625,883	29,966,724
		120,610,898	295,249,114
			(Amount in ₹)
14.04	Broad heads of Finished Goods	As at March 31, 2018	As at March 31, 2017
	Heavy Engineering	117,094,422	-
		117,094,422	-
15. - Trade receivables			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	<u>Unsecured, considered good</u>		
	- outstanding for a period exceeding six months	48,693,506	111,757,514
	- others	234,016,270	443,963,621
		282,709,776	555,721,134
	Less: Intercompany adjustment	-	(249,116,132)
		282,709,776	306,605,002
16. - Cash and bank balances			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	<u>Cash & cash equivalents</u>		
	Balance with banks in current account	608,514	2,561,087
	Cheque in hand	100,000	-
	Cash on hand	3,016,271	1,286,032
		3,724,785	3,847,120
ii)	<u>Other bank balances</u>		
	Margin Money for BG and LC (Incl ₹. 7,896,866/- (P.Y. ₹ 14,310,152/-) having maturity period of over 12 months)	30,816,731	69,612,708
		34,541,516	73,459,828
17. - Short-term Loans and Advances			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	<u>Unsecured, considered good</u>		
	Advance with revenue authorities	32,168,268	10,151,475
	Trade advances	13,547,283	139,166,248
	Advances to staff	835,225	320,958
	Other Advances	-	209,000
	Share of advances in JV	-	3,382,828
		46,550,776	153,230,509
18. - Other Current Assets			
(Amount in ₹)			
SN.	Particulars	As at March 31, 2018	As at March 31, 2017
i)	<u>Eligible incentives</u>		
	MEIS incentive usable balance	9,264,054	-
	Interest receivable from MSEDCL	49,829	56,581
	Excess amount refundable by HDFC	10,225	10,225
	Others	69,458	301,207
		9,393,566	368,013



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

19. Revenue from Operations

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	Revenue from sale of manufactured products		
	Export sales	668,967,402	270,882,104
	Domestic sales	788,337,365	977,164,606
	Sub- (A)	1,457,304,767	1,248,046,710
B.	Revenue from sale of services		
	Labour charges received	35,068,984	38,174,259
	Freight on sales	160,000	658,091
	Sub- (B)	35,228,984	38,832,350
C.	Other operating revenue		
	- Rejection and discount	-	5,934,021
	- Insurance on sale	-	43,030
	- Drawback and MEIS incentives	21,529,661	2,489,266
	- Interest subsidy	1,116,986	-
	- Scrap sales	28,500	-
	Sub- (C)	22,675,147	8,466,317
	Less: Excise Duty (refer note 19.01)	61,705,175	165,393,531
		1,453,503,723	1,129,951,846

19.01 Excise duty figures of previous year and current financial year are not comparable due to the enactment of GST w.e.f. 1st July, 2017

20. Other Income

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Interest income on		
	Bank deposits		
	Current investment	3,030,510	7,088,193
	Dividend income from		
	Non current investment	60,000	60,080
	Net gain on sale of investment	500,000	1,907,727
	Gain in foreign currency	6,975,001	2,198,178
	Other Misc Income	804,102	1,774,542
		11,369,613	13,028,640

21. Cost of Materials consumed

(Amount in ₹)

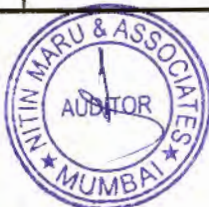
SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Carbon steel plates, structures, pipes, forgins, casting	398,884,980	45,585,855
	Stainless steel sheets/plates/tubes	73,063,960	104,343,581
	Titanium sheets/ plates/ rounds/ tubes/ parts	25,440,850	120,565,694
	Copper & copper alloys	10,126,874	9,985,960
	Aluminium sheets / plates/ rounds	29,958,698	19,985,980
	Electronic components	211,045,600	262,588,570
	Germanium, silicon, zinc sulphide optical material	141,017,642	176,628,407
	Sub assemblies for integration purpose	58,652,427	35,967,800
		948,191,031	775,651,847

Note: Refer Note No. 30

22. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a	Finished Goods		
	Opening stock	-	-
	Less: Closing stock	117,094,422	-
		- 117,094,422	-
b	Work-in-progress		
	Opening stock	260,978,308	236,063,655
	Add : Share in Opening Stock of Joint Venture	-	12,662,764
	Less: Closing stock	120,610,898	295,249,114
	Less: Conversion of stock into flowforming machine	188,149,957	-
		(47,782,547)	(46,522,695)
		(164,876,969)	(46,522,695)



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

23. Manufacturing expenses

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Labour charges	45,335,632	43,689,772
	Power and fuel	16,487,727	5,438,786
	Factory expenses	3,896,747	1,343,852
	Repairs and maintenance	2,601,090	2,003,849
	Project installation & maintenance	2,196,084	4,607,753
	Technical services	1,190,598	-
	Inspection & Testing Charges	1,747,950	1,392,902
		73,455,827	58,476,913

24. Employee benefit expenses

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a	Salaries and wages	50,361,472	34,392,225
b	Directors' remuneration	10,443,302	9,018,000
c	Contribution to Provident Fund & ESIC (refer note 28.02)	722,967	219,907
d	Gratuity expenses (refer note 28.01)	9,874,486	-
e	Workman & staff welfare expenses	4,426,935	3,042,323
		75,829,162	46,672,454

25. Finance Cost

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Interest on overdraft and others	35,170,870	33,330,088
	Interest on term loan	19,744,696	19,232,651
	Interest paid on BC/ LC/BG	678,174	3,138,293
	Others	17,097,039	15,619,813
		72,690,779	71,320,845

26. Selling, distribution & admin expenses

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Selling & distribution expenses		
	Advertising & Business promotion	11,049,916	5,242,213
	Late delivery charges	6,361,285	7,984,542
	Commission & brokerage	50,404	7,500
	Packing charges	895,750	931,557
	Freight outward	1,327,000	1,178,750
		19,684,434	15,344,562



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

26. Selling, distribution & admin expenses (Contd.)

(Amount in ₹)

SN.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Administrative expenses		
	Travelling expenses	20,374,872	13,046,836
	Legal & professional fees	13,067,910	7,060,818
	Office Expenses	6,760,570	7,476,391
	Rent	1,424,171	923,345
	Rates & taxes	3,632,208	1,533,842
	Stamp duty	3,545,002	1,658,668
	Insurance	1,721,030	1,006,571
	Payment to auditors (refer note 27.01)	355,000	255,000
	Donation	1,317,126	169,376
	Postage & courier charges	1,814,852	1,043,190
	Printing & stationery expenses	920,158	776,478
	Security expenses	1,601,608	1,545,635
	Communication expenses	1,251,890	1,209,436
	Vehicle expenses	2,194,266	2,375,916
	Bad debt written off	6,170,781	554,851
	Other Misc. expenses	5,753,347	8,521,023
		71,904,790	49,157,377
		91,589,224	64,501,939
26.01 Break-up of Payment to Auditors :☐			
		For the year ended March 31, 2018	For the year ended March 31, 2017
	Audit fees	250,000	200,000
	Tax audit fees	105,000	55,000
		355,000	255,000



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

27 Scheme of amalgamation

The Scheme of amalgamation (the "scheme") amongst Mechvac India Limited (Mechvac) (Subsidiary Company), Concept Shapers & Electronics Pvt Ltd (Concept) (Associate Company), and Paras Defence & Space Technologies Limited (Paras) (Transferee Company) was approved by National Company Law Tribunal, Mumbai Bench (NCLT) vide its order dated June, 7 2018. While the appointed date for the Scheme is April 01, 2017, the Schemes became effective from June 25, 2018, being the date of filing the NCLT order with the Registrar of Companies.

The above Scheme has been given effect to in the financial statements for the year ended March 31, 2018, based on the appointed date.

A Amalgamation of Mechvac with Paras:

- i) Mechvac was engaged in the business of manufacturing of components involving machinery, fabrication, high precision jobs, high performance coating and optical & physical testing of lenses for night vision devices and was a subsidiary of Paras.

ii) In accordance with the scheme:

- With effect from the Appointed Date, the undertaking, pursuant to the sanction of this scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 of the Companies Act 2013 and other applicable provisions, if any, of the Act, stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed.

- All assets, debts and liabilities of Mechvac have been deemed transferred to and vested in the Company with effect from April 01, 2017.

- Mechvac carried on the business for and on behalf of the Company for the period from the appointed date to the effective date, in trust as per the scheme.

- Upon the scheme becoming effective, no shares of the Transferee Company have been allotted in lieu or exchange of the holding or the Transferee Company in each of the Transferor Companies and the shares held by the Transferee Company in Transferor Company 1 (Mechvac) stand cancelled

- For every 784 shares of Rs. 10 each fully paid up of Mechvac, the transferee company issued 100 equity shares of Rs. 10 each to the other members of Mechvac

- iii) The amalgamation has been accounted under the 'Pooling of Interests' method as envisaged in the Accounting Standard (AS)-14 on Accounting for Amalgamations, whereby:

In accordance with the Scheme, the assets, liabilities and reserves of Mechvac as at April 01, 2017 have been recorded at their book values. Further, equity share capital of Mechvac and investments in the equity shares of Mechvac has been eliminated and resultant balance amount of ₹ 56,106,918 has been debited to General Reserve of the Company.

The operations of Mechvac during the year have been accounted for in the current year's Statement of Profit and Loss of the Company. The credit balance in Surplus in Statement of Profit and Loss of Mechvac as at April 01, 2017 ₹81,485,713 has been included in Surplus in Statement of Profit and Loss of the Company.

In terms of the scheme, inter-company balances (payables, receivables, loans, advances, etc) between Mechvac and the Company as at appointed date have been cancelled.

B Amalgamation of Concept with Paras:

- i) Concept was engaged in the business of manufacturing, dealing, importing and broking, in microprocessor based systems, industrial PCs, monitors, printers, defence electronics equipments, designers & developers for defence, Industrial and commercial products, mechanical enclosures for Industrial and defence establishments, x-ray equipment for hospitals, photo processing equipments for photo laboratories, semi-automatic / automatic equipment for industrial canteens/ hospitals and equipments for printed circuit boards manufacturing and was an Associate Company of Paras in terms of Accounting Standard 23(AS-23) on Accounting for Investment in Associates

ii) In accordance with the scheme:

- With effect from the Appointed Date, the undertaking, pursuant to the sanction of this Scheme by the NCLT under and in accordance with the provisions of Sections 230 to 232 of the Companies Act 2013 and other applicable provisions, if any, of the Act, stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed.

- All assets, debts and liabilities of Concept have been deemed transferred to and vested in the Company with effect from April 01, 2017.

- Concept carried on the business for and behalf of the Company for the period from the Appointed Date to the effective date, in trust as per the Scheme.

- Upon the Scheme becoming effective, no shares of the Transferee Company have been allotted in lieu or exchange of the holding of the Transferee Company in each of the Transferor Companies and the shares held by the Transferee Company in Transferor Company 2 (Concept) stand cancelled

- For every 1535 equity shares of Rs. 10 each fully paid up of Concept, the transferee company issued 100 equity shares shares of Rs. 10 each to the members of Concept

- iii) The amalgamation has been accounted under the 'Pooling of Interests' method as envisaged in the Accounting Standard (AS)-14 on Accounting for Amalgamations, whereby:



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

Note 27 (Contd.)

In accordance with the Scheme, the assets, liabilities and reserves of Concept as at April 01, 2017 have been recorded at their book values. Further, equity share capital of Concept, and investments in the equity shares of Concept has been eliminated and resultant balance amount of ₹ 24,729,120 has been debited to General Reserve of the Company.

The Transferor company Concept had issued Bonus shares in the ratio of 5:1 to their existing shareholders vide board resolution dated 24.09.2017

The operations of Concept during the year have been accounted for in the current year's Statement of Profit and Loss of the Company. The credit balance in Surplus in Statement of Profit and Loss of Concept as at April 01, 2017 ₹102,068,408 has been included in Surplus in Statement of Profit and Loss of the Company.

In terms of the Scheme inter-company balances (payables, receivables, loans, advances, etc) between Concept and the Company as at appointed date have been cancelled.

28 Employee benefits

28.01 Defined Benefit plan:

The disclosures regarding the Company's Gratuity plan (funded) is as follows:

The present value of obligation is determined based on actuarial valuation using projected unit credit method, which recognize 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.

Actuarial assumptions		(Amount in ₹)	
Date of Valuation	March 31, 2018	March 31, 2017	
Discount Rate	7.86%	-	
Salary Escalation Rate	7.50%	-	
Expected rate on return on assets	N.A	-	
Mortality	IALM (2006-08) Ultimate	-	
Employee Turnover	2.50%	-	
Retirement Age	60 Years	-	

Amounts in Balance sheet at period end		(Amount in ₹)	
	March 31, 2018	March 31, 2017	
Defined Benefit Obligation	9,874,486	-	
Fair Value of Plan Assets	-	-	
Funded Status- (Surplus)/ Deficit	9,874,486	-	
Past service Cost not yet realised	-	-	
Unrecognised Assets due to Limit in Para 58(B)	-	-	
(Asset)/ Liability recognised on Balancesheet Date	-	-	

Amounts Recognised in Statement of Profit & Loss at Period-End		(Amount in ₹)	
	March 31, 2018	March 31, 2017	
Service Cost	9,874,486	-	
Interest Cost	-	-	
Expected Return on Plan Assets	-	-	
Past Service Cost	-	-	
Net Actuarial Losses/(Gains) Recognised during the period	-	-	
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-	
Unrecognised Asset due to Limit in Para 58(B)	-	-	

Current / Non-Current Bifurcation		(Amount in ₹)	
	March 31, 2018	March 31, 2017	
Current Benefit Obligation	1,128,310	-	
Non- Current Benefit Obligation	8,746,176	-	

28.02 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee Benefits as defined in the Accounting Standard are given below :

Particulars		(Amount in ₹)	
	March 31, 2018	March 31, 2017	
Defined contribution plan*			
Employer's contribution to Provident Fund	475,132	34,055	
Employer's contribution to ESIC	226,108	11,198	
PF Admin charges	21,727	-	
	722,967	45,253	

* Pursuant to the Scheme of Amalgamation



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

29 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act 2006

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
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	-	-

There are no dues to micro and small enterprises which have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

30 Imported and Indigenous materials consumed

(Amount in ₹)

Particulars	March 31, 2018	Percentage	March 31, 2017	Percentage
Imported	387,956,507	40.92%	280,971,988	36.22%
Indigenous	560,234,524	59.08%	494,679,859	63.78%
Total	948,191,031	100.00%	775,651,847	100.00%

31 CIF value of imports

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Raw materials	103,575,894	39,467,103
Components and spare parts	51,207,000	8,117,454
Capital goods	3,916,796	41,922,474
Total	158,699,690	89,507,031

Expenditure in foreign currency

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Marketing & sales Promotion	2,230,289	655,759
Installation & maintenance	18,679,127	4,607,753
Professional & consultation fees	1,190,598	-
Total	22,100,013	5,263,512

33 Earnings in foreign currency

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
Export of goods calculated on FOB basis	668,967,402	270,882,104
Total	668,967,402	270,882,104

34 Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹)

Particulars	March 31, 2018	March 31, 2017
A. Contingent liabilities		
a) Guarantees		
Bank guarantees	140,335,423	106,500,799
b) Others		
Letter of credit	5,329,512	18,098,800
Total (a+b)	145,664,935	106,500,799
B. Commitments		
Estimated amount of contracts to be executed on capital account not provided for	14,894,060	7,692,729
Commitment towards EPCG License	106,555,097	131,423,691

34.01 The Figures of last financial year and current financial year are not comparable due to the Scheme of Amalgamation mentioned under Note 28 above

35 Related Party Disclosures

a) List of Related Parties

(As Certified by the Company)

Subsidiary Company

Mechvac India Limited (ceases to be related party from the appointed date 01.04.2017 pursuant to the Scheme of Amalgamation with the Company)

Associate Company

Concept Shapers & Electronics Pvt Ltd (ceases to be related party from the appointed date 01.04.2017 pursuant to the Scheme of Amalgamation with the Company)



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

Note 35 (Contd.)

Key Management Personnel

Mr. Sharad Virji Shah
 Mr. Munjal Sharad Shah
 Mr. Ami Munjal Shah
 Mr. Amit Mahajan
 Mr. Shilpa Mahajan
 Mr. Rajendra Kamlakant Chodankar
 Mr. Vinayak Pravin Joshi
 Mr. Keyur Sharad Kenia
 Mrs. Priyanka Chodankar
 Mr. Rajesh Sanghavi

Relative of Key Managerial Personnel

Mr. Harsh Dharendra Bhansali
 Mrs. Kaajal Harsh Bhansali
 Mrs. Niranjana Sharad Shah
 Mr. Anish Hemant Mehta

35.01 Related Party Transactions

Nature of Transaction with name of the parties	For the year ended March 31, 2018	For the year ended March 31, 2017	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
Remuneration				
Amit Mahajan	-	1,200,000	-	85,150
Shilpa Mahajan	-	1,200,000	-	19,686
Rajendra Kamlakant Chodankar	-	1,158,000	-	-
Vinayak Pravin Joshi	-	720,000	-	77,070
Keyur Sharad Kenia	-	900,000	-	752,300
Priyanka Chodankar	-	960,000	-	-
Rajesh Sanghavi	-	-	-	-
Ami Munjal Shah	1,500,000	1,200,000	251,928	82,180
Harsh Bhansali	1,214,931	1,214,860	43,059	130,226
Kajal Bhansali	914,903	914,897	676,982	907,298
Munjal Sharad Shah	1,800,000	1,500,000	112,959	100,698
Sharad V. Shah	1,800,000	1,500,000	239,899	9,796
Anish Hemant Mehta	347,232	347,260	27,600	27,700
Advance Received				
Niranjana Shah	-	300,000	-	7,540,030
Kajal Bhansali	-	2,500,000	-	-
Advance returned on cancellation of order				
Niranjana Shah	7,540,030	20,130,222	-	-
Sharad V. Shah	-	23,371	-	-
Kajal Bhansali	-	5,000,000	-	-
Harsh Bhansali	-	64,556	-	-
Loans Taken				
Munjal Shah	46,350,000	38,075,000	1,065,220	31,104,320
Sharad V. Shah	29,340,131	52,796,479	-	-
Ami Shah	-	-	109,500	109,500
Loans Repaid				
Munjal Sharad Shah	76,389,100	25,389,000	-	-
Sharad V. Shah	29,340,131	53,909,440	-	-

36 Information on subsidiary

The audited financial statements of the following subsidiary Company as on March 31, 2018 have been considered in the preparation of Consolidated Financial Statement

Name of the Company	Nature of interest	Country of incorporation	Proportion of ownership interest
Holland Shielding Systems (India) Pvt. Ltd.	Subsidiary	India	100%



PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Notes forming part of the Consolidated Financial Statements (Contd.)

37 Additional information, as required under Schedule III to the Companies Act 2013, of enterprises consolidated as subsidiary

Name of the entity	Net assets		Share in Profit or Loss	
	As % of net consolidated net assets	(Amount in ₹)	As % of net consolidated profit or loss	(Amount in ₹)
Parent				
Paras Defence and Space Technologies Ltd.	99.99%	1,244,857,416	100%	175,246,263
Subsidiaries				
Indian				
Holland Shielding Systems (India) Pvt. Ltd.	00.01%	100,000	-	-
	100%	1,244,957,416	100%	175,246,263

38 Earnings per equity share (Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax attributable to equity share holders for Basic EPS	223,644,812	91,128,090
Profit after tax attributable to equity share holders for Diluted EPS *	223,644,812	91,128,090
Weighted Average no. of equity shares outstanding during the year		
for Basic EPS (Nos)	5,582,534	5,010,000
for Diluted EPS (Nos)	5,582,534	5,010,000
Basic EPS (in ₹)	40.06	18.19
Diluted EPS (in ₹)	40.06	18.19
Nominal Value per Share (in ₹)	10.00	10.00

39 Segment information

Information about primary business segments

(Amount in ₹)

Particulars	Heavy engineering		Defence & Space Optics		Defence Electronics		Unallocated		Grand total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Revenue										
Revenue from operations	35,47,50,910	47,56,66,660	35,78,41,070	30,79,31,526	74,08,71,743	34,68,93,660			1,45,35,03,723	1,12,99,51,846
Results										
Segment Result (Profit/[loss])	18,27,48,322	10,39,60,095	11,32,63,644	11,42,57,229	20,52,08,271	6,21,11,440			56,12,20,238	28,03,28,764
Unallocated corporate overheads	-	-	-	-	-	-	(14,13,43,344)	(9,37,56,513)	(14,13,43,344)	(9,37,56,513)
Operating Profit/ (Loss)	-	-	-	-	-	-	-	-	35,98,76,894	18,65,72,252
Interest expense	-	-	-	-	-	-	(7,26,90,779)	(7,13,20,845)	(7,26,90,779)	(7,13,20,845)
Interest income	-	-	-	-	-	-	1,13,69,613	1,30,28,640	1,13,69,613	1,30,28,640
Income Tax	-	-	-	-	-	-	(7,24,97,194)	(3,71,51,957)	(7,24,97,194)	(3,71,51,957)
Profit/ (Loss) from ordinary activities	-	-	-	-	-	-	-	-	22,60,58,533	9,11,28,090
Extra-ordinary items	-	-	-	-	-	-	-	-	-	-
Net Profit/ (Loss) after Tax	18,27,48,322	10,39,60,095	11,32,63,644	11,42,57,229	20,52,08,271	6,21,11,440	(27,51,61,705)	(18,92,00,675)	22,60,58,533	9,11,28,090
Share of Minority Interest										(49,53,229)
Net Profit/ (Loss) after Minority Interest									22,60,58,533	8,61,74,861
Other information										
Segment assets	92,07,94,441	78,09,94,989	73,36,62,157	46,61,65,251	59,00,77,713	36,45,35,482			2,24,45,34,311	1,61,16,95,722
Unallocated corporate assets							12,17,14,378	25,36,67,742	12,17,14,378	25,36,67,742
Total assets	92,07,94,441	78,09,94,989	73,36,62,157	46,61,65,251	59,00,77,713	36,45,35,482	12,17,14,378	25,36,67,742	2,36,62,48,689	1,86,53,63,464
Segment liabilities	52,46,58,731	56,10,25,095	24,47,57,101	10,11,97,416	18,03,33,189	21,97,76,041			94,97,49,021	88,19,96,552
Unallocated corporate liabilities							12,07,29,584	5,82,96,861	12,07,29,584	5,82,96,861
Total liabilities	52,46,58,731	56,10,25,095	24,47,57,101	10,11,97,416	18,03,33,189	21,97,76,041	12,07,29,584	5,82,96,861	1,07,04,79,005	94,02,95,413
Capital expenditure	29,19,54,450	3,04,62,496	25,25,34,104	4,96,53,842	86,82,196	9,25,46,829			55,31,70,750	16,26,63,157
Depreciation	3,07,23,273	1,85,79,572	3,56,14,892	2,44,02,742	31,00,388	16,16,822			6,94,38,555	4,45,98,136
Non-cash expenses other than depreciation							61,70,781	5,54,851	61,70,781	5,54,851

a. The Primary Business Segments are further described as under:

Heavy Engineering : Flow Formed Rockets/ Missile Motor Tubes, Radar Array Cooling Assemblies, Titanium Assemblies for Naval Applications, Turnkey projects

Defence & Space Optics : Infra Red Lenses for Night Vision Devices, Space Optics/ Gratings/ Mirrors, Reflex Sights, Precision Diamond Turned Components

Defence Electronics : Defence Automation & Control Systems, Rugged Command & Control Consoles and EMP Solutions

b. Information about Secondary Business Segments

Since the operation of the Company are predominantly conducted within India, there is no reportable Geographical Segment



Notes forming part of the Consolidated Financial Statements (Contd.)

40 Deferred Tax Liabilities (Net)

Particulars	March 31, 2018	March 31, 2017
Liabilities		
Related to Fixed Assets	59,389,894	35,299,565
Total	59,389,894	35,299,565
Assets		
Disallowance under section 35DD of the Income Tax Act, 1961	1,360,405	341,251
Disallowance under section 43B of the Income Tax Act, 1961	2,875,450	-
Total	4,235,855	341,251
Deferred Tax Liabilities (Net)	55,154,039	34,958,314

41 Previous year's figures have been re-grouped, reworked, reclassified and re-arranged wherever necessary.

As per our report of even date.

FOR NITIN MARU & ASSOCIATES
Chartered Accountant
Firm registration No. 114022W

CA NITIN M. MARU
Proprietor
Membership No. 037947



For and behalf of Board of Directors

SHARAD V. SHAH
Director
DIN: 00622001

PRASANTAMADHAB BARUA
Chief Financial Officer

MUNJAL S. SHAH
Director
DIN: 01080863

MANSI SHARMA
Company Secretary

Membership No: A28636

Mumbai, September 25, 2018

Part "B": Associate and Joint Ventures

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

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

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

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

FOR NITIN MARU & ASSOCIATES For and behalf of Board of Directors

Chartered Accountant

Firm registration No. 114022W

CA NITIN M. MARU

Proprietor

Membership No. 037987



SILKARAD V. SHAH

Director

DIN: 00622001

PRASANTAMADHAB BARUA

Chief Financial Officer



MIUNJAL S. SHAH

Director

DIN: 01080863

MANSI SHARMA

Company Secretary

Membership No: A28636

Mumbai, September 25th 2018

Form AOC-1

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

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

Part "A": Subsidiaries

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

Sr. No.	Particulars	Details
1	Name of the subsidiary	Holland Shielding Systems (India) Private Limited
2	Latest audited Balance Sheet Date	31 st March, 2018
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	12 th March, 2018 to 31 st March, 2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4	Share capital	Authorised Capital-Rs.100,000/- Paid Up Capital- Rs.100,000/-
5	Reserves & surplus	-
6	Total assets	Rs.1,00,000/-
7	Total Liabilities	Rs.1,00,000/-
8	Investments	-
9	Turnover	-
10	Profit/Loss before taxation	-
11	Provision for taxation	-
12	Profit after taxation	-
13	Proposed Dividend	-
14	% of shareholding	100%

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

1. Names of subsidiaries which are yet to commence operations: Holland Shielding Systems (India) Private Limited was incorporated on 12/03/2018. The Company proposes to initiate the business activity in coming future.

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

