

NAME OF CLIENT : PARAS DEFENCE & SPACE TECHNOLOGIES LTD.

PERIOD UNDER AUDIT : F.Y. 2016-17

- TAX AUDIT REPORT
- COMPANY AUDIT REPORT [*consolidated financials*]
- MVAT / GST AUDIT REPORT
- SOCIETY / TRUST AUDIT REPORT



**NITIN MARU & ASSOCIATES**  
CHARTERED ACCOUNTANTS

103 / 104, FLORA POINT, S. N. ROAD, NEAR MCC COLLEGE,  
MULUND (WEST), MUMBAI - 400 080.

TEL. : 2561 0284 / 2567 0284 • Email : nmmaru@gmail.com



PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED  
(Formerly : Paras Flowform Engineering Ltd.)

M-6, Addl. MIDC, Ambarnath (E), Thane - 421 506, Maharashtra, India  
Tel : + (91-251) 2620 333 / 2620 555 □ Fax : + (91-251) 2621 222 □ Mobile : + (91) 98211 18432  
E-mail : paras@shahgroup.biz □ Web : www.shahgroup.biz

**CIN: U29253MH2009PLC193352**

### NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 8<sup>TH</sup> ANNUAL GENERAL MEETING OF PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED WILL BE HELD ON FRIDAY, THE 30<sup>TH</sup> DAY OF SEPTEMBER, 2017 AT 3.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO. M- 6 ADDL, MIDC AMBARNATH (E) THANE - 421506, TO TRANSACT THE FOLLOWING BUSINESS:**

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Standalone and Consolidated Financial Statements of the company for the year ended as on 31<sup>st</sup> March, 2017 and report of Board of Directors and Auditors thereon;
2. To re-appoint a Director in place of Mr. Harendra Bhalla (Din: 00275848) who retires by rotation and is eligible for re-appointment.
3. To ratify the appointment of the Auditors and to fix their remuneration and in this regard 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 read with Rule 3 (7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Nitin Maru & Associates, (Firm Registration No.: 114022W), Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2018-19 on such remuneration as may be determined by the Board of Directors."

**"RESOLVED FURTHER THAT** any one director of the Company be and is hereby authorized to issue a certified true copy of this resolution and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

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



  
**SHARAD SHAH  
DIRECTOR  
DIN: 00622001**

**DATE: 05.09.2017  
PLACE: MUMBAI**

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER.**
- 2. THE INSTRUMENTS APPOINTING PROXY SHOULD BE RETURNED TO THE REGISTERED OFFICE OF THE COMPANY BEFORE THE TIME FOR HOLDING THE MEETING.**
- 3. PROXY TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. THE PROXY FORM IS ANNEXED HERETO AS ANNEXURE**
- 4. ROUTE MAP AND LAND MARK DETAILS FOR THE VENUE OF GENERAL MEETING IS AT ATTACHED SEPARATELY TO THIS NOTICE.**



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E-mail : paras@shahgroup.biz □ Web : www.parasdefence.com

**CIN: U29253MH2009PLC193352**  
**BOARDS' REPORT**

To,  
The Members of  
Paras Defence and Space Technologies Limited  
Thane - 421506

Yours Directors have pleasure in presenting before you the 8th Annual Report of the Company together with audited annual financial statements, including consolidated financial statements for the year ended 31st March, 2017.

**1. FINANCIAL RESULTS:**

The performance during the year ended March 31, 2017 has been as under:

| Particulars   | Consolidated<br>(Amount in<br>Rs.) | Consolidated<br>(Amount in<br>Rs.) | Standalone (Amount in Rs.) |                     |
|---|------------------------------------|------------------------------------|----------------------------|---------------------|
|   | 2016-17                            | 2015-16                            | 2016-17                    | 2015-16             |
| Revenue from Operations   | 11,27,462,579                      | 74,78,23,569                       | 47,50,66,660               | 36,79,02,666        |
| Other Income  | 16,057,195                         | 60,26,313                          | 28,21,553                  | 57,02,954           |
| <b>Total Income</b>   | <b>11,43,519,774</b>               | <b>75,38,49,881</b>                | <b>47,78,88,213</b>        | <b>37,36,05,619</b> |
| Profit before Interest, Depreciation,<br>Exceptional Item and Taxation                  | 1,28,138,549                       | 18,60,55,811                       | 8,61,14,368                | 7,77,87,459         |
| Less: Financial Cost  | 72,938,547                         | 7,43,77,274                        | 3,72,44,791                | 5,05,44,678         |
| Less: Depreciation  | 44,599,136                         | 3,34,11,177                        | 1,85,79,572                | 1,84,93,839         |
| Profit (Loss) before Exceptional Item and<br>Taxation                                   | 1,28,138,549                       | 7,82,67,360                        | 3,02,90,005                | 87,48,942           |
| Less: Exceptional Item  | ----                               | 40,95,016                          | -                          | ---                 |
| Profit (Loss) before Taxation   | 1,28,138,549                       | 7,41,72,344                        | 3,02,90,005                | 87,48,942           |
| Less: Current Tax   | 31,001,144                         | 1,45,66,466                        | 97,86,094                  | 21,54,597           |
| Less: Short/ (Excess) provision for tax of<br>earlier year(s)                           | (72,111)                           | -                                  | (72,111)                   | -                   |
| Add/(Less): Deferred Tax  | 6,222,924                          | 1,05,34,002                        | 2,75,130                   | 7,41,122            |
| Less: MAT Credit (Entitlement) /<br>Availment   | --                                 | -                                  | -                          | -                   |
| Profit after Exceptional Item,<br>Depreciation and Taxation before<br>Minority Interest | 90,986,592                         | 4,90,71,876                        | 2,03,00,892                | 58,53,223           |
| Add: Share in net profit of associate for<br>the period                                 |                                    | -                                  | -                          | -                   |
| Net Profit after Tax and adjustment for<br>Minority Interest                            | <b>90,986,592</b>                  | <b>4,43,86,974</b>                 | <b>2,03,00,892</b>         | <b>58,53,223</b>    |
| Minority Interest   | 49,53,229                          | 46,84,902                          | -                          | -                   |



**2. THE STATE OF COMPANY AFFAIRS:**

**a. REVENUE STANDALONE:**

Our total income on Standalone basis increased up to Rs. 47,78,88,213/- as compare to Rs. 37,36,05,619/- recorded for the previous financial year.

**b. REVENUE CONSOLIDATED:**

Our total income consolidated basis for the financial year was Rs. 11,43,519,774/-

**c. PROFIT STANDALONE :**

Our total net profit on Standalone basis for the financial year was Rs. 2,03,00,892/-

**d. PROFIT CONSOLIDATED:**

Our total net profit consolidated basis for the financial year was Rs. 86,033,362/-

**3. REPORT ON PERFORMANCE AND FINANCIAL POSITION OF ASSOCIATE COMPANY (AC):**

The company has one subsidiary and one associate company as on 31<sup>st</sup> March 2017. There are no joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of business of the subsidiary and associate company.

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 and associate company in **form AOC-1** is attached to the financial statements of the company.

**4. AMOUNTS PROPOSED TO BE CARRIED TO ANY RESERVES:**

Company does not propose to transfer any amounts to reserve.

**5. DIVIDEND:**

Although the company has earned profit, your directors feel it prudent to plug back the profit for the progress and growth of the company. Hence, Directors do not recommend any dividend.

**6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR 31.03.2017 OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

There have been no material changes and Commitments affecting the financial position of the company since 1st April 2017 till the date of this report.

**7. EVENT BASED DISCLOSURES IN DIRECTORS' REPORT:**

a. Company has not issued any shares with differential voting rights.

b. The company has not issued any sweat equity shares.

c. The company has not exercised any Employee Stock Option Scheme in the relevant financial year.

d. Company has not provided any money to its employees for purchase of its own shares



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**8. DIRECTORS:**

The company has not appointed any director as additional director in the relevant financial year.

Ms. Ami Munjal Shah, Director of the company is retiring by rotation and being eligible offers herself for re-appointment.

**9. APPOINTMENT OF INDEPENDENT DIRECTORS:**

The company does not have paid up capital of Rs. 10 Crores or more, turnover of Rs. 100 Crores or more and aggregate and outstanding loans or borrowings or debentures or deposits, exceeding Rs. 50 Crores, hence the provision of appointment of Independent Directors is not applicable to the company.

**10. APPOINTMENT AND OR RESIGNATION OF KEY MANAGERIAL PERSONNEL:**

The company is not a listed company and does not have paid up capital of Rs. 10 Crores or more, hence the provisions of Rule 8 (5) (iii) of the Companies (Accounts) Rules, 2014, are not applicable to the company and there is nothing to disclose under this clause.

**11. NUMBER OF BOARD MEETINGS HELD:**

During the financial year ended 31st March 2017, the Board of Directors duly met 5 (Five) times.

**12. DECLARATIONS BY INDEPENDENT DIRECTORS:**

Provision of appointment of independent Director is not applicable to the company, hence there is nothing to disclose under this clause.

**13. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The company does not have paid up capital of Rs. 10 Crores or more, turnover of Rs. 100 Crores or more and aggregate and outstanding loans or borrowings or debentures or deposits, exceeding Rs. 50 Crores, hence the provision of Section 177 (8) of the companies Act, 2013 is not applicable to the company.

**14. EVALUATION OF BOARD OF DIRECTORS, COMMITTEES AND INDIVIDUAL DIRECTOR:**

The company does not have paid up capital of Rs. 10 Crores or more, turnover of Rs. 100 Crores or more and aggregate and outstanding loans or borrowings or debentures or deposits, exceeding Rs. 50 Crores, hence the provision of Section 178 (1) of the companies Act, 2013 is not applicable to the company.

**15. REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:**

As there are no KMP or Directors of the company who;

- a) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 1.02 Crore;
- b) if employed for a part of the Financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Rs. 8.5 lakhs per month;



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- c) if employed throughout the financial year or a part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself along with his spouse and dependent children, not less than 2% of the equity shares of the company.

Hence information required pursuant to Section 197 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 2011, in respect of employees of the Company and Directors is not furnished.

**16. DISCLOSURE OF REMUNERATION OR COMMISSION RECEIVED BY A MANAGING OR WHOLE-TIME DIRECTOR FROM THE COMPANY'S HOLDING OR SUBSIDIARY COMPANY:**

There were no such instances during the relevant financial year requiring the disclosure under section 197(14) of the Companies Act, 2013.

**17. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY:**

The Board of Directors of company are continuously monitoring various risk attached to business. On regular basis, Board and senior managers identify the risk elements. Board and senior managers on basis of past experience ensures management of risk and take necessary steps to mitigate the risk.

In the opinion of the Board there are no risk elements which may threaten the existence of the company except general market risks, risk due to effect of changes in government policies, competition risks and risk due to natural calamities.

**18. DEPOSITS:**

The Company has not accepted any deposits under the provisions of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 as amended.

**19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given herein below:

| <b>CONSERVATION OF ENERGY</b>   |     |
|---|-----|
| Steps taken or impact on conservation of energy.  | Nil |
| Steps taken by the company for utilizing alternate sources of energy.   | Nil |
| Capital investment on energy conservation equipment.  | Nil |
| <b>TECHNOLOGY ABSORPTION</b>  |     |
| Efforts made towards technology absorption.   | Nil |
| Benefits derived like product improvement, cost reduction, product development or import substitution               | NA  |
| In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) | NA  |
| Details of technology imported.   | NA  |
| Year of import.   | NA  |
| Whether the technology has been fully absorbed.   | NA  |
| If not fully absorbed, areas where absorption has not taken place and the reasons thereof;                          | NA  |
| Expenditure incurred on research & development.   | Nil |



**FOREIGN EXCHANGE EARNINGS & OUTGO:**

| Particulars  | Amount in Rs. |           |
|--|---------------|-----------|
|  | 2016 - 17     | 2015 - 16 |
| Foreign Exchange Earnings in terms of actual inflows | 1,99,02,791   | 396,986   |
| Foreign Exchange Outgo in terms of actual outflows   | 47,52,587     | 8,636     |

**20. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The company does not have net worth of Rs. 500 Crores or more, or turnover of Rs. 1000 Crores or more, or net profit of Rs. 5 Crores or more during the financial year ending 31st March 2015, hence the provision of Section 135(1) of the Companies Act, 2013 is not applicable to the company.

**21. SECRETARIAL AUDIT REPORT:**

The company does not have paid up capital of Rs. 50 Crores or more and turnover of Rs. 250 Crores or more, hence the provision of Section 204 of the companies Act, 2013 is not applicable to the company.

**22. AUDITORS:****a. Statutory Auditors:**

The Company at its 5th Annual General Meeting held on 30th September, 2014 had appointed M/s. Nitin Maru & Associates, Chartered Accountants, having Firm Registration Number 114022W, as the Statutory Auditors of the Company to hold office for a period of 5 (Five) years i.e. up to the conclusion of the Annual General Meeting. In terms of Section 139 of the Companies Act, 2013 read with the proviso to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 their appointment was subject to ratification by shareholders at every Annual General Meeting. Accordingly, the resolution for ratification of the appointment of Statutory Auditors as set out at agenda item no. 2 of the accompanying notice is placed for the shareholders' approval. The Company has received the certificate of eligibility and willingness from the Auditors.

**b. Cost Auditor:**

Company is not eligible company which attracts provisions of Cost Audit and accordingly was not required to appoint Cost Auditor.

**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.

**23. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of section 134(5) of the Companies Act, 2013, the Directors state that:

- in the preparation of the Annual Accounts for the year 31.03.2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;
- the directors 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 and of the profit of the Company for the year;

- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis;
- e. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**24. REPLY TO AUDITORS QUALIFICATION OR REMARKS OR OBSERVATIONS:**

**a. Statutory Auditor:**

There are no qualifications in the Statutory Auditor's Report which requires our reply.

**b. Cost Auditor:**

Company was not required to appoint a Cost Auditor.

**c. Secretarial Auditor:**

The company is not required to appoint secretarial auditor and hence, the provisions of section 204 regarding mandatory secretarial audit are not applicable to the company.

**25. EXTRACT OF ANNUAL RETURN:**

The extract of Annual Return u/s 134 (3)(a) and u/s 92 (3) read with Rule 12 of Companies (Management and Administration) Rules, 2014 in **Form MGT-9** is attached to the Report as **Annexure-A**.

**26. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

During the year under review, the Company has not made any investment in any company.

Further the Company has not given any loans or guarantees or security or made any investment as contemplated by section 186 of the Companies Act 2013 during the financial year.

**27. PARTICULARS OF RELATED PARTY TRANSACTIONS:**

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. 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 particulars of contracts entered with related parties during the year as per **Form AOC-2** is enclosed as **Annexure-B**.

The Board of Directors of the Company has, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder.

**28. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**



There were no instances during the year attracting the provisions of Rule 8 (5)(vii) of the Companies (Accounts) Rules, 2014.

**29. DETAILS OF IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

**30. CORPORATE GOVERNANCE CERTIFICATE:**

The company is not a listed company, hence not required to obtain compliance certificate regarding compliance of conditions of corporate governance as stipulated in Clause 49 of the Listing agreement and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

**31. VIGIL MECHANISM:**

The company does not accepted public deposits or whose borrowing from Bank / Public Financial Institution is not exceeding 50 crores, it is not required to establish vigil mechanism Pursuant to the provisions of section 177 (9) & (10) of the Companies Act, 2013.

**32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complain Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

No complaints regarding sexual harassment were received during the year under Report.


**33. ADDITIONAL DISCLOSURES:**

No such other material information for the additional disclosure.

**34. ACKNOWLEDGEMENT:**

Directors take this opportunity to express their sincere appreciation for the services rendered by the Company's Bankers, Consultants and Advisors, Material Suppliers, Customers and Shareholders for their continued support and guidance. The Directors wish to place on record their appreciation for the dedicated efforts put in by the Employees of the Company at all levels.

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

  
**SHARAD SHAH  
DIRECTOR  
DIN: 00622001**



  
**MUNJAL SHAH  
DIRECTOR  
DIN: 01080863**

**DATE: 05.09.2017  
PLACE: Thane, Maharashtra**

**Annexure A****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**As on the financial year ended on 31<sup>st</sup> March 2016

[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:**

|      |   |   |
|------|---|---|
| i)   | CIN   | U29253MH2009PLC193352   |
| ii)  | Registration Date   | 16.06.2009  |
| iii) | Name of the Company   | Paras Defence and Space Technologies Limited  |
| iv)  | Category / Sub-Category of the Company                                    | Company Limited By Shares   |
| v)   | Address of the registered office and contact details                      | Plot No. M - 6 Addl., MIDC Ambarnath (E), Thane - 421506<br>Email: harsh@parasdefence.com<br>Telephone No.: 0251-2620333<br>PAN: AAFCP1825J |
| vi)  | Whether listed company  | No  |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | 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. | 7110                              | 100                                |

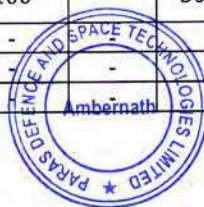
As per the National industrial Classification (NIC) Code - 2008

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

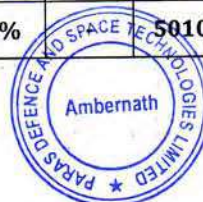
| Sl. No. | Name and Address of the Company             | CIN / GLN             | Holding / Subsidiary / Associate | % of Total Shares Held | Applicable Section |
|---------|---|-----------------------|----------------------------------|------------------------|--------------------|
| 1       | Mechvac India Limited                       | U29263MH2002PLC136154 | Subsidiary Company               | 87.49%                 | 2(87)              |
| 2       | Concept Shapers Electronics Private Limited | U53111MH1994PTC080859 | Joint Venture Company            | 50.00%                 | 2(6)               |

**IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):****i) CATEGORY-WISE SHAREHOLDING:**

| 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 |
|--------------------------|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
|                          | De mat  | Physical | Total   | % of Total Shares | De mat                                    | Physical | Total   | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |          |         |                   |   |          |         |                   |                          |
| <b>(1) Indian</b>        |   |          |         |                   |   |          |         |                   |                          |
| a) Individual/HUF        | -   | 5010000  | 5010000 | 100               | -   | 5010000  | 5010000 | 100               | -                        |
| b) Central Govt          | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| c) State Govt (s)        | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |
| d) Bodies Corp.          | -   | -        | -       | -                 | -   | -        | -       | -                 | -                        |



|  |   |                |                |             |   |                |                |             |   |
|--|---|----------------|----------------|-------------|---|----------------|----------------|-------------|---|
| e) Banks / FI  | - | -              | -              | -           | - | -              | -              | -           | - |
| f) Any Other   | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>Sub-total A)(1)</b>   | - | <b>5010000</b> | <b>5010000</b> | <b>100</b>  | - | <b>5010000</b> | <b>5010000</b> | <b>100</b>  | - |
| <b>(2) Foreign</b>   |   |                |                |             |   |                |                |             |   |
| a) NRIs -  |   |                |                |             |   |                |                |             |   |
| Individuals  | - | -              | -              | -           | - | -              | -              | -           | - |
| b) Other -   |   |                |                |             |   |                |                |             |   |
| Individuals  | - | -              | -              | -           | - | -              | -              | -           | - |
| c) Bodies Corp.  | - | -              | -              | -           | - | -              | -              | -           | - |
| d) Banks / FI  | - | -              | -              | -           | - | -              | -              | -           | - |
| e) Any Other...  | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>Sub-total A)(2)</b>   | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>Total Shareholding of Promoter (A)=(A)(1)+(A)(2)</b>                          | - | <b>5010000</b> | <b>5010000</b> | <b>100</b>  | - | <b>5010000</b> | <b>5010000</b> | <b>100%</b> | - |
| <b>B. Public Shareholding</b>  |   |                |                |             |   |                |                |             |   |
| <b>1. Institutions</b>   |   |                |                |             |   |                |                |             |   |
| a) Mutual Funds  | - | -              | -              | -           | - | -              | -              | -           | - |
| b) Banks / FI  | - | -              | -              | -           | - | -              | -              | -           | - |
| c) Central Govt  | - | -              | -              | -           | - | -              | -              | -           | - |
| d) State Govt(s)   | - | -              | -              | -           | - | -              | -              | -           | - |
| e) Venture Capital Funds   | - | -              | -              | -           | - | -              | -              | -           | - |
| f) Insurance Companies   | - | -              | -              | -           | - | -              | -              | -           | - |
| g) FIs   | - | -              | -              | -           | - | -              | -              | -           | - |
| h) Foreign Venture Capital Funds   | - | -              | -              | -           | - | -              | -              | -           | - |
| i) Others (specify)  |   |                |                |             |   |                |                |             |   |
| <b>Sub-total (B)(1)</b>  | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>2. Non-Institutions</b>   |   |                |                |             |   |                |                |             |   |
| a) Bodies Corp.  |   |                |                |             |   |                |                |             |   |
| i) Indian  | - | -              | -              | -           | - | -              | -              | -           | - |
| ii) Overseas   | - | -              | -              | -           | - | -              | -              | -           | - |
| b) Individuals   |   |                |                |             |   |                |                |             |   |
| i) Individual Shareholders holding nominal share capital upto Rs.1 Lakh          | - | -              | -              | -           | - | -              | -              | -           | - |
| ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh | - | -              | -              | -           | - | -              | -              | -           | - |
| c) Others (Specify)  | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>Sub-total B)(2)</b>   | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                               | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           | - | -              | -              | -           | - | -              | -              | -           | - |
| <b>GRAND TOTAL (A+B+C)</b>   | - | <b>5010000</b> | <b>5010000</b> | <b>100%</b> |   | <b>5010000</b> | <b>5010000</b> | <b>100%</b> | - |



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**ii) Shareholding of Promoters:**

| Sl. 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    | 3,656,094                                 | 72.97                            | NIL  | 3,656,094                           | 72.97                            | NIL  | NIL                                      |
| 2       | Mr. Munjal Shah    | 681,460                                   | 13.60                            | NIL  | 681,460                             | 13.60                            | NIL  | NIL                                      |
| 3       | Ms. Ami Shah       | 672,442                                   | 13.42                            | NIL  | 672,442                             | 13.42                            | NIL  | NIL                                      |
| 4       | Ms. Niranjana Shah | 1   | 0.00001                          | NIL  | 1                                   | 0.00001                          | NIL  | NIL                                      |
| 5       | Mr. Harsh Bhansali | 1   | 0.00001                          | NIL  | 1                                   | 0.00001                          | NIL  | NIL                                      |
| 6       | Ms. Kajal Bhansali | 1   | 0.00001                          | NIL  | 1                                   | 0.00001                          | NIL  | NIL                                      |
| 7       | Mr. Sharad Kenia   | 1   | 0.00001                          | NIL  | 1                                   | 0.00001                          | NIL  | NIL                                      |
|         | <b>TOTAL</b>       | <b>50,10,000</b>                          | <b>100</b>                       | <b>NIL</b>                                       | <b>50,10,000</b>                    | <b>100</b>                       | <b>NIL</b>                                       | <b>NIL</b>                               |

**iii) Change in Promoters' Shareholding:**

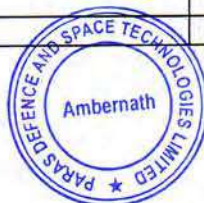
| Sl. No. |  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|         | For each of the Promoters  |   |                                  |   |                                  |
|         | At the beginning of the year   | 50,10,000                                 | 100                              | 50,10,000                               | 100                              |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / sweat equity, etc.) | No change during the year                 |                                  |   |                                  |
|         | At the end of the year   | 50,10,000                                 | 100                              | 50,10,000                               | 100                              |

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

| 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.      | Paras Gate India Private Limited   |   |                                  |   |                                  |
|         | At the beginning of the year   | -   | -                                | -                                       | -                                |
|         | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / sweat equity, etc.) | Not Applicable                            |                                  |   |                                  |
|         | At the end of the year   | -   | -                                | -                                       | -                                |

**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 |
|         | At the beginning of the year  | 5009996                                   | 99.99                            | 5009996                                 | 99.99                            |
|         | Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): | No Change during the year                 |                                  |   |                                  |
|         | At the End of the year  | 5009996                                   | 99.99                            | 5009996                                 | 99.99                            |



**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                           | 7,67,11,023                      | 9,94,56,553        | NIL        | 17,61,67,576        |
| ii) Interest due but not paid                 | NIL                              | NIL                | NIL        | NIL                 |
| iii) Interest accrued but not due             | NIL                              | NIL                | NIL        | NIL                 |
| <b>Total (i + ii + iii)</b>                   | <b>7,67,11,023</b>               | <b>9,94,56,553</b> | <b>NIL</b> | <b>17,61,67,576</b> |
| Changes during the financial year             |                                  |                    |            |                     |
| Addition                                      | 29617786                         | 103509611          | NIL        | 133127397           |
| Deletion                                      | 2116755                          | 135481753          | NIL        | 137598508           |
| <b>Net Changes</b>                            | <b>27501031</b>                  | <b>-31972142</b>   | <b>NIL</b> | <b>-4471111</b>     |
| Indebtedness at the end of the financial year |                                  |                    |            |                     |
| i) Principal amount                           | 104212054                        | 67484411           | NIL        | 171696465           |
| ii) Interest due but not paid                 | NIL                              | NIL                | NIL        | NIL                 |
| iii) Interest accrued but not due             | NIL                              | NIL                | NIL        | NIL                 |
| <b>Total (i + ii + iii)</b>                   | <b>104212054</b>                 | <b>67484411</b>    | <b>NIL</b> | <b>171696465</b>    |

**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 DIRECTOR |                  |                  | Total Amount     |
|---------|---|----------------------|------------------|------------------|------------------|
|         |   | Mr. Sharad Shah      | Ms. Ami Shah     | Mr. Munjal Shah  |                  |
| 1.      | Gross Salary  | 1,500,000            | 1,200,000        | 1,500,000        | 4,200,000        |
| (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              |
|         | <b>Total (A)</b>  | <b>1,500,000</b>     | <b>1,200,000</b> | <b>1,500,000</b> | <b>4,200,000</b> |
|         | Ceiling as per the Act  | Not Applicable       |                  |                  |                  |

**B. Remuneration to other directors:**

| Sl. No. | Particulars of Remuneration                  | Name of Directors |  | Total Amount |
|---------|--|-------------------|--|--------------|
|         |  |                   |  |              |
| 1.      | <b>Independent Directors</b>                 | NOT APPLICABLE    |  |              |
| (a)     | Fee for attending Board / Committee meetings |                   |  |              |
| (b)     | Commission                                   |                   |  |              |
| (c)     | Others, specify                              |                   |  |              |
|         | Total (1)                                    |                   |  |              |
| 2.      | <b>Other Non-executive Directors</b>         |                   |  |              |
| (a)     | Fee for attending Board / Committee meetings |                   |  |              |
| (b)     | Commission                                   |                   |  |              |
| (c)     | Others, specify                              |                   |  |              |
|         | Total (2)                                    |                   |  |              |
|         | <b>Total (B) = (1+2)</b>                     |                   |  |              |
|         | Total Managerial Remuneration                |                   |  |              |
|         | Overall ceiling as per the Act               |                   |  |              |



**C. Remuneration to Managerial Personnel other than Managing Director / Whole Time Director / Manager:**

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel |                   |     | Total |
|---------|---|--------------------------|-------------------|-----|-------|
|         |   | CEO                      | Company Secretary | CFO |       |
| 1.      | Gross Salary  |                          |                   |     |       |
| (a)     | Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | NOT APPLICABLE           |                   |     |       |
| (b)     | Value of perquisites under section 17(2) of Income Tax Act, 1961            |                          |                   |     |       |
| (c)     | Profits in lieu of salary under section 17(3) of Income Tax Act, 1961       |                          |                   |     |       |
| 2.      | Stock Options   |                          |                   |     |       |
| 3.      | Sweat Equity  |                          |                   |     |       |
| 4.      | Commission  |                          |                   |     |       |
|         | - as % of profit  |                          |                   |     |       |
|         | - others, specify   |                          |                   |     |       |
| 5.      | Others, specify   |                          |                   |     |       |
|         | <b>Total</b>  |                          |                   |     |       |

**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) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                               |                                    |
| Penalty                             |                              |                   | NIL  |                               |                                    |
| Punishment                          |                              |                   |  |                               |                                    |
| Compounding                         |                              |                   |  |                               |                                    |
| <b>B. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                               |                                    |
| Penalty                             |                              |                   | NIL  |                               |                                    |
| Punishment                          |                              |                   |  |                               |                                    |
| Compounding                         |                              |                   |  |                               |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                               |                                    |
| Penalty                             |                              |                   | NIL  |                               |                                    |
| Punishment                          |                              |                   |  |                               |                                    |
| Compounding                         |                              |                   |  |                               |                                    |

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

**SHARAD SHAH  
DIRECTOR  
DIN: 00622001**



**MUNJAL SHAH  
DIRECTOR  
DIN: 01080863**

**DATE: 05.09.2017  
PLACE: Thane, Maharashtra**



**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**  
(Formerly : Paras Flowform Engineering Ltd.)

M-6, Addl. MIDC, Ambarnath (E), Thane - 421 506, Maharashtra, India  
Tel : + (91- 251) 2620 333 / 2620 555 □ Fax : + (91- 251) 2621 222 □ Mobile : + (91) 98211 18432  
E-mail : paras@shahgroup.biz □ Web : www.parasdefence.com

**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  | Mechvac India Limited  |
| 2       | Latest audited Balance Sheet Date   | 31 <sup>st</sup> March 2017  |
| 2       | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | NA   |
| 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-100,000,000/-<br>Paid Up Capital- 100,000,000/- |
| 5       | Reserves & surplus  | 448419459/-  |
| 6       | Total assets  | 911410674/-  |
| 7       | Total Liabilities   | 911410674/-  |
| 8       | Investments   | NIL  |
| 9       | Turnover  | 495657448/-  |
| 10      | Profit/Loss before taxation   | 53426632/-   |
| 11      | Provision for taxation  | 10893076/-   |
| 12      | Profit after taxation   | 39594159/-   |
| 13      | Proposed Dividend   | NIL  |
| 14      | % of shareholding   | 87.49%   |

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

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.





### **Part "B": Associate and Joint Ventures**

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

| <b>Sr. No.</b> | <b>Particulars</b>  | <b>Details</b>  |
|----------------|---|---|
| 1              | Name of the Associate   | Concept Shapers And Electronics Private Limited                   |
| 2              | Latest audited Balance Sheet Date   | 31 <sup>st</sup> March 2017                                       |
| 3              | Reporting period for the Associate concerned, if different from the holding company's reporting period                    | NA  |
| 4              | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign Associates | NA  |
| 5              | Share capital   | Authorised Capital- 29,500,000/-<br>Paid Up Capital- 29,500,000/- |
| 6              | Reserves & surplus  | 265689355/-   |
| 7              | Total assets  | 760059233/-   |
| 8              | Total Liabilities   | 760059233/-   |
| 9              | Investments   | NIL   |
| 10             | Turnover  | 707907208/-   |
| 11             | Profit/Loss before taxation   | 88843825/-  |
| 12             | Provision for taxation  | 20643949/-  |
| 13             | Profit after taxation   | 62183083/-  |
| 14             | Proposed Dividend   | NIL   |
| 15             | % of shareholding   | 50.00%  |

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

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

**For M/s. Nitin Maru & Associates,**

**For Paras Defence and Space Technologies Ltd.**

**CA Nitin Maru –Proprietor  
Chartered Accountants  
Membership No. 037987  
Date: 05.09.2017**

  
**Sharad Virji Shah  
Director  
DIN: 00622001**



  
**Munjal Sharad Shah  
Director  
DIN: 01080863**



**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**  
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E-mail : paras@shahgroup.biz □ Web : www.shahgroup.biz

CIN: U29253MH2009PLC193352

**Annexure-B**

**FORM AOC-2**

**PARTICULARS OF CONTRACTS/ ARRANGEMENTS WITH RELATED PARTIES**  
[Pursuant to clause (h) of sub section 3 of section 134 of companies act, 2013 & rule 8(2) of companies (accounts) rule, 2014]

**A. Details of contracts or arrangements or transactions not at Arm's length basis.**

| Nature of contract and Name of related party | Nature of relationship | Duration of contract | Salient terms | Amount (in Rs.) |
|--|------------------------|----------------------|---------------|-----------------|
| <b>Not Applicable</b>                        |                        |                      |               |                 |

**B. Details of contracts or arrangements or transactions at Arm's length basis.**

| Nature of relationship and Name of related party               | Nature of Contract | Duration of contract | Salient terms of Transaction                                    | Amount (in Rs.) |
|--|--------------------|----------------------|---|-----------------|
| Harsh Bhansali<br>(Relative of Director)                       | Salary             | Perpetual            | Cash/Credit, at Arm's length                                    | 1214860/-       |
| Kajal Bhansali<br>(Relative of Director)                       | Salary             | Perpetual            | Cash/Credit, at Arm's length                                    | 914897/-        |
| Mechvac India Ltd.<br>(Subsidiary Company)                     | Lease Rentals      | Perpetual            | Cash/Credit, at Arm's length                                    | NIL             |
|  | Sales              | Perpetual            | Transactions at arm's length and in ordinary course of business | 166224689/-     |
|  | Labour Charges     | Perpetual            | Transactions at arm's length and in ordinary course of business | NIL             |
|  | Material Purchase  | Perpetual            | Transactions at arm's length and in ordinary course of business | NIL             |
| Concept Shapers & Electronics Pvt Ltd.<br>(Associates Company) | Material Purchase  | Perpetual            | Transactions at arm's length and in ordinary course of business | 3933562/-       |
|  | Sales              | Perpetual            | Transactions at arm's length and in ordinary course of business | 10186325/-      |

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

  
**SHARAD SHAH**  
DIRECTOR  
DIN: 00622001

  
**MUNJAL SHAH**  
DIRECTOR  
DIN: 01080863



DATE: 05.09.2017  
PLACE: Thane, Maharashtra

# NITIN MARU AND ASSOCIATES

## CHARTERED ACCOUNTANTS



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

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

### INDEPENDENT AUDITOR'S REPORT

To The Members of **PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

#### **Report on the Financial Statements**

We have audited the attached Financial Statements of **PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED** which comprises the balance sheet as at 31st March 2017, 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.

#### **Management's Responsibility for the Financial Statements**

The Management and 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 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.

#### **Auditors' 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 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.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid AS 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 financial position of the Company as at 31 March 2017, its financial performance and its cash flows and changes in equity for the year ended on that date.

### **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 representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements -Refer Note No. 27(7) to financial Statement.
  - (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.
  - (iv) The company had provided requisite disclosure in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016, and it is in accordance with the books of accounts maintained by the company.

**For NITIN MARU & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Firm Registration No. 14022W



**(CA NITIN M. MARU)**  
Proprietor  
Membership No. 37987  
Mumbai, 5<sup>th</sup> September, 2017

## **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, 2017 of **PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**.

- 1) (a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed asset.  
  
(b) Fixed assets have been verified by the management during the year at regular intervals and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.  
  
(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.
- 2) The inventories have been physically verified during the year by management. In our opinion, the frequency of verification is reasonable. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operation of the Company and the same have been properly dealt within the books of account.
- 3) 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.
- 4) 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 loans, investments, guarantees and security made.
- 5) 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 within the meaning of provisions of Section 73 to section 76 or any relevant provisions of the Companies Act, 2013. Therefore the provisions of Clause (v) of Paragraph 3 of the Order are not applicable.
- 6) The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company. Accordingly, the provision of Clause (vi) of Paragraph 3 of the Order is not applicable to the Company.



- 7) i) 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.
- ii) 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.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- 9) 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.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees during the course of our audit.
- 11) According to the information and explanations given to us and based on our examination of the records of the Company, 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.
- 12) 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.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- 14) 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.
- 15) 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 him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16) 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

**For NITIN MARU & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Firm Registration No. 114022W

  
  
**(CA NITIN M. MARU)**

Proprietor

Membership No. 37987

Mumbai, 5<sup>th</sup> September, 2017



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

Annexure to the Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") of **PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

We have audited the internal financial controls over financial reporting of **PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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.

**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.

### **Meaning of Internal Financial 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 management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls 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.

### **Opinion**

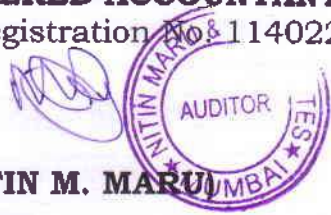
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial




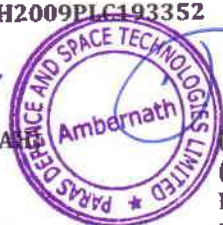
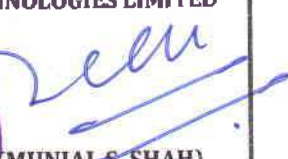
Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For NITIN MARU & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Firm Registration No. 114022W



**(CA NITIN M. MARU)**  
Proprietor  
Membership No. 37987  
Mumbai, 5<sup>th</sup> September, 2017

| <b>PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED</b>   |             |   |                                 |
|---|-------------|---|---------------------------------|
| <b>( FORMERLY KNOWN AS " PARAS FLOWFORM ENGINEERING LTD")</b>   |             |   |                                 |
| <b>BALANCE SHEET AS AT MARCH 31, 2017</b>   |             |   |                                 |
| <b>Particulars</b>  | <b>Note</b> | <b>As at<br/>March 31, 2017</b>   | <b>As at<br/>March 31, 2016</b> |
| <b>I. EQUITY AND LIABILITIES</b>  |             |   |                                 |
| <b>1. SHAREHOLDERS' FUNDS</b>   |             |   |                                 |
| - Share capital   | 2           | 5,01,00,000   | 5,01,00,000                     |
| - Reserves and surplus  | 3           | 26,65,93,576  | 24,62,92,684                    |
| - Money received against share warrants   |             | -   | -                               |
| <b>Sub-Total (A)</b>  |             | <b>31,66,93,576</b>   | <b>29,63,92,684</b>             |
| <b>2. SHARE APPLICATION MONEY PENDING ALLOTMENT</b>   |             |   |                                 |
| <b>Sub-Total (B)</b>  |             | -   | -                               |
| <b>3. NON-CURRENT LIABILITIES</b>   |             |   |                                 |
| - Long-term Borrowings  | 4           | 17,16,96,465  | 17,61,67,576                    |
| - Deferred Tax Liabilities (net)  |             | 1,30,04,579   | 1,27,29,449                     |
| - Other Long Term liabilities   | 5           | 9,29,25,743   | 7,18,20,257                     |
| - Long term Provisions  |             | -   | -                               |
| <b>Sub-Total (C)</b>  |             | <b>27,76,26,787</b>   | <b>26,07,17,281</b>             |
| <b>4. CURRENT LIABILITIES</b>   |             |   |                                 |
| - Short-Term Borrowings   | 6           | 12,45,31,092  | 15,61,68,668                    |
| - Trade Payables  | 7           | 15,79,09,548  | 11,72,25,364                    |
| - Other Current Liabilities   | 8           | 46,13,995   | 89,13,909                       |
| - Short-term Provisions   | 9           | 93,48,251   | 14,72,910                       |
| <b>Sub-Total (D)</b>  |             | <b>29,64,02,887</b>   | <b>28,37,80,851</b>             |
| <b>Total</b>  |             | <b>89,07,23,250</b>   | <b>84,08,90,816</b>             |
| <b>II. ASSETS</b>   |             |   |                                 |
| <b>5. NON-CURRENT ASSETS</b>  |             |   |                                 |
| - Fixed Assets  |             |   |                                 |
| Tangible Assets   | 10          | 41,94,96,186  | 40,76,13,270                    |
| Intangible Assets   |             | -   | -                               |
| Capital work-in-progress  |             | -   | -                               |
| Intangible assets under Development   |             | -   | -                               |
| - Non-current investments   | 11          | 8,81,39,660   | 8,81,39,660                     |
| - Deffered Tax assets (net)   |             | -   | -                               |
| - Long-term Loans and Advances  | 12          | 2,23,204  | 1,34,229                        |
| - Other Non-current Assets  | 13          | 1,24,66,957   | 74,70,850                       |
| <b>Sub-Total (E)</b>  |             | <b>52,03,26,007</b>   | <b>50,33,58,009</b>             |
| <b>6. CURRENT ASSETS</b>  |             |   |                                 |
| - Current Investments   |             |   |                                 |
| - Inventories   | 14          | 24,76,11,938  | 23,34,75,087                    |
| - Trade Receivables   | 15          | 11,38,86,866  | 5,83,97,223                     |
| - Cash and Cash Equivalents   | 16          | 2,35,707  | 3,82,28,996                     |
| - Short-term Loans and Advances   | 17          | 85,26,468   | 73,62,044                       |
| - Other Current Assets  | 18          | 1,36,264  | 69,458                          |
| <b>Sub-Total (F)</b>  |             | <b>37,03,97,243</b>   | <b>33,75,32,808</b>             |
| <b>Total</b>  |             | <b>89,07,23,250</b>   | <b>84,08,90,816</b>             |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b>  |             |   |                                 |
|   | 1           |   |                                 |
| <b>Notes 1 to 26 form an integral part of Accounts.</b>   |             |   |                                 |
| <b>FOR NITIN MARU &amp; ASSOCIATES</b><br><b>CHARTERED ACCOUNTANTS</b><br><b>( FIRM REGN NO. 114022W )</b><br><br><b>(CA NITIN M. MARU)</b><br><b>PROPRIETOR</b><br><b>MEMBERSHIP NO. 037987</b><br><b>PLACE: MUMBAI</b><br><b>DATE : 05.09.2017</b> |             | <b>FOR AND ON BEHALF OF BOARD OF DIRECTORS</b><br><b>PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED</b><br><b>CIN : U29253MH2009PLC193352</b><br><br><b>(SHARAD V. SHAH)</b><br><b>(DIRECTOR)</b><br><b>DIN: 0062201</b><br><b>PLACE: MUMBAI</b><br><b>DATE : 05.09.2017</b> |                                 |
|   |             | <br><b>(MUNJAL S. SHAH)</b><br><b>(DIRECTOR)</b><br><b>DIN:01080863</b><br><b>PLACE: MUMBAI</b><br><b>DATE : 05.09.2017</b>  |                                 |

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
**( FORMERLY KNOWN AS " PARAS FLOWFORM ENGINEERING LTD")**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

| Particulars   | Note No | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
|---|---------|-----------------------------------|-----------------------------------|
| <b>(i) Revenue from Operations</b>                                | 19      |                                   |                                   |
| - Sale of Products  |         | 490,520,201                       | 360,833,071                       |
| - Sale of Services  |         | 22,785,091                        | 34,123,650                        |
| - Other Operating Income  |         | 5,971,752                         | 406,266                           |
| Less: Excise Duty   |         | 44,210,383                        | 27,460,321                        |
|   |         | 475,066,660                       | 367,902,666                       |
| <b>(ii) Other income</b>  | 20      | 2,821,553                         | 5,702,954                         |
| <b>Total Revenue ( i + ii )</b>                                   |         | <b>477,888,213</b>                | <b>373,605,619</b>                |
| <b>Expenses</b>   |         |                                   |                                   |
| - Cost of Material Consumed                                       | 21      | 312,341,172                       | 310,431,206                       |
| - Cost of Manufacturing   | 22      | 40,052,227                        | 34,217,602                        |
| - Purchase of Stock-in-Trade                                      |         | -                                 | -                                 |
| - Changes in Inventories of Work-in-Progress                      | 23      | (7,790,565)                       | (97,132,533)                      |
| - Employee benefit expenses                                       | 24      | 15,618,186                        | 17,065,067                        |
| - Finance Cost  | 25      | 37,244,791                        | 50,544,678                        |
| - Depreciation and amortisation expense                           | 9       | 18,579,572                        | 18,493,839                        |
| - Other Expenses  | 26      | 31,552,826                        | 31,236,819                        |
| <b>Total Expenses</b>   |         | <b>447,598,208</b>                | <b>364,856,678</b>                |
| <b>Profit before exceptional and extra-ordinary items and Tax</b> |         | <b>30,290,005</b>                 | <b>8,748,942</b>                  |
| Exceptional items   |         | -                                 | -                                 |
| <b>Profit before extra-ordinary items and Tax</b>                 |         | <b>30,290,005</b>                 | <b>8,748,942</b>                  |
| Extra-ordinary items  |         | -                                 | -                                 |
| <b>Profit Before Tax</b>  |         | <b>30,290,005</b>                 | <b>8,748,942</b>                  |
| - Tax Expense   |         |                                   |                                   |
| Current Tax   |         | 9,786,094                         | 2,154,597                         |
| Short / (Excess) provision for tax of earlier year(s)             |         | -72,111                           | -                                 |
| Deferred Tax  |         | 275,130                           | 741,122                           |
| Total Tax   |         | 9,989,113                         | 2,895,719                         |
| <b>Profit / (loss) for the period before Prior Period</b>         |         | <b>20,300,892</b>                 | <b>5,853,222</b>                  |
| <b>Equity Share of par value Rs. 10 each</b>                      |         |                                   |                                   |
| Basic   |         | 4.06                              | 1.17                              |
| Diluted   |         | 4.06                              | 1.17                              |

Notes 1 to 27 form an integral part of Accounts.

As per our attached Report of even date

FOR NITIN MARU & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 (FIRM REGN NO. 114022W)

(CA NITIN M. MARU)  
 PROPRIETOR  
 MEMBERSHIP NO. 037987  
 PLACE: MUMBAI  
 DATE : 05.09.2017



FOR AND ON BEHALF OF BOARD OF DIRECTORS

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED  
 CIN : U9253MH2009PLC193352

(SHARAD V. SHAH)  
 (DIRECTOR)  
 DIN: 0062201  
 PLACE: MUMBAI  
 DATE : 05.09.2017



(MUNJAL S. SHAH)  
 (DIRECTOR)  
 DIN: 01080863  
 PLACE: MUMBAI  
 DATE : 05.09.2017

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2017**

**1) METHOD OF ACCOUNTING**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by Companies (Accounts) Rules, 2014, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting principles generally accepted in India. The accounting policy has been consistently applied by the Company.

**2) USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events, plans and actions, actual results could differ from these estimates. Any revision to accounting estimates and assumptions are recognised prospectively.

**3) REVENUE RECOGNITION**

- (a) Sales and Purchases are exclusive of excise duty and state value added tax.  
(b) Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.  
(c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

**4) FIXED ASSETS & DEPRECIATION**

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment. The cost of fixed assets comprises of its purchase price and other nonrefundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant tangible asset heads.

**Useful lives and Depreciation rates**

Depreciation on tangible fixed assets is provided on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset and maintenance support, etc. The residual value, useful life and method of depreciation of an asset is reviewed at each financial year end and adjusted prospectively.

**5) INVESTMENTS**

Investments are classified into long-term (non-current) and short-term (current) investments. Investments intended to be held for not more than a year are classified as short-term investments. All other investments are classified as long-term investments. Long-term investments are stated at cost less permanent diminution in value, if any. Short-term investments are stated at the lower of cost or fair value.

**6) INVENTORY**

- Raw Materials : At average cost or market value whichever is lower  
Work In Progress : They are valued at cost or net realisable value whichever is lower.  
Finished Goods : They are valued at cost or net realisable value whichever is lower.

The Closing Stock has been taken and valued by the directors at cost or net realisable value whichever is less.

Also the inventory is valued according to the AS 2 issued by the ICAI and accordingly the costs of purchase consist of the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.

**7) FOREIGN CURRENCY TRANSACTIONS**

- (a) Foreign currency transactions are recorded in the reporting currency (Indian Rupee) by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.  
(b) All monetary items denominated in foreign currency are converted into Indian rupees at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognised in the statement of profit and loss. Non-monetary items in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on the date of the transaction.

(contd...2)



For Paras Defence And Space Technologies Limited

Director

**8) PROVISION FOR TAXATION**

- (a) Provision for income tax is made under the liability method after availing exemptions and deductions at the rates applicable under the Income-tax Act, 1961.
- (b) Deferred tax is recognized, subject to the consideration of prudence, in respect of deferred tax or liabilities, on timing difference, being the difference between the taxable income and accounting income that originate in one period and reversible in one or more subsequent periods.
- (c) Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will be able to utilise the MAT Credit Entitlement within the period specified under the Income-tax Act, 1961.

**9) AMORTISATION OF MISCELLANEOUS EXPENDITURE**

Expenses incurred under miscellaneous expenditure are written off equally over a period of 5 years.

**10) EMPLOYEE BENEFITS**

No employees are eligible for payment of gratuity yet hence no provision is required to be made in accounts.

**11) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**12) 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 or sale are capitalised. All other borrowing costs are expensed in the period they occur.

**13) 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 Profit and Loss Account 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

**14) 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.

**14) PROVISIONS**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.

**15) CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statement.



For Paras Defence And Space Technologies Limited

Director

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

**2. - Share Capital**

| SN. | Particulars   | As at                    |                          |                      |              |
|-----|---|--------------------------|--------------------------|----------------------|--------------|
|     |   | March 31, 2017           | March 31, 2016           |                      |              |
| A   | <b>Authorised Share Capital</b><br>5260000 (PY: 5260000) Equity Shares of Rs. 10/- each   | 52,600,000               | 52,600,000               |                      |              |
|     |   | <b>52,600,000</b>        | <b>52,600,000</b>        |                      |              |
| B   | <b>Issued &amp; Subscribed</b><br>50,10,000 ( P.Y. 5010000 ) Equity Shares of Rs.10/- each  | 50,100,000               | 50,100,000               |                      |              |
|     |   | <b>50,100,000</b>        | <b>50,100,000</b>        |                      |              |
| C   | <b>Issued, Subscribed and fully Paid-up :</b><br>30,00,000 Equity Shares of Rs.10/- each fully paid up<br>20,10,000 Equity Shares of Rs.10/- each fully paid up (for consideration other than cash)   | 30,000,000<br>20,100,000 | 30,000,000<br>20,100,000 |                      |              |
|     |   | <b>50,100,000</b>        | <b>50,100,000</b>        |                      |              |
| I   | <b>Details of Shareholding as at March 31, 2017</b>   |                          |                          |                      |              |
|     | <b>Shareholders holding more than 5 % of Equity Shares:</b>   | <b>Current Year</b>      |                          | <b>Previous Year</b> |              |
|     | Name  | No. Of Shares            | % of Holding             | No. Of Shares        | % of Holding |
|     | Mr. Sharad V. Shah  | 3656094                  | 72.98%                   | 3656094              | 72.98%       |
|     | Mr. Munjal S Shah   | 681460                   | 13.60%                   | 681460               | 13.60%       |
|     | Mrs. Ami M Shah   | 672442                   | 13.42%                   | 672442               | 13.42%       |
| II  | <b>Reconciliation of the number of Equity Shares outstanding</b>  | <b>31-Mar-2017</b>       |                          | <b>31-Mar-2016</b>   |              |
|     | <b>Particulars</b>  | <b>No. of Shares</b>     |                          | <b>No. of Shares</b> |              |
|     | Number of shares at the beginning of the year   | 5,010,000                |                          | 5,010,000            |              |
|     | Add: Shares issued  | -                        |                          | -                    |              |
|     | Less: Shares forfeited  | -                        |                          | -                    |              |
|     | Number of shares at the end of year   | 5,010,000                |                          | 5,010,000            |              |
| III | Each equity share is entitled to one voting right only.   |                          |                          |                      |              |
| IV  | 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.  |                          |                          |                      |              |
| V   | The company had allotted 10,000 Equity Shares of Rs. 10/- each fully paid up for consideration other than cash in the scheme of amalgamation of Paras Flowform Engineering Ltd (Transferor Co.), Paras Gate India Pvt Ltd (Transferee Co.) & Neetnav Realtors Pvt Ltd (Transferee Co). The same shares had been issued to Shareholders of Paras Gate India Pvt Ltd in the ratio of 1:200 and to shareholders of Neetnav Realtors Pvt Ltd in the ratio of 1:1 as per the High Court Order dated 04.09.2015 |                          |                          |                      |              |

**3. - Reserves and Surplus**

| SN. | Particulars                                    | As at              |                    |
|-----|--|--------------------|--------------------|
|     |  | March 31, 2017     | March 31, 2016     |
| A)  | <b>Revaluation Reserve</b>                     |                    |                    |
|     | Balance at the beginning of the year           | 238,875,291        | 238,875,291        |
|     | Additions                                      | -                  | -                  |
|     | Deletions                                      | -                  | -                  |
|     | Depreciation on Enhanced value of Fixed Assets | -                  | -                  |
|     | Closing Balance                                | <b>238,875,291</b> | <b>238,875,291</b> |
| B)  | <b>General Reserve</b>                         |                    |                    |
|     | Balance at the beginning of the year           | 1,094,323          | 1,094,323          |
|     | Additions                                      | -                  | -                  |
|     | Deletions                                      | -                  | -                  |
|     | Closing Balance                                | <b>1,094,323</b>   | <b>1,094,323</b>   |
|     | Surplus as per Profit and Loss Account         | 26,623,962         | 6,323,070          |
|     | <b>Total</b>                                   | <b>266,593,576</b> | <b>246,292,684</b> |



## PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

Details of Profit and Loss - Surplus is as given below:

| Particulars                               | As at              | As at            |
|---|--------------------|------------------|
|   | March 31, 2017     | March 31, 2016   |
| <b>Net Profit after Tax</b>               | 2,03,00,892        | 58,53,222        |
| Balance brought forward                   | 63,23,070          | 7,49,608         |
| <b>Profit Available for Appropriation</b> | <b>2,66,23,962</b> | <b>66,02,830</b> |
| <b>Appropriations:</b>                    |                    |                  |
| Debenture Redemption Reserve              | -                  |                  |
| General Reserve                           | -                  |                  |
| MAT Credit u/s 115JAA                     | -                  | -                |
| Dividend on Equity Shares                 | -                  | -                |
| Tax on Dividend                           | -                  | -                |
| Income Tax refund due adjusted            | -                  | 2,79,760         |
| <b>Surplus Carried to Balance Sheet</b>   | <b>2,66,23,962</b> | <b>63,23,070</b> |

### 4 - Long Term Borrowings

| SN  | Particulars | As at               | As at               |
|---|-------------|---------------------|---------------------|
|   |             | March 31, 2017      | March 31, 2016      |
| <b>I. Secured Borrowings:</b>                             |             |                     |                     |
| a. Term Loans from Banks & NBFC                           |             | 9,64,64,032         | 7,16,52,068         |
| b. Vehicles Loan from Bank and NBFC                       |             | 77,48,022           | 50,58,955           |
| <b>Total Secured Long Term Borrowings - (I)</b>           |             | <b>10,42,12,054</b> | <b>7,67,11,023</b>  |
| <b>II. Unsecured Borrowings:</b>                          |             |                     |                     |
| a. <u>Loan from Related Parties</u>                       |             |                     |                     |
| -Loan from Directors                                      |             | 3,12,13,820         | 1,96,40,781         |
| -Loan from Shareholders                                   |             | -                   | 64,566              |
| -Loan from Body Corporate( Subsidiary/ Associate concern) |             | 1,35,31,315         | 1,30,30,583         |
| b. Loan from Body Corporate                               |             | 2,27,39,276         | 6,67,20,623         |
| <b>Total Unsecured Long Term Borrowings - (II)</b>        |             | <b>6,74,84,411</b>  | <b>9,94,56,553</b>  |
| <b>III. Total Long Term Borrowings (I+II)</b>             |             | <b>17,16,96,465</b> | <b>17,61,67,576</b> |

### Term Loans

| Security   | Loan Amount | Amount o/s as on 31.03.2017 | Amount o/s as on 31.03.2016 |
|--|-------------|-----------------------------|-----------------------------|
| <b>Term Loan from NBFC</b>   |             |                             |                             |
| Term Loan (400) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 40000000    | -                           | 2,92,99,452                 |
| Term Loan (160) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 16000000    | -                           | 1,11,40,420                 |
| <b>Term Loan from Bank</b>   |             |                             |                             |
| Term Loan from HDFC Bank- A/C No. 621246712 against Mahape property A-396 and A-397  | 12000000    | 1,16,25,744                 | -                           |
| Term Loan from HDFC Bank -A/C No. 621249021  | 47280000    | 2,99,72,446                 | -                           |
| Term Loan from HDFC Bank -A/C No. 621246781 against Mahape property A-396 and A-397  | 5580000     | 53,95,959                   | -                           |
| Buyers Credit Euro 229350- NKGSB Bank  | 17098043    | 1,58,81,938                 | -                           |
| Department of Scientific & Industrial Research (DSIR)  | 50000000    | 3,35,87,945                 | 3,12,12,196                 |
| <b>TOTAL</b>   |             | <b>9,64,64,032</b>          | <b>7,16,52,068</b>          |



For Paras Defence And Space Technologies Limited

Director

# PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

## Fixed Assets Loan from Banks and from Others

| Name of Bank   | Loan Amount | Amount o/s as on 31.03.2017 | Amount o/s as on 31.03.2016 |
|--|-------------|-----------------------------|-----------------------------|
| <b>From Banks</b>  |             |                             |                             |
| Kotak Mahindra Bank - Car Loan - Accord 3555                   | 978530      | 4,98,372                    | 6,35,459                    |
| Kotak Mahindra Bank - Car Loan - Audi                          | 6119363     | 17,57,485                   | 31,10,898                   |
| ICICI Bank- Car Loan   |             | 48,05,822                   |                             |
| <b>From Other Parties</b>                                      |             |                             |                             |
| Kotak Mahindra Prime Ltd. - 12684100-2556                      | 783328      | 4,76,746                    | 6,20,865                    |
| Tata Capital Ltd- Car Loan - 22166 - 3555                      | 1000000     | 0                           | -                           |
| Tata Capital Ltd -12620 - Honda City - 2376                    | 557380      | 0                           | 57,940                      |
| Tata Capital Ltd -Car Loan - 10589 -Dzire -2745                | 474141      | 0                           | 52,580                      |
| Cholamandalam Inv & Fin Company Ltd.- Car Loan- Winger - 14335 | 590650      | 0                           | 23,881                      |
| Tata Capital Ltd- Car Loan Honda 3186                          | 958000      | 44,609                      | 2,76,502                    |
| Tata Capital Ltd- Car Loan Dzire-4392                          | 581762      | 1,64,987                    | 2,80,829                    |
| <b>TOTAL</b>   |             | <b>77,48,022</b>            | <b>50,58,955</b>            |

## 5 - Other Long Term Liabilities

| SN | Particulars                | As at              | As at              |
|----|----------------------------|--------------------|--------------------|
|    |                            | March 31, 2017     | March 31, 2016     |
|    | Creditors for Fixed Assets | 9,29,25,743        | 7,18,20,257        |
|    |                            | <b>9,29,25,743</b> | <b>7,18,20,257</b> |

## 6 - Short term Borrowings

| SN | Particulars   | As at               | As at               |
|----|---|---------------------|---------------------|
|    |   | March 31, 2017      | March 31, 2016      |
| I  | <b>Secured Borrowings:</b>  |                     |                     |
|    | <b>Working Capital Loan from Banks</b>  |                     |                     |
|    | <b>NKGSB Co-op Bank Ltd</b>   | 5,30,54,722         | 6,85,15,706         |
|    | (Against hypothecation of Stock and Book Debts by way of paripassu charge with Corporation Bank)  |                     |                     |
|    | <b>Corporation Bank CC A/c - 113704901200004</b>  | 5,87,12,472         | 8,12,21,655         |
|    | (With pari passu charge on Plot No. M-6, Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath - 421506, Paripassu charge on factory land & building ) |                     |                     |
|    | Term Loans from Banks & NBFC  | 8523980             | 4027674             |
|    | Vehicles Loan from Bank and NBFC  | 4239918             | 2403633             |
|    | <b>Total Secured Borrowings</b>   | <b>12,45,31,092</b> | <b>15,61,68,668</b> |

## Term Loans

| Security   | Loan Amount | Amount o/s as on 31.03.2017 | Amount o/s as on 31.03.2016 |
|--|-------------|-----------------------------|-----------------------------|
| <b>Term Loan from NBFC</b>   |             |                             |                             |
| Term Loan (400) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 40000000    | -                           | 24,19,633                   |
| Term Loan (160) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 16000000    | -                           | 16,08,041                   |
| <b>Term Loan from Bank</b>   |             |                             |                             |
| Term Loan from HDFC Bank- A/C No. 621246712 against Mahape property A-396 and A-397  | 12000000    | 3,53,402                    | -                           |
| Term Loan from HDFC Bank -A/C No. 621246781 against Mahape property A-396 and A-397  | 5580000     | 1,70,578                    | -                           |
| Department of Scientific & Industrial Research (DSIR)  | 50000000    | 80,00,000                   | -                           |
| <b>TOTAL</b>   |             | <b>85,23,980</b>            | <b>40,27,674</b>            |



For Paras Defence And Space Technologies Limited

Director

# PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

## Fixed Assets Loan from Banks and from Others

| Name of Bank   | Loan Amount | Amount o/s as on 31.03.2017 | Amount o/s as on 31.03.2016 |
|--|-------------|-----------------------------|-----------------------------|
| <b>From Banks</b>  |             |                             |                             |
| Kotak Mahindra Bank - Car Loan - Accord 3555                   | 978530      | 1,37,087                    | 1,14,578                    |
| Kotak Mahindra Bank - Car Loan - Audi                          | 6119363     | 13,53,413                   | 12,25,424                   |
| ICICI Bank- Car Loan   |             | 5,99,408                    | 0                           |
| Kotak Mahindra Bank - Car Loan -                               |             | 15,23,755                   | 0                           |
| <b>From Other Parties</b>                                      |             |                             |                             |
| Kotak Mahindra Prime Ltd. - 12684100-2556                      | 783328      | 1,44,119                    | 1,47,432                    |
| Tata Capital Ltd- Car Loan - 22166 - 3555                      | 1000000     | 0                           | 2,08,829                    |
| Tata Capital Ltd -12620 - Honda City - 2376                    | 557380      | 57,940                      | 1,34,799                    |
| Tata Capital Ltd -Car Loan - 10589 -Dzire -2745                | 474141      | 52,580                      | 1,15,327                    |
| Cholamandalam Inv & Fin Company Ltd.- Car Loan- Winger - 14335 | 590650      | 23,881                      | 1,47,452                    |
| Tata Capital Ltd- Car Loan Honda 3186                          | 958000      | 2,31,893                    | 2,06,521                    |
| Tata Capital Ltd- Car Loan Dzire-4392                          | 581762      | 1,15,842                    | 1,03,270                    |
| <b>TOTAL</b>   |             | <b>42,39,918</b>            | <b>24,03,633</b>            |

## 7. - Trade Payables

| Particulars   | As at               | As at               |
|---|---------------------|---------------------|
|   | March 31, 2017      | March 31, 2016      |
| <b>Trade Payables</b>   |                     |                     |
| - Other than Micro and Small Enterprises<br>For Goods/Fixed assets/Labour/Exp | 15,79,09,548        | 11,72,25,364        |
| <b>Total</b>  | <b>15,79,09,548</b> | <b>11,72,25,364</b> |

**Note:**

There are no Micro & Small Enterprises, to whom the company owes dues, which are outstanding as at March 31, 2017. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the company.

## 8. - Other Current Liabilities

| SN | Particulars             | As at            | As at            |
|----|-------------------------|------------------|------------------|
|    |                         | March 31, 2017   | March 31, 2016   |
|    | Statutory Dues          | 16,13,995        | 89,13,909        |
|    | Advances from Customers | 30,00,000        | 0                |
|    | <b>Total</b>            | <b>46,13,995</b> | <b>89,13,909</b> |

## 9. - Short Term Provisions

| Particulars                       | As at            | As at            |
|-----------------------------------|------------------|------------------|
|                                   | March 31, 2017   | March 31, 2016   |
| Provision for Tax                 | 87,04,541        | 8,95,173         |
| Provision for Telephone charges   | 37,147           | 43,140           |
| Provision for Mobile Expenses     | 1,035            | -                |
| Provision for Water Charges       | 21,445           | 22,223           |
| Provision for Electricity Charges | 4,70,830         | 3,99,120         |
| Provision for Audit Fees          | 1,13,254         | 1,13,254         |
| <b>Total</b>                      | <b>93,48,251</b> | <b>14,72,910</b> |



For Paras Defence And Space Technologies Limited

Director

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

| 10 - Fixed Assets            |               |                              |                       |                              |                              |                              |                    |                        |                              |                              |                              |
|------------------------------|---------------|------------------------------|-----------------------|------------------------------|------------------------------|------------------------------|--------------------|------------------------|------------------------------|------------------------------|------------------------------|
| Particulars                  | Rate of Depri | Gross Block                  |                       |                              |                              | Depreciation/Amortisation    |                    |                        | Net Block                    |                              |                              |
|                              |               | Opening as at April 01, 2016 | Addition for the Year | Disposals/ Other Adjustments | Closing as at March 31, 2017 | Opening as at April 01, 2016 | For the year       | Deduction/ Adjustments | Closing as at March 31, 2017 | Closing as at March 31, 2017 | Closing as at March 31, 2016 |
| <b>l. Tangible Assets</b>    |               |                              |                       |                              |                              |                              |                    |                        |                              |                              |                              |
| a Land                       |               |                              |                       |                              |                              |                              |                    |                        |                              |                              |                              |
| - Freehold                   |               | 24,80,43,500                 | -                     | -                            | 24,80,43,500                 | -                            | -                  | -                      | -                            | 24,80,43,500                 | 24,80,43,500                 |
| - Leasehold                  |               | -                            | -                     | -                            | -                            | -                            | -                  | -                      | -                            | -                            | -                            |
| b Buildings                  |               |                              |                       |                              |                              |                              |                    |                        |                              |                              |                              |
| - Factory Building           | 10.00%        | 5,10,86,548                  | -                     | -                            | 5,10,86,548                  | 1,89,10,496                  | 21,54,355          | -                      | 2,10,64,852                  | 3,00,21,696                  | 3,21,76,052                  |
| - Office Building            | 10.00%        | 2,05,34,746                  | 5,37,086              | -                            | 2,10,71,832                  | 33,41,717                    | 8,27,803           | -                      | 41,69,519                    | 1,69,02,313                  | 1,71,93,029                  |
| c Plant and Machinery        | 13.91%        | 14,45,19,233                 | 1,71,18,281           | -                            | 16,16,37,514                 | 5,08,56,320                  | 1,19,47,215        | -                      | 6,28,03,535                  | 9,88,33,980                  | 9,36,62,914                  |
| d Stabilizer & UPS           | 13.91%        | 7,41,504                     | 4,250                 | -                            | 7,45,754                     | 6,75,893                     | 18,262             | -                      | 6,94,154                     | 51,600                       | 65,611                       |
| e Furniture and Fixtures     | 18.10%        | 5,50,205                     | 26,19,040             | -                            | 31,69,245                    | 3,64,311                     | 1,57,509           | -                      | 5,21,820                     | 26,47,425                    | 1,85,894                     |
| f Electrical Fitting         | 18.10%        | 35,22,512                    | 4,55,580              | -                            | 39,78,092                    | 22,25,856                    | 2,54,426           | -                      | 24,80,282                    | 14,97,810                    | 12,96,656                    |
| g Air Conditioner            | 13.91%        | 8,44,088                     | 49,320                | -                            | 8,93,408                     | 7,09,279                     | 69,855             | -                      | 7,79,135                     | 1,14,273                     | 1,34,809                     |
| h Tools & Equipment          | 13.91%        | 10,01,602                    | -                     | -                            | 10,01,602                    | 5,76,588                     | 81,081             | -                      | 6,57,669                     | 3,43,933                     | 4,25,014                     |
| i Computer                   | 40.00%        | 10,84,729                    | 1,07,704              | -                            | 11,92,433                    | 8,67,749                     | 1,02,678           | -                      | 9,70,426                     | 2,22,006                     | 2,16,980                     |
| j Vehicles                   | 25.89%        | 2,61,19,490                  | 94,55,150             | -                            | 3,55,74,640                  | 1,26,62,799                  | 27,80,419          | -                      | 1,54,43,217                  | 2,01,31,423                  | 1,34,56,691                  |
| k Fire fighting Equipments   | 13.91%        | 16,74,194                    | -                     | -                            | 16,74,194                    | 15,90,135                    | 345                | -                      | 15,90,480                    | 83,714                       | 84,059                       |
| l Office Equipments          | 13.91%        | 15,05,874                    | 1,16,075              | -                            | 16,21,949                    | 8,51,451                     | 1,78,087           | -                      | 10,29,538                    | 5,92,411                     | 6,54,422                     |
| m Weighing Scale             | 13.91%        | 9,000                        | -                     | -                            | 9,000                        | 5,747                        | 944                | -                      | 6,692                        | 2,308                        | 3,253                        |
| <b>ii. Intangible Assets</b> |               |                              |                       |                              |                              |                              |                    |                        |                              |                              |                              |
| Accounting Software          | 13.91%        | 94,476                       | -                     | -                            | 94,476                       | 80,088                       | 6,594              | -                      | 86,682                       | 7,794                        | 14,388                       |
| <b>Grand Total - (I+II)</b>  |               | <b>50,13,31,701</b>          | <b>3,04,62,486</b>    | <b>-</b>                     | <b>53,17,94,187</b>          | <b>9,37,18,429</b>           | <b>1,85,79,572</b> | <b>-</b>               | <b>11,22,98,001</b>          | <b>41,94,96,186</b>          | <b>40,76,13,270</b>          |
| (Previous year's Figures)    |               | 49,04,12,391                 | 1,09,19,310           | -                            | 50,13,31,701                 | 7,52,24,595                  | 1,84,93,837        | -                      | 9,37,18,432                  | 40,76,13,269                 | 41,51,87,796                 |



For Paras Defence And Space Technologies Limited

Director

# PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

## 11. - Investments Non Current

| SN. | Particulars  | Face Value | Number    | As at              | As at              |
|-----|--|------------|-----------|--------------------|--------------------|
|     |  |            |           | March 31, 2017     | March 31, 2016     |
| A.  | <b>TRADE INVESTMENTS</b>                               |            |           |                    |                    |
|     | Shares - NKGS Co-op Bank                               | 100        | 5,000     | 5,00,000           | 5,00,000           |
|     | <b>TOTAL (A)</b>                                       |            |           | 5,00,000           | 5,00,000           |
| B.  | <b>OTHER INVESTMENTS</b>                               |            |           |                    |                    |
|     | Shares- Mechvac India Limited                          | 10         | 87,49,216 | 8,74,92,160        | 8,74,92,160        |
|     | Equity Shares- Concept Shapers Electronics Limited     | 1          | 87,500    | 87,500             | 87,500             |
|     | Preference Shares- Concept Shapers Electronics Limited | 1          | 60,000    | 60,000             | 60,000             |
|     | <b>TOTAL (B)</b>                                       |            |           | 8,76,39,660        | 8,76,39,660        |
|     | <b>Total Non-Current Investments (A + B)</b>           |            |           | <b>8,81,39,660</b> | <b>8,81,39,660</b> |

### Details of Investment in Subsidiaries

| Name   | Current Year |              | Previous Year |              |
|--|--------------|--------------|---------------|--------------|
|  | Country      | % of Holding | Country       | % of Holding |
| Mechvac India Limited                                  | India        | 90.00%       | India         | 90.00%       |
| Equity Shares- Concept Shapers Electronics Limited     | India        | 50.00%       | India         | 50.00%       |
| Preference Shares- Concept Shapers Electronics Limited | India        | 50.00%       | India         | 50.00%       |

## 12. - Long Term Loans and Advances

| SN. | Particulars   | As at           | As at           |
|-----|---|-----------------|-----------------|
|     |   | March 31, 2017  | March 31, 2016  |
| I   | <b>Secured, Considered good</b>                       |                 |                 |
|     | <b>Sub - Total (A)</b>                                | 0               | 0               |
| II  | <b>Unsecured, Considered good</b>                     |                 |                 |
|     | Security Deposits                                     | 2,23,204        | 1,34,229        |
|     | <b>Sub - Total (B)</b>                                | <b>2,23,204</b> | <b>1,34,229</b> |
| III | <b>Doubtful</b>                                       |                 |                 |
|     | <b>Sub - Total (C)</b>                                | 0               | 0               |
|     | <b>Total Long Term Loans and Advances (A + B + C)</b> | <b>2,23,204</b> | <b>1,34,229</b> |

## 13. - Other Non Current Assets

| SN. | Particulars                        | As at              | As at            |
|-----|------------------------------------|--------------------|------------------|
|     |                                    | March 31, 2017     | March 31, 2016   |
| I   | <b>Secured and considered good</b> |                    |                  |
|     | Margin Money for BG and LC         | 1,24,66,957        | 74,70,850        |
|     | <b>Total (I + II)</b>              | <b>1,24,66,957</b> | <b>74,70,850</b> |

## 14. - Inventories

| SN. | Particulars              | As at               | As at               |
|-----|--------------------------|---------------------|---------------------|
|     |                          | March 31, 2017      | March 31, 2016      |
| a.  | Raw Materials            | 4,65,67,078         | 4,02,20,792         |
| b.  | Work in Progress         | 20,10,44,860        | 19,32,54,295        |
|     | <b>Total Inventories</b> | <b>26,76,11,938</b> | <b>23,34,75,087</b> |



  
 Director

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**15. - Trade Receivables**

| SN. | Particulars   | As at               | As at              |
|-----|---|---------------------|--------------------|
|     |   | March 31, 2017      | March 31, 2016     |
|     | <b>Unsecured, Considered good</b>                                 |                     |                    |
|     | - Outstanding for a period exceeding six months from its due date | 1,37,85,921         | 82,41,710          |
|     | - Others  | 10,01,00,945        | 5,01,55,513        |
|     | <b>Total Trade receivables</b>                                    | <b>11,38,86,866</b> | <b>5,83,97,223</b> |

**16. - Cash and Cash Equivalents**

| SN. | Particulars                                   | As at           | As at              |
|-----|---|-----------------|--------------------|
|     |   | March 31, 2017  | March 31, 2016     |
|     | <b>Cash and Cash Equivalents</b>              |                 |                    |
|     | a. Balance with Bank in Current Accounts      | 63,025          | 3,78,17,632        |
|     | b. Cash on Hand                               | 1,72,682        | 4,11,364           |
|     | <b>Total Cash and Bank Balances ( A + B )</b> | <b>2,35,707</b> | <b>3,82,28,996</b> |

**17. - Short-term Loans and Advances**

| SN. | Particulars                           | As at            | As at            |
|-----|---------------------------------------|------------------|------------------|
|     |                                       | March 31, 2017   | March 31, 2016   |
|     | <b>Unsecured, Considered good</b>     |                  |                  |
|     | Advance with revenue Authorities      | 37,40,493        | 64,38,673        |
|     | Loans and advances to related parties | -                | -                |
|     | Trade Advances                        | 43,60,277        | 9,23,371         |
|     | Advances to Staff                     | 2,25,698         | -                |
|     | Other Advances                        | 2,00,000         | -                |
|     | <b>Total</b>                          | <b>85,26,468</b> | <b>73,62,044</b> |

**18. - Other Current Assets**

| Particulars                     | As at           | As at          |
|---------------------------------|-----------------|----------------|
|                                 | March 31, 2017  | March 31, 2016 |
| Interest receivable from MSEDCL | 56,581          | 0              |
| Excess amount paid HDFC         | 10,225          | 0              |
| Others                          | 69,458          | 69,458         |
| <b>Total</b>                    | <b>1,36,264</b> | <b>69,458</b>  |

For Paras Defence And Space Technologies Limited



*(Handwritten Signature)*

Director

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**19. Revenue from Operations**

| SN. | Particulars  | 31-Mar-17           | 31-Mar-16           |
|-----|--|---------------------|---------------------|
| A.  | <b>Revenue from Sale of Manufactured Products</b>    |                     |                     |
|     | Export Sales   | 1,99,02,791         | 56,10,405           |
|     | Domestic Sales                                       | 42,64,07,027        | 32,77,62,345        |
|     | Sub-Total (A)  | 44,63,09,818        | 33,33,72,750        |
| B.  | <b>Revenue from Sale of Traded Products</b>          |                     |                     |
|     | Domestic Sales                                       | -                   | -                   |
|     | Sub-Total (B)  | -                   | -                   |
| C.  | <b>Revenue from Sale of Services</b>                 |                     |                     |
|     | Labour Charges received                              | 2,21,27,000         | 3,41,20,200         |
|     | Freight on Sales                                     | 6,58,091            | 3,450               |
|     | Sub-Total (C)  | 2,27,85,091         | 3,41,23,650         |
| D.  | <b>Other Operating Revenue</b>                       |                     |                     |
|     | - Rejection and Discount                             | 59,28,722           | 4,06,266            |
|     | - Insurance on Sale                                  | 43,030              | -                   |
|     | - Other Income                                       | -                   | -                   |
|     | Sub-Total (D)  | 59,71,752           | 4,06,266            |
|     | <b>Total Revenue from Operations (A + B + C + D)</b> | <b>47,50,66,660</b> | <b>36,79,02,666</b> |

**20. - Other Income**

| Particulars                                  | 31-Mar-17        | 31-Mar-16        |
|--|------------------|------------------|
| Interest / Discount Income                   | 10,99,006        | 6,34,666         |
| Interest on Security Deposit with MSEDCCL    | 62,870           | -                |
| Dividend Income:                             |                  |                  |
| -Others                                      | 60,000           | 60,000           |
| Lease Rental Income                          | -                | 41,10,000        |
| Foreign Transaction Currency Gain/Loss (Net) | 15,84,421        | 3,96,986         |
| Balances Written Off & Rounded off           | -                | 4,99,802         |
| Misc Income                                  | 15,256           | -                |
| Short Term Capital Gain on Sale of Car       | -                | -                |
| Scrap Sales                                  | -                | 1,500            |
| <b>Total</b>                                 | <b>28,21,553</b> | <b>57,02,954</b> |

**21. Cost of Materials consumed**

| Particulars                     | 31-Mar-17           | 31-Mar-16           |
|---------------------------------|---------------------|---------------------|
| <b>Raw Material Consumption</b> |                     |                     |
| Opening Stock                   | 4,02,20,792         | 7,16,62,786         |
| Add : Purchases (Net)           | 31,86,87,458        | 27,89,89,212        |
|                                 | <b>35,89,08,250</b> | <b>35,06,51,998</b> |
| Less : Closing Stock            | 4,65,67,078         | 4,02,20,792         |
| <b>Total</b>                    | <b>31,23,41,172</b> | <b>31,04,31,206</b> |



For Paras Defence And Space Technologies Limited

Director

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**22. Cost of Manufacturing**

| Particulars                     | 31-Mar-17          | 31-Mar-16          |
|---------------------------------|--------------------|--------------------|
| Labour Charges                  | 3,72,65,580        | 3,04,55,658        |
| Packing Charges                 | 9,02,983           | 6,67,162           |
| Clearing and Forwarding Charges | 15,000             | 43,000             |
| Water Charges                   | 2,72,157           | 3,37,232           |
| Freight Inward                  | 1,22,567           | 75,186             |
| Port Fees & stamp Duty Charges  | -                  | 1,100              |
| Import Freight                  | 4,09,566           | 4,57,339           |
| Import Duty                     | 5,81,024           | 15,18,072          |
| Shipping & logistics Charges    | 60,022             | 3,16,674           |
| Insurance on Purchase of Goods  | 99,280             | 81,445             |
| Other Direct Expenses           | 3,24,048           | 2,64,734           |
| <b>Total</b>                    | <b>4,00,52,227</b> | <b>3,42,17,602</b> |

**23. - Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

| SN. | Particulars                          | 31-Mar-17          | 31-Mar-16            |
|-----|--------------------------------------|--------------------|----------------------|
| a   | <b>Finished Goods (Manufactured)</b> |                    |                      |
|     | Opening Stocks                       | -                  | -                    |
|     | Less: Closing Stock                  | -                  | -                    |
|     |                                      | -                  | -                    |
| b   | <b>Work-in-Progress</b>              |                    |                      |
|     | Opening Stocks                       | 19,32,54,295       | 9,61,21,762          |
|     | Less: Closing Stock                  | 20,10,44,860       | 19,32,54,295         |
|     |                                      | - 77,90,565        | - 9,71,32,533        |
| c   | <b>Finished Goods (Traded)</b>       |                    |                      |
|     | Opening Stocks                       | -                  | -                    |
|     | Less: Closing Stock                  | -                  | -                    |
|     |                                      | -                  | -                    |
|     | <b>Total</b>                         | <b>- 77,90,565</b> | <b>- 9,71,32,533</b> |

**24. - Employee Benefit Expenses**

| SN. | Particulars            | 31-Mar-17          | 31-Mar-16          |
|-----|------------------------|--------------------|--------------------|
| a   | Salaries               | 95,73,223          | 1,01,25,217        |
| b   | Staff Welfare Expenses | 18,44,963          | 27,39,850          |
| c   | Directors Remuneration | 42,00,000          | 42,00,000          |
|     | <b>Total</b>           | <b>1,56,18,186</b> | <b>1,70,65,067</b> |



For Paras Defence And Space Technologies Limited

Director



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

**25. - Finance Cost**

|   | Particulars                                 | 31-Mar-17          | 31-Mar-16          |
|---|---|--------------------|--------------------|
| a | <b>Interest Expense</b>                     |                    |                    |
|   | Interest on Motor Car Loan                  | 7,70,804           | 7,77,374           |
|   | Interest on Term Loan                       | -                  | -                  |
|   | Interest on OD/LC/CC from Bank              | 1,73,08,066        | 2,22,48,017        |
|   | Interest on Unsecured loans                 | 50,07,148          | 1,15,32,013        |
|   | Interest on Secured loans                   | 65,95,826          | 65,54,022          |
|   | Interest on DSIR Loan                       | 3,75,749           | 12,00,000          |
|   | Interest on Credit Card                     | 58,709             | -                  |
| b | <b>Other Finance Cost</b>                   |                    |                    |
|   | Bank Charges                                | 2,55,511           | 73,399             |
|   | Bank Commission/Loan Processing Fees        | 81,013             | 11,20,489          |
|   | Bank Guarantee Charges                      | 26,94,601          | 35,16,053          |
|   | Bill/ LC Discounting Charges                | -                  | 2,73,200           |
|   | Interest on late payment of Government Dues | 8,27,798           | 30,33,994          |
|   | Other Finance Cost                          | 27,21,874          | 2,16,117           |
|   | Buyers Credit Charges                       | 4,43,692           | -                  |
|   | Stamp Duty (Loan Agreement)                 | 1,04,000           | -                  |
|   | <b>Total</b>                                | <b>3,72,44,791</b> | <b>5,05,44,678</b> |

**26. - Other Expenses**

| SN. | Particulars                        | 31-Mar-17          | 31-Mar-16          |
|-----|------------------------------------|--------------------|--------------------|
| a   | Power and Fuel                     | 53,92,845          | 49,85,009          |
| b   | Rent                               | 2,09,400           | 2,00,155           |
| c   | <b>Repairs and Maintenance of:</b> |                    |                    |
|     | -Plant and Machinery               | -                  | -                  |
|     | -Others                            | 3,54,844           | 2,65,915           |
| d   | Rates & Taxes                      | 7,81,821           | 76,19,123          |
| e   | Insurance                          | 6,15,900           | 6,55,344           |
| g   | <b>Payment to Auditors</b>         |                    |                    |
|     | - As Auditor                       | 75,000             | 75,000             |
|     | - For Taxation Matters             | 55,000             | 20,000             |
| h   | Prior period Expenses              | 1,12,174           | 1,02,543           |
| i   | Advertisement Charges              | 56,010             | 2,15,714           |
| j   | Business Promotion Expenses        | 19,01,852          | 15,94,459          |
| k   | Donation                           | 61,876             | 1,99,917           |
| l   | Legal & Professional Fees          | 19,10,387          | 9,41,040           |
| m   | Telephone & Mobile Expenses        | 6,58,727           | 5,65,490           |
| n   | Commission / Brokerage             | 7,500              | 8,636              |
| o   | Vehicle Expenses                   | 22,55,132          | 22,22,935          |
| p   | Late Delivery Charges              | 12,31,732          | 9,50,908           |
| r   | Conveyance Expenses                | 9,71,457           | 7,62,088           |
| s   | Transport Expenses                 | 24,64,755          | 19,50,581          |
| t   | Travel & Tour Expenses             | 42,29,030          | 20,86,594          |
| u   | Other Expenses                     | 82,07,385          | 1,06,14,631        |
|     | <b>Total</b>                       | <b>3,15,52,826</b> | <b>3,60,36,082</b> |



For Paras Defence And Space Technologies Limited

Director

**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

**27. OTHER NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

- 1) With effect from 16th January 2016, the name of the Company was changed from "Paras Flowform Engineering Co Ltd" to "Paras Defence & Space Technologies Ltd."
- 2) The Balance of Trade Receivable & Trade Payable are subject to confirmation.
- 3) As information relating to small scale units relations with the company is not readily available, such information is not furnished. However the company does not have any liabilities under "Interest on delayed payments to Small Scale & Ancillary undertaking Act 1993" as the payments are made within the stipulated credit period.
- 4) The Company has not made any provision for employees leave encashment benefit on retirement and the same will be accounted on payment basis. As the Company does not have any defined retirement scheme, Accounting Standard 15 issued by the Institute of Chartered Accountants of India is not considered applicable.
- 5) In the opinion of the management, current assets, loan and advances would realise at the value stated in balance sheet.
- 6) The previous year figure's are regroup/ recasted/ re-arrange/reclassified wherever necessary to make them comparable.
- 7) There is contingent liability which is as under-

**(I) Contingent Liabilities**

| <b>(A) Claims against the company / disputed liabilities not acknowledged as debts</b> | <b>Amount<br/>31-Mar-17</b> | <b>Amount<br/>31-Mar-16</b> |
|--|-----------------------------|-----------------------------|
| (a) In respect of Joint Ventures   | NIL                         | NIL                         |
| (b) In respect of Others   |                             |                             |
| MVAT Liability for F.Y. 2009-10  | NIL                         | 1,51,586/-                  |

- 8) The bank guarantee of Rs. 6.83 crore is outstanding as on 31.3.2017 for performance of various contracts under taken by the company and it has kept fixed deposits of Rs. 1,24,66,957/-with banks for issue of bank guarantee of Rs.6.83 crores.

**9) Particulars of Related Parties**

**Subsidiary Companies**

- (i) Mechvac Fabricators (I) Pvt. Ltd

**Associate Company**

- (i) Concept Shapers & Electronics Pvt. Ltd.

**Key Management Personnel**

- (i) Munjal Sharad Shah
- (ii) Sharad V Shah
- (iii) Ami M Shah

**Relative of Key Managerial Personnel**

- (i) Niranjana Shah
- (ii) Harsh Bhansali
- (iii) Kajal Bhansali

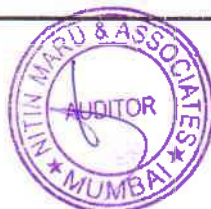
**Related Party Transactions**

Nature of Transaction with name of the parties with whom more than 10% transactions of same type - As per Annexure to Point 9 in Notes to Accounts-27

**10) Details of Products Manufactured, Traded, Opening Stock, Closing Stock.:**

**a) Details of Major Raw Material Consumption**

| <b>Particulars</b>                         | <b>For 31.03.2017</b> | <b>For 31.03.2016</b> |
|--|-----------------------|-----------------------|
| TDF  | 13080800              | 0                     |
| Power Amblifier Boards PA                  | 3961316               | 0                     |
| ALLOY STEEL ROUND                          | 3113530               | 4290000               |
| Tools And Spares                           | 2718465               | 0                     |
| Siemens Make 828D                          | 1843333               | 0                     |
| Forged Bar, SSS Threat Insert, Special Nut | 1816094               | 0                     |
| Passive Analogue Sig Conditioning          | 1813050               | 0                     |
| HMS Active black / Passive black           | 1612306               | 0                     |
| HMS Signal Back Plane                      | 1458369               | 0                     |
| COPPER COOLING BLOCK/SHEET                 | 1403057               | 0                     |
| Preamplifier PCB                           | 1341929               | 0                     |
| Die Pillar ST for Body                     | 1317650               | 0                     |
| Analogue DGTL Converter Telemetry          | 1309425               | 0                     |
| HMS PA Back Plane                          | 1078084               | 0                     |
| Pinaka Mandrel for the 1 & 2 nd pass       | 1076108               | 13750000              |
| Titanium Bar/ Wire                         | 928676                | 0                     |



For Paras Defence And Space Technologies Limited

Director

**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Transmitter Wire Cabinet        | 821000             | 0                  |
| Aluminium Sheet                 | 593994             | 0                  |
| Titanium Plate                  | 430383             | 2445422            |
| ALUMINIUM Cold Plate with Cover | 284940             | 0                  |
| Copronickel Bar                 | 278267             | 0                  |
| Helical Isolator                | 187495             | 0                  |
| Instruments Cooling Fans        | 156931             | 0                  |
| C.R.S.S Sheet Cut               | 0                  | 12023694           |
| Def S S SMLS Pipe               | 0                  | 3651967            |
| Nickel Alloy Wire               | 0                  | 498872             |
| Processor Cum Display Cabinet   | 0                  | 2960000            |
| <b>Total</b>                    | <b>2,95,44,401</b> | <b>3,96,19,955</b> |

b) **Details of Goods Purchased ( for traded goods )**

| Particulars  | For 31.03.2017 | For 31.03.2016 |
|--------------|----------------|----------------|
| Combiners    | 0              | 0              |
| <b>Total</b> | <b>0</b>       | <b>0</b>       |

c) **Details of Goods Sold for manufactured & traded goods**

| Particulars   | For 31.03.2017   | For 31.03.2016   |
|---|------------------|------------------|
| Engineering machine part Items ( Manufactured goods ) | 446309818        | 333372750        |
| Combiners ( Traded goods )                            | 0                | 0                |
| <b>Total</b>  | <b>446309818</b> | <b>333372750</b> |

d) **Details of the work-in-progress**

| Particulars                             | March 31, 2017   | March 31, 2016   |
|---|------------------|------------------|
| <b>Work In Progress</b>                 |                  |                  |
| Mechanical Assembly Components          | 39487671         | 88947155         |
| Flowforming Machinery (Trunky Projects) | 161557189        | 104307140        |
|   | <b>201044860</b> | <b>193254295</b> |

11) **Disclosures with respect to Statement of Profit & Loss**

| Particulars  | March 31, 2017   | March 31, 2016   |
|--|------------------|------------------|
| Value of Imports calculated on C.I.F. Basis (On accrual basis) | 47,52,587        | 58,36,848        |
|  | <b>47,52,587</b> | <b>58,36,848</b> |

**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

| Particulars   | March 31, 2017 | March 31, 2016 |
|---|----------------|----------------|
| <b>Expenditure In Foreign Currency (On accrual basis) :</b> |                |                |
| Royalty   | 0              | 0              |
| Know-how  | 0              | 0              |
| Professional & Consultation fees                            | 0              | 0              |
| Advertisement charges                                       | 0              | 18545          |
| Interest  | 0              | 0              |
| Others  | 1806023        | 3750           |
|   | <b>1806023</b> | <b>22295</b>   |

**Value of Imported and Indigenous Raw Materials, Spare Parts and Components consumed and percentage thereof to the total consumption:**

| Particulars           | Percentage | March 31, 2016  |
|-----------------------|------------|-----------------|
| <b>Raw Materials:</b> |            |                 |
| Imported              | 10%        | 4752587         |
| Indigenous            | 90%        | 41814491        |
|                       |            | <b>46567078</b> |

| Particulars  | March 31, 2017  | March 31, 2016 |
|--|-----------------|----------------|
| <b>Earnings In Foreign Currency (On accrual Basis) :</b> |                 |                |
| - Export of Goods calculated on FOB Basis                | 19902791        | 396986         |
| - Royalty, Know-how, Professional and Consultation Fess  | 0               | 0              |
| - Interest and Dividend                                  | 0               | 0              |
| - Other Income - Indicating the nature thereof           | 0               | 0              |
|  | <b>19902791</b> | <b>396986</b>  |



For Paras Defence And Space Technologies Limited

Director

**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

| 12) | Particulars of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 |        |                          |         |
|-----|--|--------|--------------------------|---------|
|     | Particulars  | SBNs   | Other denomination Notes | Total   |
|     | Closing cash in hand as on 08.11.2016  | 900000 | 892967                   | 1792967 |
|     | (+) Permitted receipts   | 0      | 170000                   | 170000  |
|     | (-) Permitted payments   | 0      | 333300                   | 333300  |
|     | (-) Amount deposited in Banks  | 900000 | 0                        | 900000  |
|     | Closing cash in hand as on 30.12.2016  | NIL    | 729667                   | 729667  |

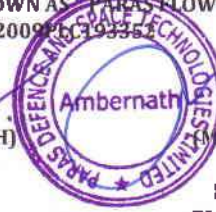
As per our attached Report of even date  
FOR NITIN MARU & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN No: 114022W

(CA NITIN M. MARU)  
PROPRIETOR  
MEMBERSHIP NO. 037987  
PLACE: MUMBAI  
DATE: 05.09.2017



FOR AND ON BEHALF OF BOARD OF DIRECTORS  
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED  
(FORMERLY KNOWN AS "PARAS FLOWFORM ENGINEERING LTD")  
CIN: U29253MH2009PLC193351

(SHARAD V. SHAH)  
DIRECTOR  
DIN: 0062201  
PLACE: MUMBAI  
DATE: 05.09.2017



(UNJAL S. SHAH)  
DIRECTOR  
DIN: 01080863  
PLACE: MUMBAI  
DATE: 05.09.2017

**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

**ANNEXURE TO POINT NO. 9 IN NOTES TO ACCOUNTS -27**

**Nature of Transaction with name of the parties with whom more than 10% transactions of same type**

| Nature of Transaction                                       | Relation                | Name of the Party                     | Transaction 2017 | Transaction 2016 | Closing Balance - 2017 | Closing Balance - 2016 |
|---|-------------------------|---------------------------------------|------------------|------------------|------------------------|------------------------|
| Advance Given for Plot                                      | KMP and their Relatives | Sharad V. Shah                        | -                | 27,20,754        | -                      | 23,371                 |
| Advance Given for Plot                                      | KMP and their Relatives | Harsh Bhansali                        | -                | 21,00,000        | -                      | -                      |
| Advance Given for Plot                                      | KMP and their Relatives | Kajal Shah                            | -                | 32,50,000        | -                      | -                      |
| Advance Received Back on Cancellation for Plot              | KMP and their Relatives | Sharad V. Shah                        | 23,371           | 1,33,20,000      | -                      | 23,371                 |
| Advance Received Back on Cancellation for Plot              | KMP and their Relatives | Harsh Bhansali                        | -                | 21,00,000        | -                      | -                      |
| Advance Received Back on Cancellation for Plot              | KMP and their Relatives | Kajal Shah                            | -                | 32,50,000        | -                      | -                      |
| Advance Received for Fixed Asset                            | KMP and their Relatives | Harsh Bhansali                        | -                | -                | -                      | 64,556                 |
| Advance Received for Fixed Asset                            | KMP and their Relatives | Kajal Shah                            | 25,00,000        | -                | -                      | -                      |
| Advance Received for Fixed Asset                            | KMP and their Relatives | Niranjana Shah                        | 3,00,000         | 50,14,287        | 75,40,030              | 2,73,70,252            |
| Advance Given Back on Cancellation of Order for Fixed Asset | KMP and their Relatives | Harsh Bhansali                        | 64,556           | -                | -                      | 64,556                 |
| Advance Given Back on Cancellation of Order for Fixed Asset | KMP and their Relatives | Kajal Shah (Bhansali)                 | 25,00,000        | 32,50,000        | -                      | -                      |
| Advance Given Back on Cancellation of Order for Fixed Asset | KMP and their Relatives | Niranjana Shah                        | 2,01,30,222      | 34,33,845        | -                      | 2,73,70,252            |
| Loans Taken   | KMP and their Relatives | Ami Munjal Shah                       | -                | 13,34,000        | 1,09,500               | 1,09,500               |
| Loans Taken   | KMP and their Relatives | Munjal Shah                           | 3,78,75,000      | 2,23,80,000      | 3,11,04,320            | 1,84,18,320            |
| Loans Taken   | KMP and their Relatives | Sharad V. Shah                        | 5,27,96,479      | 69,00,000        | -                      | 11,12,961              |
| Loans Taken   | Subsidiaries            | Concept Shapers & Electronics Pvt Ltd | 1,01,38,132      | 2,49,27,174      | 1,35,31,315            | 1,30,30,583            |
| Loans Taken   | Subsidiaries            | Mechvac Fabricators I Ltd             | 15,01,17,700     | 2,23,13,687      | 11,62,64,288           | 1,01,51,186            |
| Loans Repaid  | KMP and their Relatives | Ami Munjal Shah                       | -                | 46,74,500        | 1,09,500               | 1,09,500               |
| Loans Repaid  | KMP and their Relatives | Munjal Shah                           | 2,53,89,000      | 63,54,080        | 3,11,04,320            | 1,84,18,320            |
| Loans Repaid  | KMP and their Relatives | Sharad V. Shah                        | 5,39,09,440      | 57,87,039        | -                      | 11,12,961              |
| Loans Repaid  | Subsidiaries            | Concept Shapers & Electronics Pvt Ltd | 96,37,400        | 77,72,954        | 1,35,31,315            | 1,30,30,583            |
| Loans Repaid  | Subsidiaries            | Mechvac Fabricators I Ltd             | 5,41,55,784      | 1,21,62,501      | 11,62,64,288           | 1,01,51,186            |
| Sales   | Subsidiaries            | Concept Shapers & Electronics Pvt Ltd | 1,01,86,325      | 2,51,84,361      | 30,83,896              | 61,17,447              |
| Sales   | Subsidiaries            | Mechvac Fabricators I Ltd             | 16,62,24,689     | 15,35,18,896     | 5,76,28,711            | -                      |
| Purchases   | Subsidiaries            | Concept Shapers & Electronics Pvt Ltd | 39,33,562        | 43,96,781        | -                      | 43,96,781              |
| Purchases   | Subsidiaries            | Mechvac Fabricators I Ltd             | -                | 6,28,97,970      | -                      | 2,35,62,435            |
| Remuneration  | KMP and their Relatives | Ami Munjal Shah                       | 12,00,000        | 12,00,000        | 82,180                 | 10,39,451              |
| Remuneration  | KMP and their Relatives | Harsh Bhansali                        | 12,14,860        | 12,00,000        | 8,69,774               | -                      |



For Paras Defence And Space Technologies Limited

Director

|                      |                         |                           |           |           |              |           |
|----------------------|-------------------------|---------------------------|-----------|-----------|--------------|-----------|
| Remuneration         | KMP and their Relatives | Kajal Bhansali            | 9,14,897  | 9,00,000  | 9,07,298     | 71,058    |
| Remuneration         | KMP and their Relatives | Munjal Shah               | 17,00,000 | 15,00,000 | 100698.18 Dr | 10,02,103 |
| Remuneration         | KMP and their Relatives | Sharad V. Shah            | 15,00,000 | 15,00,000 | 9,796        | 19,66,851 |
| Lease Rentals Income | Subsidiaries            | Mechvac Fabricators I Ltd | -         | 41,10,000 | -            | -         |



For Paras Defence And Space Technologies Limited

A handwritten signature in blue ink, appearing to be "M", enclosed within a blue circular scribble.

Director

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
**(FORMERLY KNOWN AS " PARAS FLOWFORM ENGINEERING LTD")**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

| Particulars                             | NOTES | AT 31.03.2017        | AT 31.03.2016        |
|---|-------|----------------------|----------------------|
| <b>I. EQUITY AND LIABILITIES</b>        |       |                      |                      |
| <b>1. SHAREHOLDERS' FUNDS</b>           |       |                      |                      |
| - Share capital                         | 2     | 50,100,000           | 50,100,000           |
| - Reserves and surplus                  | 3     | 806,372,621          | 610,503,453          |
| - Money received against share warrants |       |                      | 30,000,000           |
| <b>Sub-Total (A)</b>                    |       | <b>856,472,621</b>   | <b>690,603,453</b>   |
| <b>3. MINORITY INTEREST</b>             |       |                      |                      |
| <b>Sub-Total (C)</b>                    |       | <b>68,595,429</b>    | <b>52,322,043</b>    |
| <b>4. NON-CURRENT LIABILITIES</b>       |       |                      |                      |
| - Long-term Borrowings                  | 4     | 248,806,888          | 221,792,587          |
| - Deferred Tax Liabilities (net)        |       | 34,958,314           | 24,009,667           |
| -Other Long Term liabilities            | 5     | (23,338,545)         | 61,669,071           |
| -Long term Provisions                   |       | -                    |                      |
| <b>Sub-Total (D)</b>                    |       | <b>260,426,656</b>   | <b>307,471,325</b>   |
| <b>5. CURRENT LIABILITIES</b>           |       |                      |                      |
| - Short-Term Borrowings                 | 6     | 294,952,487          | 350,531,610          |
| - Trade Payables                        | 7     | 316,682,165          | 86,756,473           |
| - Other Current Liabilities             | 8     | 14,725,360           | 12,946,402           |
| - Short-term Provisions                 | 9     | 30,170,198           | 10,125,371           |
| <b>Sub-Total (E)</b>                    |       | <b>656,530,210</b>   | <b>460,359,856</b>   |
| <b>Total</b>                            |       | <b>1,842,024,918</b> | <b>1,510,756,677</b> |
| <b>II. ASSETS</b>                       |       |                      |                      |
| <b>5. NON-CURRENT ASSETS</b>            |       |                      |                      |
| - Fixed Assets                          |       |                      |                      |
| Tangible Assets                         | 10    | 938,503,200          | 783,971,576          |
| Intangible Assets                       |       |                      |                      |
| Capital work-in-progress                |       |                      |                      |
| Intangible assets under Development     |       |                      |                      |
| - Non-current investments               | 11    | 500,000              | 21,996,802           |
| - Deffered Tax assets (net)             |       |                      |                      |
| - Long-term Loans and Advances          | 12    | 2,770,850            | 2,476,148            |
| - Other Non-current Assets              | 13    | 22,753,720           | 22,441,944           |
| <b>Sub-Total (E)</b>                    |       | <b>964,527,770</b>   | <b>830,886,471</b>   |
| <b>6. CURRENT ASSETS</b>                |       |                      |                      |
| - Current Investments                   |       |                      |                      |
| - Inventories                           | 14    | 366,587,517          | 276,284,447          |
| - Trade Receivables                     | 15    | 306,605,002          | 93,294,289           |
| - Cash and Cash Equivalents             | 16    | 50,706,108           | 230,124,014          |
| - Short-term Loans and Advances         | 17    | 153,230,507          | 80,097,998           |
| - Other Current Assets                  | 18    | 368,013              | 69,458               |
| <b>Sub-Total (F)</b>                    |       | <b>877,497,147</b>   | <b>679,870,206</b>   |
| <b>Total</b>                            |       | <b>1,842,024,917</b> | <b>1,510,756,676</b> |

FOR NITIN MARU & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FIRM REGN No : 114022W



(CA NITIN M. MARU)  
 PROPRIETOR  
 Membership No.: 037987  
 PLACE: MUMBAI  
 DATE: 05.09.2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS  
 PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED  
 CIN : U27101MH2009PLC193352



(SHARAD V. SHAH)  
 Director  
 DIN: 00622001  
 PLACE: MUMBAI  
 DATE: 05.09.2017

(MUNJAL S. SHAH)  
 (DIRECTOR)  
 DIN:01080863  
 PLACE: MUMBAI  
 DATE: 05.09.2017

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
**( FORMERLY KNOWN AS " PARAS FLOWFORM ENGINEERING LTD")**

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

| Particulars  | NOTES | AT 31.03.2017        | AT 31.03.2016      |
|--|-------|----------------------|--------------------|
| <b>(i) Revenue from Operations</b>                                   | 19    |                      |                    |
| - Sale of Products   |       | 1,248,046,709        | 716,858,674        |
| - Sale of Services   |       | 38,832,350           | 58,018,950         |
| - Other Operating Income   |       | 5,977,051            | 406,266            |
| Less: Excise Duty  |       | (165,393,531)        | (27,460,321)       |
|  |       | <b>1,127,462,579</b> | <b>747,823,569</b> |
| <b>(ii) Other income</b>   | 20    | 16,057,195           | 6,026,313          |
| <b>Total Revenue ( i + ii )</b>                                      |       | <b>1,143,519,774</b> | <b>753,849,881</b> |
| Expenses   |       |                      |                    |
| - Cost of Material Consumed  | 21    | 751,558,149          | 516,089,540        |
| - Cost of Manufacturing  | 22    | 71,852,886           | 47,222,654         |
| - Purchase of Stock-in-Trade   |       | -                    | -                  |
| - Changes in Inventories of Work-in-Progress                         | 23    | (46,522,695)         | (91,939,548)       |
| - Employee benefit expenses  | 24    | 46,537,624           | 34,412,125         |
| - Finance Cost   | 25    | 72,938,547           | 74,377,274         |
| - Depreciation and amortisation expense                              | 10    | 44,599,136           | 33,411,177         |
| - Other Expenses   | 26    | 74,417,578           | 62,009,300         |
| <b>Total Expenses</b>  |       | <b>1,015,381,225</b> | <b>675,582,521</b> |
| Exceptional Items  |       |                      | 4,095,016          |
| <b>Profit Before Tax</b>   |       | <b>128,138,549</b>   | <b>74,172,344</b>  |
| - Tax Expense  |       |                      |                    |
| Current Tax  |       | 31,001,144           | 14,566,466         |
| Short / (Excess) provision for tax of earlier year(s)                |       | (72,111)             | -                  |
| Deferred Tax   |       | 6,222,924            | 10,534,002         |
| <b>Total Tax</b>   |       | <b>37,151,957</b>    | <b>25,100,468</b>  |
| <b>Profit for the year (before adjustment for Minority Interest)</b> |       | <b>90,986,592</b>    | <b>49,071,876</b>  |
| Less: Share of Minority Interest                                     |       | 4,953,229            | 4,684,902          |
| <b>Profit for the year (after adjustment for Minority Interest)</b>  |       | <b>86,033,362</b>    | <b>44,386,974</b>  |

FOR NITIN MARU & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN No : 114022W



(CA NITIN M. MARU)  
PROPRIETOR  
Membership No.: 037987  
PLACE: MUMBAI  
DATE: 05.09.2017

FOR AND ON BEHALF OF BOARD OF DIRECTORS  
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED  
CIN : U2 CIN : U27101MH2009PLC193352



(SHARAD V. SHAH)  
Director  
DIN: 00622001  
PLACE: MUMBAI  
DATE: 05.09.2017

(MUNJAL S. SHAH)  
(DIRECTOR )  
DIN:01080863  
PLACE: MUMBAI  
DATE: 05.09.2017



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED  
( FORMERLY KNOWN AS " PARAS FLOWFORM ENGINEERING LTD")**

**Consolidated Statement of Cash Flows AS ON 31.03.2017**

| Particulars   | As at                | As at                |
|---|----------------------|----------------------|
|   | March 31, 2017       | March 31, 2016       |
| <b>Cash flows from operating activities</b>             |                      |                      |
| Profit before taxation                                  | 128,138,549          | 74,172,344           |
| <b>Adjustments for:</b>                                 |                      |                      |
| Depreciation  | 44,599,136           | 33,411,177           |
| Investment income                                       | (7,025,323)          | (5,074,847)          |
| Interest expense  | 52,621,448           | 63,621,866           |
| Dividend  | (60,000)             | (60,000)             |
| Adjustments for Associate to Joint venture              | 78,447,135           | -                    |
| Operating Profit before working capital changes         | 296,720,945          | 166,070,540          |
| <b>Working capital changes:</b>                         |                      |                      |
| (Increase) / Decrease in Trade and other receivables    | (213,310,713)        | 8,582,590            |
| (Increase) / Decrease in Inventories                    | (90,303,070)         | (60,497,554)         |
| (Increase) / Decrease Short Term Loans & Advances       | (73,132,510)         | (16,084,836)         |
| (Increase) / Decrease Other Non Current Assets          | (311,776)            | 706,559              |
| Increase / (Decrease) Long term Liabilities             | (85,007,616)         | 608,325              |
| (Increase) / Decrease in Long term loans and adv        | (294,702)            | (1,122,905)          |
| (Increase) / Decrease Other Current Assets              | (298,555)            | (7,114,287)          |
| Increase / (Decrease) Other Current Liabilities         | 1,778,958            | (32,878,938)         |
| Increase / (Decrease) Short Term Provisions             | 20,044,827           | 11,511,545           |
| Increase / (Decrease) in trade payables                 | 229,925,693          | 46,414,257           |
| Increase / (Decrease) in Short Term Borrowings          | (55,579,123)         | 114,604,682          |
| <b>Cash generated from operations</b>                   | <b>(266,488,587)</b> | <b>64,729,438</b>    |
| Less: Taxes Paid  | (30,929,033)         | (14,846,226)         |
| <b>Net cash from operating activities</b>               | <b>(696,675)</b>     | <b>215,953,752</b>   |
| <b>Cash flows from investing activities</b>             |                      |                      |
| Purchase of property, plant and equipment               | (160,199,407)        | (135,646,501)        |
| Investment income                                       | 7,025,323            | 5,074,847            |
| Dividend Income   | 60,000               | 60,000               |
| PRC Shares  | -                    | (8,696,000)          |
| RC Shares   | -                    | (8,697,000)          |
| <b>Net cash used in investing activities</b>            | <b>(153,114,084)</b> | <b>(147,904,654)</b> |
| <b>Cash flows from financing activities</b>             |                      |                      |
| Share Application Money Received                        | -                    | 30,000,000           |
| Securities Premium                                      | -                    | 159,375,000          |
| Issue of share capital in private placement             | -                    | 10,625,000           |
| Right issue- Others                                     | -                    | 3,840                |
| Proceeds from long-term borrowings                      | 27,014,301           | 17,617,737           |
| Interest Paid   | (52,621,448)         | (63,621,866)         |
| <b>Net cash used in financing activities</b>            | <b>(25,607,147)</b>  | <b>153,999,711</b>   |
| <b>Net increase in cash and cash equivalents</b>        | <b>(179,417,906)</b> | <b>222,048,809</b>   |
| <b>Cash and cash equivalents at beginning of period</b> | <b>230,124,014</b>   | <b>8,075,205</b>     |
| <b>Cash and cash equivalents at end of period</b>       | <b>50,706,108</b>    | <b>230,124,014</b>   |

FOR NITIN MARU & ASSOCIATES

CHARTERED ACCOUNTANTS

FIRM REGN No : 114022W



(CA NITIN M. MARU)

PROPRIETOR

Membership No.: 037987

PLACE: MUMBAI

DATE: 05.09.2017



FOR AND ON BEHALF OF BOARD OF DIRECTORS

PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED ( FORMERLY KNOWN AS " PARAS FLOWFORM ENGINEERING LTD")

CIN : U27101MH2009PLC193352

(SHARAD V. SHAH)

Director

DIN: 00622001

PLACE: MUMBAI

DATE: 05.09.2017

(MUNJAL S. SHAH)

(DIRECTOR)

DIN:01080863

PLACE: MUMBAI

DATE: 05.09.2017

**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**1 SIGNIFICANT ACCOUNTING POLICIES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2017**

**A. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

**B. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements relate to Paras Defence and Space Technologies Limited ('the Company') and its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

- (a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intragroup transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- (b) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 - "Financial Reporting of Interest in Joint Ventures".
- (c) 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.
- (d) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (e) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- (f) 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.

C. Investments other than in subsidiaries and Joint Ventures have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

**D. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**(a) METHOD OF ACCOUNTING**

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified by Companies (Accounts) Rules, 2014, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with the accounting principles generally accepted in India. The accounting policy has been consistently applied by the Company.

**(b) USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events, plans and actions, actual results could differ from these estimates. Any revision to accounting estimates and assumptions are recognised prospectively.

**(c) REVENUE RECOGNITION**

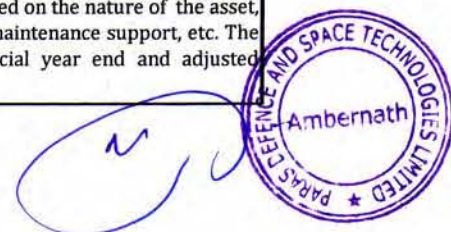
- (i) Sales and Purchases are exclusive of excise duty and state value added tax.
- (ii) Dividend on investments is recognised when the right to receive the same is established by the balance sheet date.
- (iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest

**(d) FIXED ASSETS & DEPRECIATION**

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and impairment. The cost of fixed assets comprises of its purchase price and other nonrefundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Know-how related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant tangible asset heads.

**Useful lives and Depreciation rates**

Depreciation on tangible fixed assets is provided on the useful lives of the assets as estimated by the management and is charged to the Statement of Profit and Loss. The estimate of the useful life of the assets has been assessed based on the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset and maintenance support, etc. The residual value, useful life and method of depreciation of an asset is reviewed at each financial year end and adjusted prospectively.



**(e) INVESTMENTS**

Investments are classified into long-term (non-current) and short-term (current) investments. Investments intended to be held for not more than a year are classified as short-term investments. All other investments are classified as long-term investments. Long-term investments are stated at cost less permanent diminution in value, if any. Short-term investments are stated at the lower of cost or fair value.

**(f) INVENTORY**

Raw Materials : At average cost or market value whichever is lower  
Work In Progress : They are valued at cost or net realisable value whichever is lower.  
Finished Goods : They are valued at cost or net realisable value whichever is lower.

The Closing Stock has been taken and valued by the directors at cost or net realisable value whichever is less.

Also the inventory is valued according to the AS 2 issued by the ICAI and accordingly the costs of purchase consist of the purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase.

**(g) FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are recorded in the reporting currency (Indian Rupee) by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

All monetary items denominated in foreign currency are converted into Indian rupees at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognised in the statement of profit and loss. Non-monetary items in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on the date of the transaction.

**(h) PROVISION FOR TAXATION**

Provision for income tax is made under the liability method after availing exemptions and deductions at the rates applicable under the Income-tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, in respect of deferred tax or liabilities, on timing difference, being the difference between the taxable income and accounting income that originate in one period and reversible in one or more subsequent periods.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will be able to utilise the MAT Credit Entitlement within the period specified under the Income-tax Act, 1961.

**(i) AMORTISATION OF MISCELLANEOUS EXPENDITURE.**

Expenses incurred under miscellaneous expenditure are written off equally over a period of 5 years.

**(j) EMPLOYEE BENEFITS**

No employees are eligible for payment of gratuity yet hence no provision is required to be made in accounts.

**(k) EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

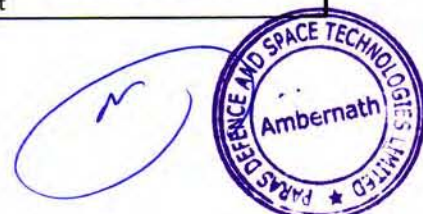
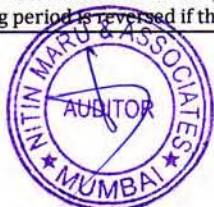
For the purpose of calculating diluted earnings per share, the net profit / (loss) for the year attributable to equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**(l) 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 or sale are capitalised. All other borrowing costs are expensed in the period they occur.

**(m) 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 Profit and Loss Account 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



(n) **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.

(o) **PROVISIONS**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best management estimates.

(p) **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statement.



A handwritten signature in blue ink, appearing to be "A. S.", written over a faint circular stamp.



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

CONSOLIDATED NOTES ON FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**2. - Share Capital**

| SN. | Particulars   | As at                    |                          |                      |                      |
|-----|---|--------------------------|--------------------------|----------------------|----------------------|
|     |   | March 31, 2017           | March 31, 2016           |                      |                      |
| A   | <b>Authorised Share Capital</b><br>5260000 (PY: 5260000) Equity Shares of Rs. 10/- each   | 52,600,000               | 52,600,000               |                      |                      |
|     |   | <b>52,600,000</b>        | <b>52,600,000</b>        |                      |                      |
| B   | <b>Issued &amp; Subscribed</b><br>50,10,000 ( P.Y. 5010000 ) Equity Shares of Rs.10/- each  | 50,100,000               | 50,100,000               |                      |                      |
|     |   | <b>50,100,000</b>        | <b>50,100,000</b>        |                      |                      |
| C   | <b>Issued, Subscribed and fully Paid-up :</b><br>30,00,000 Equity Shares of Rs.10/- each fully paid up<br>20,10,000 Equity Shares of Rs.10/- each fully paid up (for consideration other than cash)   | 30,000,000<br>20,100,000 | 30,000,000<br>20,100,000 |                      |                      |
|     |   | <b>50,100,000</b>        | <b>50,100,000</b>        |                      |                      |
| I   | <b>Details of Shareholding as at March 31, 2017</b>   |                          |                          |                      |                      |
|     | <b>Shareholders holding more than 5 % of Equity Shares:</b>   | <b>Current Year</b>      |                          | <b>Previous Year</b> |                      |
|     | Name  | No. Of Shares            | % of Holding             | No. Of Shares        | % of Holding         |
|     | Mr. Sharad V. Shah  | 3656094                  | 72.98%                   | 3656094              | 72.98%               |
|     | Mr. Munjal S Shah   | 681460                   | 13.60%                   | 681460               | 13.60%               |
|     | Mrs. Ami M Shah   | 672442                   | 13.42%                   | 672442               | 13.42%               |
| II  | <b>Reconciliation of the number of Equity Shares outstanding</b>  |                          |                          | <b>31-Mar-2017</b>   | <b>31-Mar-2016</b>   |
|     | Particulars   |                          |                          | <b>No. of Shares</b> | <b>No. of Shares</b> |
|     | Number of shares at the beginning of the year   |                          |                          | 5,010,000            | 5,010,000            |
|     | Add: Shares issued  |                          |                          | -                    | -                    |
|     | Less: Shares forfeited  |                          |                          | -                    | -                    |
|     | Number of shares at the end of year   |                          |                          | 5,010,000            | 5,010,000            |
| III | Each equity share is entitled to one voting right only.   |                          |                          |                      |                      |
| IV  | 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.  |                          |                          |                      |                      |
| V   | The company had allotted 10,000 Equity Shares of Rs. 10/- each fully paid up for consideration other than cash in the scheme of amalgamation of Paras Flowform Engineering Ltd (Transferor Co.), Paras Gate India Pvt Ltd (Transferee Co.) & Neetnav Realtors Pvt Ltd (Transferee Co). The same shares had been issued to Shareholders of Paras Gate India Pvt Ltd in the ratio of 1:200 and to shareholders of Neetnav Realtors Pvt Ltd in the ratio of 1:1 as per the High Court Order dated 04.09.2015 |                          |                          |                      |                      |



### 3. - Reserves and Surplus

| SN. | Particulars                                   | As at              | As at              |
|-----|---|--------------------|--------------------|
|     |   | March 31, 2017     | March 31, 2016     |
| A)  | <u>Capital Reserve</u>                        |                    |                    |
|     | On consolidation of subsidiary                | 147,251,273        | 150,054,376        |
|     | On consolidation of Joint Venture             | 13,424,099         |                    |
|     |   | <b>160,675,371</b> |                    |
| B)  | <u>Revaluation Reserve</u>                    |                    |                    |
|     | Balance as per Standalone Financial Statement | 238,875,290        | 238,875,290        |
|     | Add : On consolidation of subsidiary          | (1,737,090)        | 629,985            |
|     | Add : On consolidation of Joint Venture       | 81,761,549         | -                  |
|     | Closing Balance                               | <b>318,899,749</b> | <b>239,505,275</b> |
| C)  | <u>General Reserve</u>                        |                    |                    |
|     | Balance as per Standalone Financial Statement | 1,094,323          | 1,094,323          |
|     | Add : On consolidation of associate           | -                  | 48,925             |
|     | Closing Balance                               | <b>1,094,323</b>   | <b>1,143,248</b>   |
| D)  | <u>Securities Premium</u>                     |                    |                    |
|     | On consolidation of subsidiary                | 164,047,800        | 142,098,750        |
|     | Surplus as per Profit and Loss Account        | 161,655,378        | 77,701,804         |
|     | <b>Total</b>                                  | <b>806,372,621</b> | <b>610,503,453</b> |

Details of Profit and Loss - Surplus is as given below:

| Particulars                               | As at              | As at             |
|---|--------------------|-------------------|
|   | March 31, 2017     | March 31, 2016    |
| <b>Net Profit after Tax</b>               | 20,300,892         | 5,853,222         |
| Balance brought forward                   | 6,323,070          | 749,608           |
| Add : On consolidation of subsidiary      | 82,769,886         | 50,078,357        |
| Add : On consolidation of Joint Venture   | 52,261,530         | 21,300,377        |
| <b>Profit Available for Appropriation</b> | <b>161,655,378</b> | <b>77,981,564</b> |
| <b>Appropriations:</b>                    |                    |                   |
| Debenture Redemption Reserve              | -                  | -                 |
| General Reserve                           | -                  | -                 |
| MAT Credit u/s 115JAA                     | -                  | -                 |
| Dividend on Equity Shares                 | -                  | -                 |
| Tax on Dividend                           | -                  | -                 |
| Income Tax refund due adjusted            | -                  | 279,760           |
| <b>Surplus Carried to Balance Sheet</b>   | <b>161,655,378</b> | <b>77,701,804</b> |



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**4 - Long Term Borrowings**

| SN          | Particulars   | As at              | As at              |
|-------------|---|--------------------|--------------------|
|             |   | March 31, 2017     | March 31, 2016     |
| <b>I.</b>   | <b>Secured Borrowings:</b>                                |                    |                    |
|             | a. Term Loans from Banks & NBFC                           | 168,076,378        | 89,127,080         |
|             | b. Vehicles Loan from Bank and NBFC                       | 8,629,850          | 5,058,955          |
|             | c. Buyers Credit arranged from Bank - Capital Item        |                    | 28,149,999         |
|             | <b>Total Secured Long Term Borrowings - (I)</b>           | <b>176,706,228</b> | <b>122,336,034</b> |
| <b>II.</b>  | <b>Unsecured Borrowings:</b>                              |                    |                    |
|             | a. <u>Loan from Related Parties</u>                       |                    |                    |
|             | -Loan from Directors                                      | 31,213,820         | 19,640,781         |
|             | -Loan from Shareholders                                   | -                  | 64,566             |
|             | -Loan from Body Corporate( Subsidiary/ Associate concern) | 6,765,658          | 13,030,583         |
|             | b. Loan from Body Corporate                               | 30,738,354         | 66,720,623         |
|             | Excess share from Holding Company to Joint Venture        | 3,382,829          |                    |
|             | <b>Total Unsecured Long Term Borrowings - (II)</b>        | <b>72,100,660</b>  | <b>99,456,553</b>  |
| <b>III.</b> | <b>Total Long Term Borrowings (I+II)</b>                  | <b>248,806,888</b> | <b>221,792,587</b> |

**Term Loans**

| Security   | Loan Amount | Amount o/s as on 31.03.2017 | Amount o/s as on 31.03.2016 |
|--|-------------|-----------------------------|-----------------------------|
| <b>Term Loan from NBFC</b>   |             |                             |                             |
| Term Loan (400) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 40000000    | -                           | 29,299,452                  |
| Term Loan (160) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 16000000    | -                           | 11,140,420                  |
| <b>Term Loan from Bank</b>   |             |                             |                             |
| Term Loan from HDFC Bank- A/C No. 621246712 against the property at Kalinga (101)  | 12000000    | 11,625,744                  | -                           |
| Term Loan from HDFC Bank -A/C No. 621249021 against Mahape property A-396 and A-397  | 47280000    | 29,972,446                  | -                           |
| Term Loan from HDFC Bank -A/C No. 621246781 against the property at Kalinga (101)  | 5580000     | 5,395,959                   | -                           |
| Buyers Credit Euro 229350- NGSB Bank   | 17098043    | 15,881,938                  | -                           |
| Department of Scientific & Industrial Research (DSIR)  | 50000000    | 33,587,945                  | 31,212,196                  |
| Siemens Financial Services Pvt. Ltd. - Equipment Loan  | 20000000    | 13,919,048                  | 17,475,012                  |
| Siemens Financial Services Pvt. Ltd. - Equipment Loan  | 11200000    | 9,711,392                   |                             |
| Axis Bank Term Loan  |             | 35,427,197                  |                             |
| Kotak Mahindra Bank Loan   | 28011988    | 12,554,709                  |                             |
| <b>TOTAL</b>   |             | <b>168,076,378</b>          | <b>89,127,080</b>           |

**Fixed Assets Loan from Banks and from Others**

| Name of Bank   | Loan Amount | Amount o/s as on 31.03.2017 | Amount o/s as on 31.03.2016 |
|--|-------------|-----------------------------|-----------------------------|
| <b>From Banks</b>  |             |                             |                             |
| Kotak Mahindra Bank - Car Loan - Accord 3555                   | 978530      | 498,372                     | 635,459                     |
| Kotak Mahindra Bank - Car Loan - Audi                          | 6119363     | 1,757,485                   | 3,110,898                   |
| ICICI Bank- Car Loan   |             | 4,805,822                   |                             |
| Vehicle Loan From HDFC Bank                                    | 3261000     | 881,828                     |                             |
| <b>From Other Parties</b>                                      |             |                             |                             |
| Kotak Mahindra Prime Ltd. - 12684100-2556                      | 783328      | 476,746                     | 620,865                     |
| Tata Capital Ltd- Car Loan - 22166 - 3555                      | 1000000     | -                           | -                           |
| Tata Capital Ltd -12620 - Honda City - 2376                    | 557380      | -                           | 57,940                      |
| Tata Capital Ltd -Car Loan - 10589 -Dzire -2745                | 474141      | -                           | 52,580                      |
| Cholamandalam Inv & Fin Company Ltd.- Car Loan- Winger - 14335 | 590650      | -                           | 23,881                      |
| Tata Capital Ltd- Car Loan Honda 3186                          | 958000      | 44,609                      | 276,502                     |
| Tata Capital Ltd- Car Loan Dzire-4392                          | 581762      | 164,987                     | 280,829                     |
| <b>TOTAL</b>   |             | <b>8,629,850</b>            | <b>5,058,955</b>            |



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**5 - Other Long Term Liabilities**

| SN | Particulars                | As at          | As at          |
|----|----------------------------|----------------|----------------|
|    |                            | March 31, 2017 | March 31, 2016 |
|    | Creditors for Fixed Assets | (23,338,545)   | 61,669,071     |
|    |                            | (23,338,545)   | 61,669,071     |

**6 - Short term Borrowings**

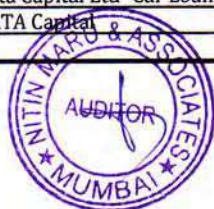
| SN       | Particulars   | As at              | As at              |
|----------|---|--------------------|--------------------|
|          |   | March 31, 2017     | March 31, 2016     |
| <b>I</b> | <b>Secured Borrowings:</b>  |                    |                    |
|          | <b>Working Capital Loan from Banks</b>  |                    |                    |
|          | <b>NKGSB Co-op Bank Ltd</b>   | 53,054,722         | 68,515,706         |
|          | (Against hypothecation of Stock and Book Debts by way of paripassu charge with Corporation Bank)  |                    |                    |
|          | <b>Corporation Bank CC A/c - 113704901200004</b>  | 58,712,472         | 81,221,655         |
|          | (With pari passu charge on Plot No. M-6, Additional Ambernath Industrial Area, situated at Village Jambivali, Ambernath - 421506, Paripassu charge on factory land & building ) |                    |                    |
|          | Term Loans from Banks & NBFC  | 178781426          | 198165883          |
|          | Vehicles Loan from Bank and NBFC  | 4403867            | 2628366            |
|          | <b>Total Secured Borrowings</b>   | <b>294,952,487</b> | <b>350,531,610</b> |

**Term Loans**

| <u>Security</u>  | <u>Loan Amount</u> | <u>Amount o/s as on 31.03.2017</u> | <u>Amount o/s as on 31.03.2016</u> |
|--|--------------------|------------------------------------|------------------------------------|
| <b>Term Loan from NBFC</b>   |                    |                                    |                                    |
| Term Loan (400) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 40000000           | -                                  | 2,419,633                          |
| Term Loan (160) from Cholamandalam Investment & Finance Company Ltd. is secured against Plot at TTC Industrial Area, Mahape. | 16000000           | -                                  | 1,608,041                          |
| <b>Term Loan from Bank</b>   |                    |                                    |                                    |
| Term Loan from HDFC Bank- A/C No. 621246712 against Mahape property A-396 and A-397  | 12000000           | 353,402                            | -                                  |
| Term Loan from HDFC Bank -A/C No. 621246781 against Mahape property A-396 and A-397  | 5580000            | 170,578                            | -                                  |
| Department of Scientific & Industrial Research (DSIR)  | 50000000           | 8,000,000                          |                                    |
| Cash Credit Facility with Axis Bank  |                    | 98,744,631                         |                                    |
| Cash Credit Facility with Vijaya Bank  |                    | (60,664)                           | 73,341,819                         |
| Buyers credit arranged from Bank   |                    | 73,403,001                         | 120,796,390                        |
| Cash Credit Facility with Bank of Maharashtra  |                    | (1,829,522)                        |                                    |
| <b>TOTAL</b>   |                    | <b>178,781,426</b>                 | <b>198,165,883</b>                 |

**Fixed Assets Loan from Banks and from Others**

| <u>Name of Bank</u>  | <u>Loan Amount</u> | <u>Amount o/s as on 31.03.2017</u> | <u>Amount o/s as on 31.03.2016</u> |
|--|--------------------|------------------------------------|------------------------------------|
| <b>From Banks</b>  |                    |                                    |                                    |
| Kotak Mahindra Bank - Car Loan - Accord 3555                   | 978530             | 137,087                            | 114,578                            |
| Kotak Mahindra Bank - Car Loan - Audi                          | 6119363            | 1,353,413                          | 1,225,424                          |
| ICICI Bank- Car Loan   |                    | 599,408                            | 0                                  |
| Kotak Mahindra Bank - Car Loan -                               |                    | 1,523,755                          | 0                                  |
| <b>From Other Parties</b>                                      |                    |                                    |                                    |
| Kotak Mahindra Prime Ltd. - 12684100-2556                      | 783328             | 144,119                            | 147,432                            |
| Tata Capital Ltd- Car Loan - 22166 - 3555                      | 1000000            | 0                                  | 208,829                            |
| Tata Capital Ltd -12620 - Honda City - 2376                    | 557380             | 57,940                             | 134,799                            |
| Tata Capital Ltd -Car Loan - 10589 -Dzire -2745                | 474141             | 52,580                             | 115,327                            |
| Cholamandalam Inv & Fin Company Ltd.- Car Loan- Winger - 14335 | 590650             | 23,881                             | 147,452                            |
| Tata Capital Ltd- Car Loan Honda 3186                          | 958000             | 231,893                            | 206,521                            |
| Tata Capital Ltd- Car Loan Dzire-4392                          | 581762             | 115,842                            | 103,270                            |
| TATA Capital   |                    | 163,949                            | 224,733                            |
| <b>TOTAL</b>   |                    | <b>4,403,867</b>                   | <b>2,628,366</b>                   |



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**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

**11. - Investments Non Current**

| SN.       | Particulars   | Face Value | Number | As at          | As at             |
|-----------|---|------------|--------|----------------|-------------------|
|           |   |            |        | March 31, 2017 | March 31, 2016    |
| <b>A.</b> | <b>TRADE INVESTMENTS</b>  |            |        |                |                   |
|           | Shares - NKGS Co-op Bank  | 100        | 5,000  | 500,000        | 500,000           |
|           | <b>TOTAL (A)</b>  |            |        | 500,000        | 500,000           |
| <b>B.</b> | <b>OTHER INVESTMENTS</b>  |            |        |                |                   |
|           | Equity Shares- Concept Shapers Electronics Limited                                    | 1          | 87,500 |                | 87,500            |
|           | Preference Shares- Concept Shapers Electronics Limited                                | 1          | 60,000 |                | 60,000            |
|           | Add: Revenue share in the Investment in Concept Shapers & Electronics Private Limited |            |        |                | 21,349,302        |
|           | <b>TOTAL (B)</b>  |            |        | 0              | 21,496,802        |
|           | <b>Total Non-Current Investments ( A + B )</b>  |            |        | <b>500,000</b> | <b>21,996,802</b> |

| <b>Details of Investment in Subsidiaries</b>           |              |              |               |              |
|--|--------------|--------------|---------------|--------------|
| Name   | Current Year |              | Previous Year |              |
|  | Country      | % of Holding | Country       | % of Holding |
| Mechvac India Limited                                  | India        | 90.00%       | India         | 90.00%       |
| Equity Shares- Concept Shapers Electronics Limited     | India        | 50.00%       | India         | 50.00%       |
| Preference Shares- Concept Shapers Electronics Limited | India        | 50.00%       | India         | 50.00%       |

**12. - Long Term Loans and Advances**

| SN.        | Particulars   | As at            | As at            |
|------------|---|------------------|------------------|
|            |   | March 31, 2017   | March 31, 2016   |
| <b>I</b>   | <b>Secured, Considered good</b>                         |                  |                  |
|            | <b>Sub - Total (A)</b>                                  | 0                | 0                |
| <b>II</b>  | <b>Unsecured, Considered good</b>                       |                  |                  |
|            | Security Deposits                                       | 378,931          | 134,229          |
|            | Deposit for Temporary Accommodation and others          | 1,407,000        | 1,357,000        |
|            | Earnest Money deposit                                   | 984,919          | 984,919          |
|            | <b>Sub - Total (B)</b>                                  | <b>2,770,850</b> | <b>2,476,148</b> |
| <b>III</b> | <b>Doubtful</b>   | 0                | 0                |
|            | <b>Sub - Total (C)</b>                                  | 0                | 0                |
|            | <b>Total Long Term Loans and Advances ( A + B + C )</b> | <b>2,770,850</b> | <b>2,476,148</b> |

**13. - Other Non Current Assets**

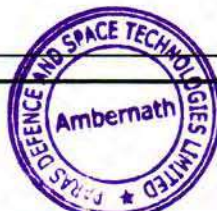
| SN.      | Particulars                                    | As at             | As at             |
|----------|--|-------------------|-------------------|
|          |  | March 31, 2017    | March 31, 2016    |
| <b>I</b> | <b>Secured and considered good</b>             |                   |                   |
|          | Margin Money for BG and LC                     | 16,172,443        | 7,470,850         |
|          | Margin Money/ FD with Corporation Bank         | 430,025           | 400,927           |
|          | FD with Vijaya Bank as Margin on BG/BC - CAPAX | 6,151,252         | 14,570,167        |
|          | <b>Total ( I + II )</b>                        | <b>22,753,720</b> | <b>22,441,944</b> |

**14. - Inventories**

| SN. | Particulars              | As at              | As at              |
|-----|--------------------------|--------------------|--------------------|
|     |                          | March 31, 2017     | March 31, 2016     |
| a.  | Raw Materials            | 71,338,403         | 40,220,792         |
| b.  | Work in Progress         | 295,249,114        | 236,063,655        |
|     | <b>Total Inventories</b> | <b>366,587,517</b> | <b>276,284,447</b> |

**15. - Trade Receivables**

| SN. | Particulars   | As at              | As at             |
|-----|---|--------------------|-------------------|
|     |   | March 31, 2017     | March 31, 2016    |
|     | <b>Unsecured, Considered good</b>                                 |                    |                   |
|     | - Outstanding for a period exceeding six months from its due date | 111,757,514        | 119,807,800       |
|     | - Others  | 443,963,621        | 62,990,709        |
|     |   | 555,721,134        | 182,798,509       |
|     | Less: Intercompany adjustment                                     | 249,116,132        | 89,504,220        |
|     | <b>Total Trade receivables</b>                                    | <b>306,605,002</b> | <b>93,294,289</b> |



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**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

**16. - Cash and Cash Equivalents**

| SN. | Particulars                                   | As at             | As at              |
|-----|---|-------------------|--------------------|
|     |   | March 31, 2017    | March 31, 2016     |
|     | <b>Cash and Cash Equivalents</b>              |                   |                    |
|     | a. Balance with Bank in Current Accounts      | 2,561,087         | 168,239,809        |
|     | b. Balances with bank as margin on BC / LC    | 46,858,988        | 60,684,442         |
|     | c. Cash on Hand                               | 1,286,032         | 1,199,763          |
|     | <b>Total Cash and Bank Balances ( A + B )</b> | <b>50,706,108</b> | <b>230,124,014</b> |

**17. - Short-term Loans and Advances**

| SN. | Particulars                           | As at              | As at             |
|-----|---------------------------------------|--------------------|-------------------|
|     |                                       | March 31, 2017     | March 31, 2016    |
|     | <b>Unsecured, Considered good</b>     |                    |                   |
|     | Advance with revenue Authorities      | 10,151,475         | 13,208,256        |
|     | Loans and advances to related parties | -                  | 22,534,278        |
|     | Trade Advances                        | 139,166,246        | 923,371           |
|     | Advances against Machineries          |                    | 43,432,093        |
|     | Advances to Staff                     | 320,958            | -                 |
|     | Other Advances                        | 209,000            | -                 |
|     | Excess Share from Holding to JV       | 3,382,829          |                   |
|     | <b>Total</b>                          | <b>153,230,507</b> | <b>80,097,998</b> |

**18. - Other Current Assets**

| Particulars                     | As at          | As at          |
|---------------------------------|----------------|----------------|
|                                 | March 31, 2017 | March 31, 2016 |
| Interest receivable from MSEDCL | 56,581         | -              |
| Excess amount paid HDFC         | 10,225         | -              |
| TDS Recoverable from NBFC       | 231,749        |                |
| Others                          | 69,458         | 69,458         |
| <b>Total</b>                    | <b>368,013</b> | <b>69,458</b>  |



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**  
**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**10 - Fixed Assets**

| Particulars                  | Rate of Depri | Gross Block                  |  |                       |                              |                              | Depreciation/Amortisation    |  |                   |                        |                              | Net Block                    |                              |
|------------------------------|---------------|------------------------------|--|-----------------------|------------------------------|------------------------------|------------------------------|--|-------------------|------------------------|------------------------------|------------------------------|------------------------------|
|                              |               | Opening as at April 01, 2016 | Adjustment of Associate to Joint Venture | Addition for the Year | Disposals/ Other Adjustments | Closing as at March 31, 2017 | Opening as at April 01, 2016 | Adjustment of Associate to Joint Venture | For the year      | Deduction/ Adjustments | Closing as at March 31, 2017 | Closing as at March 31, 2017 | Closing as at March 31, 2016 |
| <b>I. Tangible Assets</b>    |               |                              |  |                       |                              |                              |                              |  |                   |                        |                              |                              |                              |
| a Land                       |               |                              |  |                       |                              |                              |                              |  |                   |                        |                              |                              |                              |
| - Freehold                   |               | 406,312,500                  | 5,751,250                                | -                     | -                            | 412,063,750                  | -                            | -  | -                 | -                      | -                            | 412,063,750                  | 406,312,500                  |
| - Leasehold                  |               | -                            | -  | -                     | -                            | -                            | -                            | -  | -                 | -                      | -                            | -                            | -                            |
| b Buildings                  |               |                              |  |                       |                              |                              |                              |  |                   |                        |                              |                              |                              |
| - Factory Building           | 10.00%        | 103,243,532                  | 33,748,344                               | 84,483,671            | 2,463,750                    | 219,011,797                  | 39,685,008                   | 7,473,452                                | 7,056,473         | 814,600                | 53,400,333                   | 165,611,464                  | 63,558,524                   |
| - Office Building            | 10.00%        | 35,818,846                   | 1,498,026                                | 8,717,656             | -                            | 46,034,528                   | 5,466,892                    | 736,262                                  | 2,234,408         | -                      | 8,437,562                    | 37,596,966                   | 30,351,954                   |
| c Plant and Machinery        | 13.91%        | 384,908,967                  | 6,192,479                                | 55,938,524            | -                            | 447,039,969                  | 124,613,558                  | 2,361,315                                | 32,138,710        | -                      | 159,113,583                  | 287,926,386                  | 260,666,953                  |
| d Stabilizer & UPS           | 13.91%        | 741,504                      | -  | 4,250                 | -                            | 745,754                      | 675,893                      | -  | 18,262            | -                      | 694,154                      | 51,600                       | 65,611                       |
| e Furniture and Fixtures     | 18.10%        | 5,012,822                    | 3,045,664                                | 3,130,981             | -                            | 11,189,467                   | 2,460,697                    | 1,958,002                                | 1,136,319         | -                      | 5,555,018                    | 5,634,449                    | 2,552,125                    |
| f Electrical Fitting         | 18.10%        | 10,251,535                   | -  | 466,380               | -                            | 10,717,915                   | 5,416,360                    | -  | 1,215,888         | -                      | 6,632,248                    | 4,085,667                    | 4,835,175                    |
| g Air Conditioner            | 13.91%        | 844,088                      | 305,559                                  | 49,320                | -                            | 1,198,967                    | 709,279                      | 305,559                                  | 69,855            | -                      | 1,084,693                    | 114,273                      | 134,809                      |
| h Tools & Equipment          | 13.91%        | 1,001,602                    | 3,139,436                                | -                     | -                            | 4,141,038                    | 576,590                      | 1,501,223                                | 264,668           | -                      | 2,342,481                    | 1,798,556                    | 53,467                       |
| i Computer                   | 40.00%        | 3,325,241                    | 2,453,514                                | 242,704               | -                            | 6,021,458                    | 2,623,602                    | 2,257,166                                | 404,723           | -                      | 5,285,491                    | 735,967                      | 701,638                      |
| j Vehicles                   | 25.89%        | 26,119,491                   | 2,107,779                                | 9,455,150             | -                            | 37,682,419                   | 12,662,796                   | 166,716                                  | 3,044,300         | -                      | 15,873,812                   | 21,808,607                   | 13,456,694                   |
| k Fire fighting Equipments   | 13.91%        | 1,674,194                    | -  | -                     | -                            | 1,674,194                    | 1,590,135                    | -  | 345               | -                      | 1,590,480                    | 83,714                       | 84,059                       |
| l Office Equipments          | 13.91%        | 2,850,012                    | 613,327                                  | 174,521               | -                            | 3,637,859                    | 1,669,586                    | 601,754                                  | 384,822           | -                      | 2,656,161                    | 981,698                      | 1,180,426                    |
| m Weighing Scale             | 13.91%        | 9,000                        | -  | -                     | -                            | 9,000                        | 5,747                        | -  | 944               | -                      | 6,692                        | 2,308                        | 3,253                        |
| <b>II. Intangible Assets</b> |               |                              |  |                       |                              |                              |                              |  |                   |                        |                              |                              |                              |
| Accounting Software          | 13.91%        | 94,476                       | -  | -                     | -                            | 94,476                       | 80,088                       | -  | 6,594             | -                      | 86,682                       | 7,794                        | 14,388                       |
| <b>Grand Total - (I+II)</b>  |               | <b>982,207,808</b>           | <b>58,855,374</b>                        | <b>162,663,157</b>    | <b>2,463,750</b>             | <b>1,201,262,589</b>         | <b>198,236,232</b>           | <b>17,361,446</b>                        | <b>47,976,311</b> | <b>814,600</b>         | <b>262,759,389</b>           | <b>938,503,200</b>           | <b>783,971,576</b>           |
| (Previous year's Figures)    |               | 846,561,307                  | -  | 135,646,501           | -                            | 982,207,808                  | 161,797,607                  | -  | 36,438,625        | -                      | 198,236,232                  | 783,971,576                  | 684,763,700                  |

**Details of Depreciation**

| Particulars   | Amount     |
|---|------------|
| Depreciation for the year as above  | 47,976,311 |
| 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                          | 44,599,136 |



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**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

**19. Revenue from Operations**

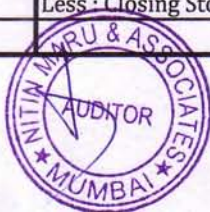
| SN. | Particulars  | 31-Mar-17            | 31-Mar-16          |
|-----|--|----------------------|--------------------|
| A.  | <b>Revenue from Sale of Manufactured Products</b>      |                      |                    |
|     | Export Sales   | 270,882,104          | 15,061,070         |
|     | Domestic Sales   | 811,771,075          | 674,337,283        |
|     | Sub-Total (A)  | 1,082,653,179        | 689,398,353        |
| B.  | <b>Revenue from Sale of Traded Products</b>            |                      |                    |
|     | Domestic Sales   | -                    | -                  |
|     | Sub-Total (B)  | -                    | -                  |
| C.  | <b>Revenue from Sale of Services</b>                   |                      |                    |
|     | Labour Charges received                                | 38,174,259           | 57,982,300         |
|     | Freight on Sales                                       | 658,091              | 36,650             |
|     | Sub-Total (C)  | 38,832,350           | 58,018,950         |
| D.  | <b>Other Operating Revenue</b>                         |                      |                    |
|     | - Rejection and Discount                               | 5,934,021            | 406,266            |
|     | - Insurance on Sale                                    | 43,030               | -                  |
|     | - Other Income   | -                    | -                  |
|     | Sub-Total (D)  | 5,977,051            | 406,266            |
|     | <b>Total Revenue from Operations ( A + B + C + D )</b> | <b>1,127,462,580</b> | <b>747,823,569</b> |

**20. - Other Income**

| Particulars                                  | 31-Mar-17         | 31-Mar-16        |
|--|-------------------|------------------|
| Interest / Discount Income                   | 7,025,323         | 5,074,847        |
| Interest on Security Deposit with MSEDCL     | 62,870            | -                |
| Dividend Income:                             |                   |                  |
| -Others                                      | 60,000            | 60,000           |
| Lease Rental Income                          | 35,000            | -                |
| Foreign Transaction Currency Gain/Loss (Net) | 2,737,468         | 396,986          |
| Balances Written Off & Rounded off           | 1,110,868         | 77,890           |
| Misc Income/ Insurance Claim                 | 541,594           | 306,529          |
| Long Term Capital Gain on Sale of Property   | 1,907,727         | -                |
| Govt Taxes / Interest on I.T. Refund         | 87,080            |                  |
| Income Tax Refund                            |                   | 108,561          |
| Scrap Sales                                  | -                 | 1,500            |
| Duty Drawback on Export Sale                 | 2,489,266         | -                |
| <b>Total</b>                                 | <b>16,057,195</b> | <b>6,026,313</b> |

**21. Cost of Materials consumed**

| Particulars                                   | 31-Mar-17          | 31-Mar-16          |
|---|--------------------|--------------------|
| <b>Raw Material Consumption</b>               |                    |                    |
| Opening Stock                                 | 40,220,792         | 71,662,786         |
| Add : Share in Opening Stock of Joint Venture | 14,153,118         | -                  |
| Add : Purchases (Net)                         | 751,640,299        | 484,647,546        |
| Add : Labour Charges & Other Expense          | 16,882,343         |                    |
|   | <b>822,896,552</b> | <b>556,310,332</b> |
| Less : Closing Stock                          | 71,338,403         | 40,220,792         |
| <b>Total</b>                                  | <b>751,558,149</b> | <b>516,089,540</b> |



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**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

**22. Cost of Manufacturing**

| Particulars                        | 31-Mar-17         | 31-Mar-16         |
|------------------------------------|-------------------|-------------------|
| Labour Charges                     | 40,805,339        | 32,147,548        |
| Packing Charges                    | 931,557           | 682,763           |
| Clearing and Forwarding Charges    | 33,509            | 445,194           |
| Water Charges                      | 272,157           | 337,232           |
| Freight Inward                     | 15,197,925        | 229,357           |
| Port Fees & stamp Duty Charges     | -                 | 1,100             |
| Import Freight                     | 2,544,823         | 1,647,538         |
| Import Duty                        | 1,283,437         | 3,966,182         |
| Shipping & logistics Charges       | 60,022            | 316,674           |
| Insurance on Purchase of Goods     | 99,280            | 81,445            |
| Other Direct Expenses              | 324,048           | 1,353,071         |
| Electricity charges of Factory     | -                 | 6,014,550         |
| Transportation Charges             | 2,808,605         | -                 |
| Installation & Maintenance Charges | 4,607,753         | -                 |
| Sundry Wages                       | 2,884,433         | -                 |
| <b>Total</b>                       | <b>71,852,886</b> | <b>47,222,654</b> |

**23. - Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

| SN. | Particulars                                   | 31-Mar-17           | 31-Mar-16           |
|-----|---|---------------------|---------------------|
| a   | <b>Finished Goods (Manufactured)</b>          |                     |                     |
|     | Opening Stocks                                | -                   | -                   |
|     | Less: Closing Stock                           | -                   | -                   |
|     |   | -                   | -                   |
| b   | <b>Work-in-Progress</b>                       |                     |                     |
|     | Opening Stocks                                | 236,063,655         | 144,124,107         |
|     | Add : Share in Opening Stock of Joint Venture | 12,662,764          |                     |
|     | Less: Closing Stock                           | 295,249,114         | 236,063,655         |
|     |   | - 46,522,695        | - 91,939,548        |
| c   | <b>Finished Goods (Traded)</b>                |                     |                     |
|     | Opening Stocks                                | -                   | -                   |
|     | Less: Closing Stock                           | -                   | -                   |
|     |   | -                   | -                   |
|     | <b>Total</b>                                  | <b>- 46,522,695</b> | <b>- 91,939,548</b> |

**24. - Employee Benefit Expenses**

| SN. | Particulars                               | 31-Mar-17         | 31-Mar-16         |
|-----|---|-------------------|-------------------|
| a   | Salaries                                  | 34,392,225        | 23,972,091        |
| b   | Staff Welfare Expenses                    | 2,907,493         | 3,420,034         |
| c   | Directors Remuneration                    | 9,018,000         | 7,020,000         |
| d   | Contribution to provident and other funds | 219,907           |                   |
|     | <b>Total</b>                              | <b>46,537,624</b> | <b>34,412,125</b> |



**PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED**

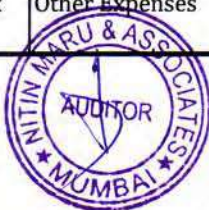
**NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

**25. - Finance Cost**

|   | Particulars                                 | 31-Mar-17         | 31-Mar-16         |
|---|---|-------------------|-------------------|
| a | <b><u>Interest Expense</u></b>              |                   |                   |
|   | Interest on Motor Car Loan                  | 927,045           | 805,587           |
|   | Interest on Term Loan                       | 6,326,883         | -                 |
|   | Interest on OD/LC/CC from Bank              | 33,330,088        | 38,969,464        |
|   | Interest on Unsecured loans                 | 5,007,148         | 11,532,013        |
|   | Interest on Secured loans                   | 6,595,826         | 11,114,802        |
|   | Interest on DSIR Loan                       | 375,749           | 1,200,000         |
|   | Interest on Credit Card                     | 58,709            | -                 |
| b | <b><u>Other Finance Cost</u></b>            |                   |                   |
|   | Bank Charges                                | 1,004,601         | 727,802           |
|   | Bank Commission/Loan Processing Fees        | 11,380,921        | 2,627,161         |
|   | Bank Guarantee Charges                      | 2,694,601         | 3,516,053         |
|   | Bill/ LC Discountng Charges                 | -                 | 273,200           |
|   | Interest on late payment of Government Dues | 1,617,702         | 3,395,075         |
|   | Other Finance Cost                          | 2,721,874         | 216,117           |
|   | Buyers Credit Charges                       | 443,692           | -                 |
|   | For Closure Charges                         | 349,708           | -                 |
|   | Stamp Duty (Loan Agreement)                 | 104,000           | -                 |
|   | <b>Total</b>                                | <b>72,938,547</b> | <b>74,377,274</b> |

**26. - Other Expenses**

| SN. | Particulars  | 31-Mar-17         | 31-Mar-16         |
|-----|--|-------------------|-------------------|
| a   | Power and Fuel   | 5,438,786         | 4,985,009         |
| b   | Rent   | 923,345           | 717,413           |
| c   | <b><u>Repairs and Maintenance of:</u></b>                              |                   |                   |
|     | -Plant and Machinery   |                   | 16,500            |
|     | -Others  | 2,003,849         | 964,277           |
| d   | Rates & Taxes  | 1,533,842         | 8,163,633         |
| e   | Insurance  | 1,006,571         | 947,825           |
| g   | <b><u>Payment to Auditors</u></b>                                      |                   |                   |
|     | - As Auditor   | 200,000           | 150,000           |
|     | - For Taxation Matters   | 55,000            | 20,000            |
| h   | Prior period Expenses  | 344,270           | 102,543           |
| i   | Advertisement Charges  | 56,010            | 215,714           |
| j   | Business Promotion Expenses  | 5,186,203         | 3,398,822         |
| k   | Foreign Exchange loss  |                   | 2,740,378         |
| l   | Contribution towards expenditure for Scientific Research U/s 35(1)(ii) |                   | 7,500,000         |
| m   | Donation   | 169,376           | 1,326,618         |
| n   | Legal & Professional Fees  | 7,060,818         | 3,506,067         |
| o   | Telephone & Mobile Expenses  | 1,209,436         | 960,309           |
| p   | Commission / Brokerage   | 7,500             | 8,636             |
| r   | Vehicle Expenses   | 2,375,916         | 2,222,935         |
| s   | Late Delivery Charges  | 2,042,570         | 2,447,198         |
| t   | Conveyance Expenses  | 2,329,521         |                   |
| u   | Transport Expenses   | 2,960,096         |                   |
| v   | Travel & Tour Expenses   | 8,330,243         |                   |
| x   | Other Expenses   | 31,184,227        | 21,615,423        |
|     | <b>Total</b>   | <b>74,417,578</b> | <b>62,009,300</b> |



**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

**27. OTHER NOTES ON CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

- 1) With effect from 16th January 2016, the name of the Company was changed from "Paras Flowform Engineering Co Ltd" to "Paras Defence & Space Technologies Ltd."
- 2) The Balance of Trade Receivable, Trade Payable, Loan & Advances are subject to confirmation.
- 3) As information relating to small scale units relations with the company is not readily available, such information is not furnished. However the company does not have any liabilities under "Interest on delayed payments to Small Scale & Ancillary undertaking Act 1993" as the payments are made within the stipulated credit period.
- 4) The Company has not made any provision for employees leave encashment benefit on retirement and the same will be accounted on payment basis. As the Company does not have any defined retirement scheme, Accounting Standard 15 issued by the Institute of Chartered Accountants of India is not considered applicable.
- 5) In the opinion of the management, current assets, loan and advances would realise at the value stated in balance sheet.
- 6) The previous year figure's are regroup/ recasted/ re-arrange/reclassified wherever necessary to make them comparable.
- 7) There is contingent liability which is as under-

**(I) Contingent Liabilities**

| <b>(A) Claims against the company / disputed liabilities not acknowledged as debts</b> | <b>Amount<br/>31-Mar-17</b> | <b>Amount<br/>31-Mar-16</b> |
|--|-----------------------------|-----------------------------|
| (a) In respect of Joint Ventures   | NIL                         | NIL                         |
| (b) In respect of Others   |                             |                             |
| MVAT Liability for F.Y. 2009-10  | NIL                         | 1,51,586/-                  |

- 8) The bank guarantee of Rs. 6.83 crore is outstanding as on 31.3.2017 for performance of various contracts under taken by the company and it has kept fixed deposits of Rs. 1,24,66,957/-with banks for issue of bank guarantee of Rs.6.83 crores.

**9) Particulars of Related Parties**

**Subsidiary Companies**

- (i) Mechvac India Limited

**Joint Venture Company**

- (i) Concept Shapers & Electronics Pvt. Ltd.

**Key Management Personnel**

**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED (Parent Co.)**

- (i) Munjal Sharad Shah
- (ii) Sharad V Shah
- (iii) Ami M Shah

**MECHVAC INDIA LIMITED (SUBSIDIARY)**

- (iv) Amit Mahajan
- (v) Shilpa Mahajan

**CONCEPT SHAPERS & ELECTRONICS PVT LTD (JOINT VENTURE)**

- (vi) Rajendra Kamlakant Chodankar
- (vii) Vinayak Pravin Joshi
- (viii) Keyur Sharad Kenia
- (ix) Priyanka Chodankar
- (x) Cajji Mendosa

**Relative of Key Managerial Personnel**

- (i) Niranjana Shah
- (ii) Harsh Bhansali
- (iii) Kajal Bhansali

**Related Party Transactions**

Nature of Transaction with name of the parties with whom more than 10% transactions of same type - As per Annexure to Point 9 in Notes to Accounts-27



| 10)   | Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures. |                                 |        |                                     |        |
|---|---|---------------------------------|--------|-------------------------------------|--------|
|   | Name of the entity in the   | Net Assets, i.e., total assets  |        | Share in profit or loss             |        |
|   |   | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount |
| 1   | 2   | 3                               | 4      | 5                                   |        |
| <b>Parent</b>   |   |                                 |        |                                     |        |
| Paras Defence & Space Technologies Limited (formerly known as Paras Flowform engineering Limited) | 87.49%  | 234,743,434                     | 87.49% | 245,080,595                         |        |
| <b>Subsidiaries</b>   |   |                                 |        |                                     |        |
| <b>Indian</b>   |   |                                 |        |                                     |        |
| 1. Mechvac India Limited  | 87.49%  | 234,743,434                     | 87.49% | 245,080,595                         |        |
| <b>Foreign</b>  |   |                                 |        |                                     |        |
| Minority Interest in subsidiary (Investment as per the equity method)                             |   |                                 |        |                                     |        |
| <b>Indian</b>   |   |                                 |        |                                     |        |
| 1. Mechvac India Limited  | 12.51%  | 33,558,817                      | 12.51% | 35,036,612                          |        |
| <b>Foreign</b>  |   |                                 |        |                                     |        |
| <b>Joint Venture</b>  |   |                                 |        |                                     |        |
| (as per proportionate consolidation/investment as per the equity method)                          |   |                                 |        |                                     |        |
| <b>Indian</b>   |   |                                 |        |                                     |        |
| 1. Concept Shapers & Electronics Private Limited  | 50.00%  | 14,750,000                      | 50.00% | 132,844,678                         |        |
| <b>Foreign</b>  |   |                                 |        |                                     |        |

| 11)                                   | Particulars of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 |                          |         |  |
|---------------------------------------|--|--------------------------|---------|--|
| Particulars                           | SBNs   | Other denomination Notes | Total   |  |
| Closing cash in hand as on 08.11.2016 | 900000   | 892967                   | 1792967 |  |
| (+) Permitted receipts                | 0  | 170000                   | 170000  |  |
| (-) Permitted payments                | 0  | 333300                   | 333300  |  |
| (-) Amount deposited in Banks         | 900000   | 0                        | 900000  |  |
| Closing cash in hand as on 30.12.2016 | NIL  | 729667                   | 729667  |  |

As per our attached Report of even date  
FOR NITIN MARU & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FIRM REGN No : 114022W

(CA NITIN M. MARU)  
PROPRIETOR  
MEMBERSHIP NO. 037987  
PLACE: MUMBAI  
DATE : 05.09.2017



FOR AND ON BEHALF OF BOARD OF DIRECTORS  
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED  
(FORMERLY KNOWN AS "PARAS FLOWFORM ENGINEERING LTD")  
CIN : U27101MH2009PLC193352

(SHARAD V. SHAH)  
DIRECTOR  
DIN: 00622001  
PLACE: MUMBAI  
DATE : 05.09.2017



(MUNJAL S. SHAH)  
DIRECTOR  
DIN:01080863  
PLACE: MUMBAI  
DATE : 05.09.2017



**PARAS DEFENCE & SPACE TECHNOLOGIES LIMITED**

**ANNEXURE TO POINT NO. 9 IN NOTES TO ACCOUNTS -27**

**Nature of Transaction with name of the parties with whom more than 10% transactions of same type**

| Nature of Transaction                                       | Relation                | Name of the Party            | Transaction 2017 | Transaction 2016 |
|---|-------------------------|------------------------------|------------------|------------------|
| Advance Given for Plot                                      | KMP and their Relatives | Sharad V. Shah               | -                | 2,720,754        |
| Advance Given for Plot                                      | KMP and their Relatives | Harsh Bhansali               | -                | 2,100,000        |
| Advance Given for Plot                                      | KMP and their Relatives | Kajal Bhansali               | -                | 3,250,000        |
| Advance Received Back on Cancellation for Plot              | KMP and their Relatives | Sharad V. Shah               | 23,371           | 13,320,000       |
| Advance Received Back on Cancellation for Plot              | KMP and their Relatives | Harsh Bhansali               | -                | 2,100,000        |
| Advance Received Back on Cancellation for Plot              | KMP and their Relatives | Kajal Bhansali               | -                | 3,250,000        |
| Advance Received for Fixed Asset                            | KMP and their Relatives | Harsh Bhansali               | -                | -                |
| Advance Received for Fixed Asset                            | KMP and their Relatives | Kajal Bhansali               | 2,500,000        | -                |
| Advance Received for Fixed Asset                            | KMP and their Relatives | Niranjana Shah               | 300,000          | 5,014,287        |
| Advance Given Back on Cancellation of Order for Fixed Asset | KMP and their Relatives | Harsh Bhansali               | 64,556           | -                |
| Advance Given Back on Cancellation of Order for Fixed Asset | KMP and their Relatives | Kajal Bhansali               | 2,500,000        | -                |
| Advance Given Back on Cancellation of Order for Fixed Asset | KMP and their Relatives | Niranjana Shah               | 20,130,222       | 3,433,845        |
| Loans Taken   | KMP and their Relatives | Ami Munjal Shah              | -                | 1,334,000        |
| Loans Taken   | KMP and their Relatives | Munjal Shah                  | 37,875,000       | 22,380,000       |
| Loans Taken   | KMP and their Relatives | Sharad V. Shah               | 52,796,479       | 5,900,000        |
| Loans Repaid  | KMP and their Relatives | Ami Munjal Shah              | -                | 4,674,500        |
| Loans Repaid  | KMP and their Relatives | Munjal Shah                  | 25,389,000       | 6,354,080        |
| Loans Repaid  | KMP and their Relatives | Sharad V. Shah               | 53,909,440       | 28,732,039       |
| Remuneration  | KMP and their Relatives | Ami Munjal Shah              | 1,200,000        | 1,200,000        |
| Remuneration  | KMP and their Relatives | Harsh Bhansali               | 1,214,860        | 1,200,000        |
| Remuneration  | KMP and their Relatives | Kajal Bhansali               | 914,897          | 900,000          |
| Remuneration  | KMP and their Relatives | Munjal Shah                  | 1,500,000        | 1,500,000        |
| Remuneration  | KMP and their Relatives | Sharad V. Shah               | 1,500,000        | 1,500,000        |
| Remuneration  | Others                  | Rajendra Kamlakant Chodankar | 1,158,000        | 900,000          |
| Loans Repaid  | Others                  | Rajendra Kamlakant Chodankar | -                | 645,527          |
| Remuneration  | Others                  | Vinayak Pravin Joshi         | 720,000          | 739,264          |
| Remuneration  | Others                  | Keyur Sharad Kenia           | 900,000          | 717,500          |
| Remuneration  | Others                  | Amit Mahajan                 | 1,200,000        | 1,200,000        |
| Remuneration  | Others                  | Shilpa Mahajan               | 1,200,000        | 1,200,000        |
| Salary  | Others                  | Priyanka Chodankar           | 960,000          | 1,289,865        |
| Loans Repaid  | Others                  | Caji Mendosa                 | -                | 6,050,000        |

