INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED** ("the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as " the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit including Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the Financial Position, Financial Performance including Other Comprehensive Income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss (Including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid Financial Statements comply with the Ind AS prescribed under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B".**

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

   The Company has not paid any remuneration to its directors, hence the section 197 of the Act is not applicable to the Company.

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

i. The Company does not have any pending litigations which would impact its financial position;

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

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

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

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

(c) Based on our audit procedure conducted that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that cause us to believe that the representation given by the management under paragraph (2) (h) (iv) (a) & (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

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vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 01, 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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

Anuj Bhatia
Partner
Membership No. 122179
UDIN No.: 23122179BGQWTX5969

Mumbai
Date: May 15, 2023

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"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED on the Financial Statements for the year ended March 31, 2023)

i. In respect of its Property, Plant & Equipment

a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment on the basis of available information.

(B) The Company doesn't have any intangible assets. Therefore, the provisions of clause (i) (a) (B) of paragraph 3 of the Order is not applicable to the Company.

b) As explained to us, Property, Plant & Equipment have been physically verified by the management. No material discrepancies were noticed on such physical verification.

c) According to the information and explanations given to us and the records examined by us, the Company doesn't have any immovable property. Therefore, the provisions of clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.

d) According to information and explanations given to us and books of account and records examined before us, the Company has not revalued its Property, Plant and Equipment during the year. And the Company doesn't have any intangible assets.

e) According to information and explanations given to us by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

ii. a) As explained to us and on the basis of the records examined by us, in our opinion, physical verification of the inventories has been conducted by the management. As explained to us and on the basis of the records examined by us, the value of the discrepancies noticed on physical verification by management did not exceed 10% or more in aggregate of each class of inventory.

b) According to the information and explanations given to us, during any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions. Therefore, the provisions of Clause (ii) (b) of paragraph 3 of the Order are not applicable to the Company.

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iii. According to the information and explanations given to us, during the year the Company has not made investments or has not provided any guarantee or security or has not granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or any other parties. Therefore, the provisions of clause (iii) (a) to (f) of paragraph 3 of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not entered into any transaction in respect of loans, investments, guarantees and security covered under section 185 and 186 of the Act during the year. Therefore, the provisions of clause (iv) of paragraph 3 of the Order are not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Therefore, the provisions of the clause (v) of paragraph 3 of the Order is not applicable to the Company.

vi. According to information and explanation given to us, the Central Government has not prescribed the Cost Records to be maintained under section 148(1) of the Act in respect of activities carried out by the Company. Therefore, the clause (vi) of paragraph 3 of the Order is not applicable to the Company.

vii. According to the information and explanations given to us in respect of statutory dues:

a) The Company has been generally regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, income-tax, duty of customs, duty of excise, cess and any other statutory dues with the appropriate authorities, as applicable. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2023 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) which have not been deposited with the appropriate authority on account of any dispute.

viii. According to information and explanation given to us and representations made to us by the management, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. a) In our opinion and according to the information and explanations given to us and books of account and other records produced before us, the Company has only taken interest free borrowing from one of its directors, which is repayable on demand, question of default does not arise as same has not demanded by the lender as on March 31, 2023.

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b) In our opinion, and according to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) In our opinion, and according to the information and explanations given to us and records produced before us, during the year the Company has not raised any money by way of term loan from bank or financial institution.

d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the Financial Statements of the Company, we report that, *prima facie*, no funds raised on short-term basis have been used during the year for long-term purposes by the Company.

e) According to the information and explanations given to us, Company does not have any Subsidiaries, Joint Ventures or Associates Companies. Therefore, the clause (ix) (e) of paragraph 3 of the Order are not applicable to the Company.

f) According to the information and explanations given to us, Company does not have any Subsidiaries, Joint Ventures or Associates Companies. Therefore, the clause (ix) (f) of paragraph 3 of the Order are not applicable to the Company.

x. a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). Therefore, the clause (x) (a) of paragraph 3 of the Order are not applicable to the Company.

b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and therefore, the clause (x) (b) of paragraph 3 of the Order is not applicable to the Company.

xi. a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

b) According to the information and explanations given to us, no report under sub-section 12 of section 143 of the Act has been filed by auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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xii. In our opinion, the company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the company.

xiii. In our opinion and according to information and explanation given to us, all the transactions with related parties are in compliance with section 177 and 188 of the Act, as applicable and their details have been disclosed in the Financial Statements etc; as required by the applicable Accounting Standards.

xiv. In our opinion, and according to the information and explanations given to us, the Company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act, 2013.

xv. According to information and explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with them as referred under section 92 of the Act. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the company.

xvi. a) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

b) In our opinion, and according to the information and explanations provided to us and on the basis of our audit procedures, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year as per the Reserve bank of India Act 1934.

c) In our opinion, and according to the information and explanations provided to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

d) In our opinion, and according to the information and explanations provided to us, the Group does not have any Core Investment Company (CIC) as part of the Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016. Therefore, provisions of clause (xvi) (d) of paragraph 3 of the Order are not applicable to the Company.

xvii. In our opinion and according to information and explanation given to us, the Company has not incurred any cash losses in the Financial Year and in the immediately preceding financial year.

xviii. There has been no resignation of Statutory Auditors during the year. Therefore, the clause (xviii) of paragraph 3 of the Order are not applicable to the Company.

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xix. According to the information and explanation given to us and on the basis of the Financial Ratios, Ageing and expected dates of realization of Financial Assets and payment of Financial Liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and the management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the auditor report that Company is not capable of meeting its liabilities existing as on the date of Balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the auditor's report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, the CSR provisions under section 135 of the Act are not applicable to the Company. Therefore, provisions of clause (xx) (a) and (b) of paragraph 3 of the Order are not applicable to the Company.

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

Anuj Bhatia
Partner
Membership No. 122179
UDIN No.: 23122179BGQWTX5969

CHATURVEDI & SHAH LLP
MUMBAI
CHARTERED ACCOUNTANTS

Mumbai
Date: May 15, 2023

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED on the Financial Statements for the year ended March 31, 2023)

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

We have audited the internal financial controls with reference to Financial Statements of **PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED** as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

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Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to the Financial Statements and such internal financial controls with reference to the Financial Statements were operating effectively as at March 31, 2023 based on the criteria for internal control established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls issued by ICAI.

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

Anuj Bhatia
Partner
Membership No. 122179
UDIN No.: 23122179BGQWTX5969

Mumbai
Date: May 15, 2023

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2023

(Amount in Thousand)

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
I Assets			
Non Current Assets			
a. Property, Plant and Equipment	2	56.35	-
b. Financial Assets			
i Other Financial Assets	3	10.00	10.00
c. Deferred Tax Assets (Net)	10	6.87	-
		73.22	**10.00**
Current Assets			
a. Inventories	4	698.15	-
b. Financial Assets			
i Trade Receivables	5	3,360.29	1,160.00
ii Cash and Cash Equivalents	6	75.58	19.11
c. Other Current Assets	7	559.76	0.49
		4,693.78	**1,179.60**
Total Assets		**4,767.00**	**1,189.60**
II Equity And Liabilities			
Equity			
a. Equity Share Capital	8	100.00	100.00
b. Other Equity	9	1,715.11	362.10
		1,815.11	**462.10**
Liabilities			
Current Liabilities			
a. Financial Liabilities			
i Borrowings	11	1,350.00	439.58
ii Trade Payables	12		
Total Outstanding dues of Micro enterprises and small enterprises		18.94	-
Total Outstanding dues of creditors other than Micro enterprises and small enterprises		146.04	-
iii Other Financial Liabilities	13	891.59	105.17
b. Other Current Liabilities	14	77.47	78.42
c. Current Tax Liabilities (Net)		467.85	104.33
		2,951.89	**727.50**
Total Equity and Liabilities		**4,767.00**	**1,189.60**
Significant Accounting Policies and Notes to the Financial Statements	1 to 30		

As per our Report of even date

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

Anuj Bhatia
Partner
Membership No. 122179

Date: 15th May, 2023

For and on behalf of Board of Directors

Munjal Shah
Director
DIN: 01080863

Amit Mahajan
Director
DIN: 01087400

PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2023

(Amount in Thousand)

	Particulars	Note No.	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
1	Revenue from Operations	15	5,539.41	1,000.00
2	Other Income	16	16.35	-
3	**Total Income**		**5,555.76**	**1,000.00**
4	**Expenses**			
	Cost of Materials Consumed		183.26	-
	Changes in Inventories of Work in Progress	17	(698.15)	-
	Employee Benefits Expense	18	1,566.35	-
	Finance Costs	19	45.24	5.36
	Depreciation	20	1.15	-
	Other Expenses	21	2,643.92	288.48
	Total Expenses		**3,741.77**	**293.84**
5	**Profit Before Exceptional Items and Tax (3-4)**		1,813.99	706.16
6	Exceptional Items		-	-
7	**Profit Before Tax (5-6)**		**1,813.99**	**706.16**
8	**Tax Expenses :**			
	Current Tax		467.85	124.33
	Deferred Tax	10	(6.87)	-
			460.98	124.33
9	**Profit for the Year (7-8)**		**1,353.01**	**581.83**
10	**Other Comprehensive Income**			
(i)	Items that will not be reclassified to profit or loss		-	-
(ii)	Items that will be reclassified to profit or loss		-	-
	Total Other Comprehensive Income (Net of Tax)		-	-
	Total Comprehensive Income for the Year (9-10)		**1,353.01**	**581.83**
11	**Earnings per Equity Share of Rs. 10/- each**	22		
	Basic (Rs.)		135.30	58.18
	Diluted (Rs.)		135.30	58.18
	Significant Accounting Policies and Notes to the Financial Statements	1 to 30		

As per our Report of even date

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

Anuj Bhatia
Partner
Membership No. 122179

Date: 15th May, 2023

For and on behalf of Board of Directors

PARAS ANTI-DRONE TECHNOLOGIES PVT. LTD.

Munjal Shah
Director
DIN: 01080863

Amit Mahajan
Director
DIN: 01087400

CHATURVEDI & SHAH LLP ★ CHARTERED ACCOUNTANTS

PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2023

A. Equity Share Capital

(Amount in Thousand)

Particulars	Balance as at 1st April, 2021	Changes during the Year	Balance as at 31st March, 2022	Changes during the Year	Balance as at 31st March, 2023
Equity Share Capital	100.00	-	100.00	-	100.00

B. Other Equity

(Amount in Thousand)

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance As at 1st April, 2021	**(219.73)**	**(219.73)**
Total Comprehensive Income for the Year	581.83	581.83
Balance as at 31st March, 2022	**362.10**	**362.10**
Balance as at 1st April, 2022	**362.10**	**362.10**
Total Comprehensive Income for the Year	1,353.01	1,353.01
Balance as at 31st March, 2023	**1,715.11**	**1,715.11**

As per our Report of even date

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

Anuj Bhatia
Partner
Membership No. 122179

Date: 15th May, 2023

For and on behalf of Board of Directors

PARAS ANTI DRONE TECHNOLOGIES PVT. LTD.

Munjal Shah
Director
DIN: 01080863

Mahajan

Amit Mahajan
Director
DIN: 01087400

PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2023

(Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax as per the Statement of Profit and Loss	1,813.99	706.16
ADJUSTMENT FOR:		
Depreciation	1.15	-
Finance Costs	45.24	5.36
Unrealised Gain on foreign currency Transaction	(40.65)	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,819.73**	**711.52**
ADJUSTMENT FOR:		
Trade and Other Receivables	(2,718.90)	(1,106.98)
Trade and Other Payables	860.55	95.19
Inventories	(698.15)	-
CASH USED IN OPERATIONS	**(736.77)**	**(300.27)**
Income tax paid (Including interest)	(116.90)	(20.00)
NET CASH USED IN OPERATING ACTIVITIES	**(853.67)**	**(320.27)**
B CASH FLOW FROM INVESTING ACTIVITIES	**-**	**-**
C CASH FLOW FROM FINANCING ACTIVITIES		
Current Borrowings (Net)	910.42	285.00
Finance Costs	(0.28)	(0.09)
NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES	**910.14**	**284.91**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	56.47	(35.36)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19.11	54.47
CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No.6.1)	**75.58**	**19.11**

Notes :

i Bracket indicates cash outflow.

ii Changes in liabilities arising from Financing Activities on account of Current Borrowings

(Amount in Thousand)

Particulars	31st March, 2023	31st March, 2022
Opening balance of liabilities arising from Financing Activities	439.58	154.58
Add : Changes from Cash Flow from Financing Activities (Net)	910.42	285.00
Closing balance of liabilities arising from financing activities	**1,350.00**	**439.58**

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

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

As per our Report of even date

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

Anuj Bhatia
Partner
Membership No. 122179

Date: 15th May, 2023

For and on behalf of Board of Directors

PARAS ANTI-DRONE TECHNOLOGIES PVT. LTD.

Munjal Shah
Director
DIN: 01080863

Amit Mahajan
Director
DIN: 01087400

CHATURVEDI & SHAH LLP MUMBAI

PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023

1.1 Corporate Information

Paras Anti-Drone Technologies Private Limited (the 'Company') is a private limited Company domiciled and incorporated in India. The registered office of the Company is situated at D-112, TTC industrial area, Nerul, Navi Mumbai-400706. The Parent Company is Paras Defence & Space Technologies Limited.

The main object of the company is to engage in providing artificial intelligence solutions to non defence niche market with radical technologies in India and abroad.

The Financial Statements of the Company for the year ended 31st March, 2023 were approved and adopted by Board of Directors in their meeting held on 15th May, 2023

1.2 Basis of preparation

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

The Financial Statements have been prepared and presented on going concern basis and historical cost basis, except for the following assets and liabilities, which have been measured as indicated below:

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).

These Financial Statements are presented in Indian Rupees, which is the company's functional and presentation currency and all values are rounded to the nearest thousand with two decimals, except when otherwise indicated.

1.3 Significant Accounting policies

(A) Property, Plant and Equipment :

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital Work-in-Progress" and expenses incurred relating to it, net of income earned during the development stage, are disclosed as pre-operative expenses under "Capital Work-in-Progress".

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

Depreciation:

Depreciation on Property, Plant and Equipment is provided on straight line method for the year for which the assets have been used as under:

- Depreciation on assets is provided over the useful life of assets as prescribed under Schedule II of Companies Act, 2013

The asset's residual values, useful lives and method of depreciation are reviewed at each financial year end and are adjusted prospectively, if appropriate.

(B) Borrowing Costs:

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a year does not exceed the amount of borrowing cost incurred during that year. All other borrowing costs are expensed in the year in which they occur.

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(C) Taxes on Income:

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

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

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

(D) Inventories:

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

(E) Financial Instruments:

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

Financial Assets -Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost. Purchase and sale of financial assets are recognized using trade date accounting. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Financial assets - Subsequent measurement

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

a) Financial assets at fair value

b) Financial assets at amortised cost

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

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

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

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

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

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

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

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

Financial assets - Derecognition

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

a) The rights to receive cash flows from the asset have expired, or

b) The Company has transferred its rights to receive cash flow from the asset.

Impairment of Financial Assets

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

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

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

b) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

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

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

Financial Liabilities - Initial recognition and measurement:

The financial Liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial Liabilities - Subsequent measurement:

Financial Liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial Liabilities - Financial guarantee contracts:

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

Financial liability - Derecognition

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

(F) Fair Value:

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

- in the principal market for the asset or liability, or

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

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

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

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

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

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

(G) Revenue Recognition and Other Income:

Sales of goods and services:

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

Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.
Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

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

Contract Assets - Trade Receivables

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

Contract liabilities

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

Interest Income:

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

(H) Foreign currency transactions and translation:

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

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

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

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

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

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(I) Lease:

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

The Company as a lessee

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

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

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

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

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

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

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

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

The Company as a lessor

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

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

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

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(J) Provisions, Contingent Liabilities and Contingent Assets:

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

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

(K) Cash and cash equivalents:

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

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

(L) Earnings per share:

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

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

(M) Current / Non-current classification:

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

An asset is classified as current when it is:

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

A liability is classified as current when it is:

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

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

(N) Off-setting financial instruments:

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

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(O) Employee Benefits:

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

(P) Research and Development:

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

1.4 Key accounting estimates and judgements:

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

a) Provisions:

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

b) Income Tax:

Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to an adjustment to the amounts reported in the Financial Statements. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the statement of profit and loss.

c) Impairment of Financial Assets :

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

d) Impairment of Non-Financial Assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent to those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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1.5 Standards Issued But Not Effective

On 31st March, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from 1st April, 2023:

Ind AS 101 – First-time Adoption of Indian Accounting Standards
Ind AS 102 – Share-based Payment
Ind AS 103 – Business Combinations
Ind AS 107 – Financial Instruments Disclosures
Ind AS 109 – Financial Instruments
Ind AS 115 – Revenue from Contracts with Customers
Ind AS 1 – Presentation of Financial Statements
Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
Ind AS 12 – Income Taxes
Ind AS 34 - Interim Financial Reporting

Application of above amended standards are not expected to have any significant impact on the Company's Financial Statements.

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NOTE 2 : PROPERTY, PLANT AND EQUIPMENT

(Amount in Thousand)

Particulars	Office Equipment	Total
Balance as at 1st April, 2021	-	-
Additions for the Year	-	-
Balance as at 31st March, 2022	-	-
Additions for the Year	57.50	57.50
Balance as at 31st March, 2023	**57.50**	**57.50**
Depreciation		
Balance as at 1st April, 2021	-	-
Depreciation for the year	-	-
Balance as at 31st March, 2022	-	-
Depreciation for the year	1.15	1.15
Balance as at 31st March, 2023	**1.15**	**1.15**
Net Carrying Value		
Balance as at 31st March, 2022	-	-
Balance as at 31st March, 2023	**56.35**	**56.35**

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Note: 3 Other Non Current Financial Assets

(Amount in Thousand)

Particulars	As At 31st March, 2023	As at 31st March, 2022
(Unsecured, Considered Good)		
Security Deposits	10.00	10.00
Total	**10.00**	**10.00**

Note: 4 Inventories

(Amount in Thousand)

Particulars	As At 31st March, 2023	As at 31st March, 2022
Work In Progress	698.15	-
Total	**698.15**	**-**

4.1 For basis of valuation Refer Accounting Policy Note No. 1.3(D)

Note: 5 Trade Receivables

(Amount in Thousand)

Particulars	As At 31st March, 2023	As at 31st March, 2022
(Unsecured)		
Considered Good	3,360.29	1,160.00
Total	**3,360.29**	**1,160.00**

Trade Receivables Ageing Schedule as at 31st March, 2023

(Amount in Thousand)

Particulars	Not Due	Outstanding for the following period from due date of payment					Total
		Less than 6 months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade receivables –Considered good	-	3,360.29	-	-	-	-	3,360.29
Undisputed Trade Receivables –Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables –Credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables– Considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – Credit impaired	-	-	-	-	-	-	-
Total Receivable	**-**	**3,360.29**	**-**	**-**	**-**	**-**	**3,360.29**

Trade Receivables Ageing Schedule as at 31st March, 2022

(Amount in Thousand)

Particulars	Not Due	Outstanding for the following period from due date of payment					Total
		Less than 6 months	6 Months to 1 year	1-2 Years	2-3 Years	More than 3 years	
Undisputed Trade receivables –Considered good	1,160.00	-	-	-	-	-	1,160.00
Undisputed Trade Receivables –Which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables –Credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables– Considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – Which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – Credit impaired	-	-	-	-	-	-	-
Total Receivable	**1,160.00**	**-**	**-**	**-**	**-**	**-**	**1,160.00**

Note: 6 Cash And Cash Equivalents

(Amount in Thousand)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Bank In Current Accounts	75.58	19.11
Total	**75.58**	**19.11**

6.1- For the purpose of statement of Cash Flows, cash and cash equivalents comprises of the following

(Amount in Thousand)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Balances with Bank In Current Accounts	75.58	19.11
Total	**75.58**	**19.11**

Note: 7 Other Current Assets

(Amount in Thousand)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Advances to Suppliers	130.00	0.49
Balances with Government Authorities	420.38	-
Prepaid Expenses	9.38	-
Total	**559.76**	**0.49**

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Note: 8 Equity Share Capital

(Amount in Thousand)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Authorised		
10,10,000 (31st March, 2022 : 10,000) Equity Shares of Rs. 10/- each	10100.00	100.00
	10100.00	**100.00**
Issued, Subscribed and Paid up		
10,000 (31st March, 2022 : 10,000) Equity Shares of Rs. 10/- each fully paid up	100.00	100.00
Total	**100.00**	**100.00**

Note: 8.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the Year

(Amount in Thousand)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning and end of the year	10,000	100.00	10,000	100.00

8.2 Details of Shareholder holding more than 5% shares of the Company:

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
Paras Defence & Space Technologies Limited (The Holding Company)*	5,500	55.00%	5,500	55.00%
Swati Sinha	-	-	1,500	15.00%
Keyur Sharad Kenia	1,497	14.97%	-	-
Ashutosh Baheti	3,000	30.00%	3,000	30.00%

* Out of the above, 1 share each is held by Mr. Munjal Shah as nominee of Paras Defence & Space Technologies Limited

8.3 Details of shares held by promoters in the Company.

Particulars	As at 31st March, 2023		As at 31st March, 2022		% Changes From
	No. of shares	% of Holding	No. of shares	% of Holding	31st March, 2022 to 31st March, 2023
Paras Defence & Space Technologies Limited (The Holding Company)	5,500	55.00%	5,500	55.00%	-

8.4 The Company has only one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity shareholders will be entitled to receive any of remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Note: 9 Other Equity

(Amount in Thousand)

Particulars	As at 31st March, 2023	As at 31st March, 2023	As at 31st March, 2022	As at 31st March, 2022
Retained Earnings				
Balance as per last Balance Sheet	362.10		(219.73)	
Add: Profit after tax for the Year	1,353.01	**1,715.11**	581.83	**362.10**
Total		**1,715.11**		**362.10**

9.1. Nature And Purpose Of Reserves

Retained Earnings

Retained Earnings represent the accumulated Profits / (losses) made by the company over the years.

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Note: 10 Income Tax

10.1 Current Tax

(Amount in Thousand)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Current Tax	467.85	124.33
Total	**467.85**	**124.33**

10.2 The major components of Tax Expense for the year ended 31st March, 2023 and 31st March, 2022 are as follows:

(Amount in Thousand)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Recognised in the Statement of Profit and Loss		
Current Tax	467.85	124.33
Deferred Tax:-Relating to origination and reversal of temporary differences	(6.87)	-
Total Tax Expenses	**460.98**	**124.33**

10.3 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended 31st March, 2023 & 31st March, 2022:

(Amount in Thousand)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Accounting Profit Before Tax	1,813.99	706.16
Applicable tax rate (in %)	25.17%	25.17%
Computed Tax Expenses	**456.55**	**177.73**
Tax effect on account of:		
Expenses not Allowed under Income Tax Act	4.43	1.35
Brought forward loss adjusted	-	(54.75)
Income tax Expenses recognised in the Statement of Profit and Loss	**460.98**	**124.33**

10.4 Deferred Tax Assets

(Amount in Thousand)

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at 31st March, 2023	As at 31st March, 2022	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Property Plant and Equipment	(2.60)	-	(2.60)	-
Expenses disallowed as per Income Tax	9.48	-	9.48	-
Deferred Tax Assets	**6.87**	**-**	**6.87**	**-**

10.5 Reconciliation of Deferred Tax Assets (Net):

(Amount in Thousand)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Opening Balance at the beginning of the year	-	-
Deferred Tax Income recognised in the Statement of Profit and Loss	6.87	-
Closing Balance at the end of the year	**6.87**	**-**

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Note: 11 Current Financial Liabilities - Borrowings **(Amount in Thousand)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Unsecured		
Loans From a Director (Refer Note No.23)	1,350.00	439.58
Total	**1,350.00**	**439.58**

11.1 Loan from a director is interest free and repayable on demand

Note: 12 Trade Payables **(Amount in Thousand)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Micro, Small and Medium Enterprises	18.94	-
Others	146.04	-
Total	**164.98**	**-**

12.1 Disclosures of the Micro, Small And Medium Enterprises Development Act, 2006

Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information as available with the Company and the required disclosures are given below :

(Amount in Thousand)

Particulars		As at 31st March, 2023	As at 31st March, 2022
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	18.94	-
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of Interest paid, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of Interest due and payable for the year	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi)	The amount of Further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Trade Payables Ageing Schedules as at 31st March, 2023 **(Amount in Thousand)**

Particulars	Not Due	Outstanding for the following period from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	18.94	-	-	-	-	18.94
Others	146.04	-	-	-	-	146.04
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total Payable	**164.98**	**-**	**-**	**-**	**-**	**164.98**

Note: 13 Other Financial Liabilities **(Amount in Thousand)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Creditors for Capital Goods	67.85	-
Interest Accrued but not due	37.66	5.27
Other payables*	786.08	99.90
Total	**891.59**	**105.17**

* It includes Salary Payable, Audit fees and Rent payable.

Note: 14 Other Current Liabilities **(Amount in Thousand)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Statutory Liabilities	77.47	78.42
Total	**77.47**	**78.42**

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Note: 15 Revenue From Operations (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Sale of Services	5,539.41	1,000.00
Total	**5,539.41**	**1,000.00**

Note: 15.1
a) Revenue disaggregation by geography is as follows: (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
India	-	1,000.00
Outside India	5,539.41	-
Total	**5,539.41**	**1,000.00**

b) Reconciliation of Revenue from Operations with Contract Price: (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Contract Price	5,539.41	1,000.00
Total	**5,539.41**	**1,000.00**

Note: 16 Other Income (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Gain on Foreign Currency Fluctuations (Net)	16.35	-
Total	**16.35**	**-**

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Note: 17 Changes In Inventories Of Work-In-Progress (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Closing Inventories:		
Work In Progress	698.15	-
	698.15	**-**
Opening Inventories:		
Work In Progress	-	-
	-	-
Increase In Inventories	**(698.15)**	**-**

Note: 18 Employee Benefits Expenses (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Salaries, Wages & Allowances	1,562.04	-
Contribution to Provident and Other Funds	2.50	-
Welfare and Other Amenities	1.81	-
Total	**1,566.35**	**-**

Note: 19 Finance Costs (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Interest Expenses	45.24	5.36
Total	**45.24**	**5.36**

19.1 Above includes Interest of Rs. 44.96 thousand (31st March, 2022: Rs. Nil) on late payment of Advance Tax.

Note: 20 Depreciation (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	1.15	-
Total	**1.15**	**-**

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Note: 21 Other Expenses (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Manufacturing expenses		
Other Manufacturing Expenses		
Job Processing Charges	2.00	-
	2.00	**-**
Selling & Distribution Expenses		
Research and development (R&D) expenses	273.06	-
Business Promotion Expenses	36.89	-
Participation Fees	59.00	-
Design & Development Charges	1,535.00	-
	1,903.95	**-**
Administrative Expenses		
Rent (Refer Note No. 23)	120.00	120.00
Legal and Professional Fees	42.75	42.42
Payment to Auditors (Refer Note No. 21.1)	125.00	125.00
Rates and Tax	223.85	-
Travelling And Conveyance	202.31	-
Fees and subscriptions	8.93	-
Printing & Stationery	2.16	-
Miscellaneous Expenses	8.26	0.61
	733.26	**288.03**
Other Expenses		
Bank Charges	4.71	0.45
	4.71	**0.45**
Total	**2,643.92**	**288.48**

21.1 Break-up of Payment to Auditors : (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
For Statutory Audit	75.00	75.00
For Limited Review	50.00	50.00
Total	**125.00**	**125.00**

Note: 22 Earnings Per Share (Amount in Thousand)

Particulars	For the Year ended 31st March, 2023	For the Year ended 31st March, 2022
Basic Earnings Per Share		
Profit for the Year	1,353.01	581.83
Weighted average number of Equity Shares (Nos.)	10,000	10,000
Basic Earnings Per Share of Rs.10/- each	135.30	58.18
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	1,353.01	581.83
Weighted average number of Equity Shares (Nos.)	10,000	10,000
Add : Potential number of Equity Shares (Nos.)	-	-
No. of shares used for calculation of Diluted EPS (Nos.)	10,000	10,000
Diluted Earnings Per Share of Rs.10/- each	135.30	58.18

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Note: 23 Related Party Disclosure

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exits and with whom transactions have taken place during reported year are as detailed below:

(a) List of Related Parties :

I. Holding Company

Paras Defence & Space Technologies Limited

II. Key Management Personnel

Munjal Sharad Shah
Amit Navin Mahajan
Shilpa Amit Mahajan

(b) Related Party Transactions

(Amount in Thousand)

Nature of Transactions	Name of the Related Parties	2022-2023	2021-2022
Transactions with Holding Company:			
Lease Rent Expenses	Paras Defence and Space Technologies Limited	120.00	120.00
Reimbursement of Expenses on behalf of the Company		125.75	-
Transactions with Key Management Personnel:			
Loans Taken from Director	Munjal Sharad Shah	1,980.00	285.00
Loans Repaid		1,069.58	-

(c) Balances at the year end

(Amount in Thousand)

Name of the Related Parties	As at 31st March, 2023	As at 31st March, 2022
Balances with Holding Company:		
Other Financial Liabilities		
Paras Defence & Space Technologies Limited	-	32.40
Balance with Key Management Personnel:		
Current Borrowings - Loan from director		
Munjal Sharad Shah	1,350.00	439.58

Note: 24 Financial Instruments

FAIR VALUE :-The carrying amounts of cash at bank, Short Term Borrowings and Trade Payables approximate their fair values and are carried at amortized cost.

(Amount in Thousand)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Trade Receivables	3,360.29	3,360.29	1,160.00	1,160.00
Cash & Cash equivalents	75.58	75.58	19.11	19.11
Others Financial Assets	10.00	10.00	10.00	10.00
Total	**3,445.87**	**3,445.87**	**1,189.11**	**1,189.11**
Financial Liabilities				
Short Term Borrowings	1,350.00	1,350.00	439.58	439.58
Trade Payables	164.98	164.98	-	-
Other Financial Liabilities	891.59	891.59	105.17	105.17
Total	**2,406.57**	**2,406.57**	**544.75**	**544.75**

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Note: 25 Financial Risk Management

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

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise foreign currency rate risk.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities. The Company transacts business primarily in USD and Euro. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign currency exchange risk. The Company regularly reviews and evaluates exchange rate exposure arising from foreign currency transactions.

The following table demonstrates the sensitivity in the USD and Euro to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax (PBT) due to changes in the fair values of monetary assets and liabilities is given below:

Unhedged Foreign currency exposure As at 31st March, 2023	Currency	Amount in FC	Amount In Thousand
Trade Receivable	EURO	37,500.00	3,360.29
Trade Payable	USD	1,776.29	146.04

Foreign Currency Sensitivity

2% increase or decrease in foreign exchange rates will have the following impact on Profit Before Tax (PBT):-

(Amount in Thousand)

Particulars	2022-23		2021-22	
	2% increase	2% decrease	2% increase	2% decrease
EURO	67.21	(67.21)	-	-
USD	(2.92)	2.92	-	-
Increase / (Decrease) in Profit Before Tax	**64.29**	**(64.29)**	-	-

(b) Credit Risk

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

i. Trade Receivables:-

The Company measures the expected credit loss of trade receivables, which are subject to credit risk, based on historical trend, industry practices and the business environment in which the entity operates and adjusted for forward looking information. Loss rates are based on actual credit loss experience and past trends.

The following table summarizes the Gross carrying amount of the trade receivables and provision made.

(Amount in Thousand)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	3,360.29	-	1,160.00	-

ii. Financial Instruments and Cash Deposits:-

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances are maintained. Credit risk from balances with bank is managed by the Company's finance department. Investment of surplus funds are also managed by finance department. The Company does not maintain significant cash in hand. Excess balance of cash other than those required for its day to day operations is deposited into the bank.

(c) Liquidity Risk

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

Liquidity Risk Management

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

The table below illustrates the aged analysis of the company's Short Term Borrowings and financial liabilities.

31st March, 2023 **(Amount in Thousand)**

Particulars	On demand	Up to 1 year	More than 1 year	Total
Liabilities				
Short Term Borrowings	1,350.00	-	-	1,350.00
Trade Payables	-	164.98	-	164.98
Other Financial Liabilities	-	891.59	-	891.59
Total	**1,350.00**	**1,056.57**	-	**2,406.57**

31st March, 2022 **(Amount in Thousand)**

Particulars	On demand	Up to 1 year	More than 1 year	Total
Liabilities				
Short Term Borrowings	439.58	-	-	439.58
Other Financial Liabilities	-	105.17	-	105.17
Total	**439.58**	**105.17**	-	**544.75**

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Note: 26 Capital Risk Management

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

The Company manages its capital structure as per the requirements of the business. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

Gearing Ratio

The gearing ratio at the Year end was as follows : **(Amount in Thousand)**

Particulars	As at 31st March, 2023	As at 31st March, 2022
Total Debt	1,350.00	439.58
Less: Cash and cash equivalent	75.58	19.11
Net Debt	**1,274.42**	**420.47**
Equity	1,815.11	462.10
Total Capital (Equity + Net Debts)	3,089.53	882.57
Gearing Ratio	**41.25%**	**47.64%**

Note: 27 Segment Reporting

The Company is predominantly in the business of providing artificial intelligence solutions to non defence niche market with radical technologies and as such there are no separate reportable segments. The Company's operations are currently in India.

27.1 Revenue from operations Rs. 5539.41 Thousand (31st March, 2022: Rs. 1000 Thousand) from 1 customer (31st March, 2022: 1 customer) having more than 10% of the Total revenue.

Note: 28 Other Statutory Information

28.1 There are no balances outstanding on account of any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

28.2 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

28.3 The Company does not have any such transaction which is not recorded in the books of account surrendered or disclosed as income during the year in the tax assessments under the Income-tax act, 1961.

28.4 No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

28.5 The Company is not declared wilful defaulter by any bank or financial institution or other lender.

28.6 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall: (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

28.7 The Company has not received any fund from any person(s) or entity(s), including entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

CHATURVEDI & SHAH LLP * MUMBAI * CHARTERED ACCOUNTANTS

PARAS ANTI-DRONE TECHNOLOGIES PVT. LTD. *

PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2023

NOTE: 29 Ratios Analysis and its Components

Ratios	Numerator	Denominator	As at 31st March, 2023	As at 31st March, 2022	% Variance	Reason for Material Variance
1. Current Ratio	Current assets	Current liabilities	1.59	1.62	-1.93%	
2. Debt- Equity Ratio	Total Debt	Total Equity (Equity Share capital + Other equity)	0.74	0.95	-21.81%	
3. Debt Service Coverage Ratio	Earnings available for debt service (Net profit after taxes + depreciation & amortization + Finance cost + Non cash operating items + other adjustment)	Finance cost + principle repayment of long term borrowings during the period/year	30.93	109.55	-71.76%	Mainly due to Increase in profit
4. Return on Equity (ROE)	Net profit after tax	Average Total Equity [(Opening Total Equity + Total Equity)/2]	118.83%	339.88%	-65.04%	Mainly on account of increase in Profit
5. Inventory Turnover Ratio	Revenue from Operations	Average Inventory [(opening balance+ closing balance)/2]	15.87	NA	100.00%	Increase in Inventory turnover ratio is due to increase in inventory during the year
6. Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivable [(opening balance+ closing balance)/2]	2.45	1.72	42.15%	Mainly due to increase in Revenue from operation & avearge trade receivables
7. Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables [(opening balance+ closing balance)/2]	2.22	NA	100.00%	Opening average trade payable is Nil
8. Net Capital Turnover Ratio	Revenue from Operations	Working capital ((Current asset - Investments) - current liabilities)	3.18	2.21	43.77%	Net Capital Turnover Ratio is increase due to improved working capital of the company and Increase in Revenue during the year
9. Net Profit Ratio	Net Profit after tax	Revenue from Operations	24.43%	58.18%	-58.02%	The decrease is due to increase in overall expenditure
10.Return on capital employed (ROCE)	Profit Before interest & Tax	Total Equity + Total Debts + Deferred Tax Liability	58.74%	78.91%	-25.56%	The decrease is due to increase in total Equity and total debt
11. Return on Investment	Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment	Current investments + Non current Investments + Fixed deposits with bank	NA	NA	NA	NA

NOTE: 30
Previous Year's figures have been regrouped / rearranged wherever necessary, to make them comparable with those of current year.

As per our Report of even date

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

Anuj Bhatia
Partner
Membership No. 122179

Date: 15th May, 2023

For and on behalf of Board of Directors

Munjal Shah
Director
DIN: 01080863

Amit Mahajan
Director
DIN: 01087400

CHATURVEDI & SHAH LLP MUMBAI CHARTERED ACCOUNTANTS

PARAS ANTI-DRONE TECHNOLOGIES PVT. LTD.