PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Registered & Corporate Office :
D-112, TTC Indl. Area, Nerul, Navi Mumbai - 400 706, India | Tel.: +91-22-6919 9999 | Fax : +91-22-6919 9990
CIN : L29253MH2009PLC193352 | E-mail : business@parasdefence.com | Web : www.parasdefence.com

August 18, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai - 400 001
Scrip Code: 543367

National Stock Exchange of India Limited
Exchange Plaza, Plot C/1, G Block,
Bandra - Kurla Complex,
Bandra - (East), Mumbai - 400 051
Trading Symbol: PARAS

Dear Sir/Madam,

Sub: Notice of 17th Annual General Meeting of Paras Defence and Space Technologies Limited ("the Company") and Annual Report for Financial Year 2025-26

This is further to our intimation dated August 07, 2026, wherein the Company had informed that the 17th Annual General Meeting ("AGM") of the Company is scheduled to be held on Friday, September 11, 2026 at 12:30 p.m. (IST) through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), in accordance with the relevant circulars issued by Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI").

Pursuant to Regulation 34(1) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we hereby submit the Annual Report of the Company for the Financial Year 2025-26, including Notice convening the 17th AGM.

The Annual Report, including the Notice of the AGM, is being sent electronically to those Members whose e-mail addresses are registered with the Company/Registrar & Share Transfer Agent ("RTA")/Depository Participant(s) ("DPs"). Further, pursuant to Regulation 36(1)(b) of the Listing Regulations, the Company will dispatch a letter to the Members whose e-mail addresses are not registered with the Company/RTA/DPs, providing a web-link from which the complete Annual Report can be accessed on the website of the Company.

The cut-off date for determining the eligibility of Members to vote electronically on the resolutions proposed at the 17th AGM is Friday, September 04, 2026.

The Notice of the 17th AGM and the Annual Report for the Financial Year 2025-26 are also available on the website of the Company at Paras Defence.

We request you to kindly take the same on record and oblige.

Thanking you,

For Paras Defence and Space Technologies Limited

MINAL B BHATE
Digitally signed by MINAL B BHATE
Date: 2026.08.18 11:40:37 +05'30'

Minal Bhate
Company Secretary and Compliance Officer
Membership No.: A20188

Encl.: as above

Annual Report 2025-26

PARAS DEFENCE
Paras

AIR DEFENCE

LASER BASED

PRECISION | POWER | PROTECT

PARAS DEFENCE AND SPACE TECHNOLOGIES LTD.

Premier Indian Defence & Space Manufacturing Company

The future of defence is being shaped by intelligent technologies capable of delivering speed, accuracy and decisive response. As modern threats become more complex, next-generation air defence systems are combining precision, reliability and operational efficiency. Laser-based defence technologies represent this transformation, offering the ability to detect, track and neutralise aerial threats with unmatched accuracy while redefining the economics and effectiveness of modern warfare.

As the first Indian private-sector Company developing indigenous high-power laser systems for air defence and space applications, we are translating decades of expertise in optics, precision engineering and advanced system integration into technologies that strengthen India's strategic capabilities. Our investments in advanced optics, electro-optical systems, directed-energy solutions and next-generation R&D are laying the foundation for a future where indigenous innovation safeguards national security.

The theme of this year's Annual Report,

"LASER BASED | AIR DEFENCE PRECISION. POWER. PROTECT"

embodies our pursuit of precision in design, power through innovation and our enduring mission to protect the nation by advancing self-reliant, world-class defence technologies for the future.

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Standalone

Consolidated

Scan the QR Code to view the report online

To know more about the company please log on to https://www.parasdefence.com

Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

About Us

Powering Precision. Protecting the Nation.

With a legacy spanning over four decades, Paras Defence & Space Technologies stands at the forefront of India's evolving defence and space ecosystem, delivering advanced engineering solutions for strategic and mission-critical applications. We are a leading private-sector defence engineering Company specialising in optics and optronic systems, defence electronics, electromagnetic protection solutions and heavy engineering, underpinned by strong IDDM (Indigenously Designed, Developed and Manufactured) capabilities.

Leveraging our technological expertise and state-of-the-art manufacturing infrastructure, we deliver solutions for critical applications across rockets and missiles, space research, naval systems, armoured vehicles, electronic warfare and surveillance. Through our subsidiaries, we have expanded into emerging technologies, including drones, anti-drone systems, RF and microwave systems, EO/IR solutions and quantum communication, reinforcing our commitment to innovation, technological excellence and India's vision of self-reliance.

Our Vision

India's No. 1 High-End Optical Systems Company

Paras aims to become India's No. 1 High-End Optical Systems Company catering to the Domestic as well as World Market, through in-house R&D & global partnerships.

India's No. 1 Laser Based Air Defence Company

Paras is in the process to offer turnkey Laser based Air Defence Solutions and provide mitigation options against hostile drones and aerial targets. Coupled with other systems, we want to aim at providing all-round Air Defence Solutions .

India's No. 1 Anti-Drone Company

We strive to become India's No. 1 company developing and producing cutting-edge Anti-Drone Technologies including Radars, Software Defined Radios, Phased Arrays & Advanced Antennas etc.

India's No. 1 ElectroMagnetics Company

Paras offers turnkey solutions for ElectroMagnetic Protection covering EM Pulse, Anechoic Chambers & Antenna Test Ranges amongst others, not just for Domestic but for World Market.

Our Fundamentals

CREATE- IDEATE-INNOVATE

We are one of the oldest design houses and probably the best in the area of defence engineering. Most of our projects are design and development projects, focused on providing cutting-edge solutions to customer requirements with extensive in-house R&D efforts.

RIGHT QUALITY AT THE RIGHT TIME

Our Company has a highly efficient manufacturing setup, which includes state-of-the-art machinery, a well-trained and skilled workforce, an equipped quality team, a robust supply-chain group, an experienced system integration team, and on-job-trained commissioning engineers.

BEST RESOURCE IN THE RIGHT DIRECTION

Our Company believes in employing the best resources, be they human, machinery, tools, infrastructure, space, etc., to attain customer satisfaction, in turn imparting growth to the company and improving the profitability of operations.

WHAT DIFFERENTIATES US

1. Wide Range of Products
2. Strong and Experienced Workforce
3. World-Class Quality
4. Innovation and R&D Centric
5. World Class Manufacturing Setup
6. Heritage of Defence and Space Programmes

Performance at a Glance

₹476.57 Crores
Revenue from Operations

₹120.46 Crores
EBITDA

₹89.46 Crores
Profit after Tax

₹986.0 Crores
Closing Order Book

Chairman’s Message

LASER BASED AIR DEFENCE
PRECISION POWER PROTECT

> We are making targeted investments in technologies that will define the future of defence and national security, advancing next-generation solutions across optics, laser systems, anti-drone technologies and quantum communication through research, engineering excellence and indigenous design.

Dear Shareholders,

Over the past 12 years, India has embarked on a transformational chapter in its defence and space evolution, driven by bold vision, decisive policy reforms and disciplined execution. Through the Atmanirbhar Bharat and Make in India initiatives, the Government has accelerated domestic manufacturing, fostered technological excellence and established the foundation for a resilient, globally competitive ecosystem.

This momentum gathered further pace during the year, propelled by stronger private-sector participation, rising exports and continued investment in strategic technologies. Defence exports reached a record high, reflecting growing international confidence in India’s capabilities, while the Government reserved the overwhelming majority of its capital acquisition budget for domestic industry. In parallel, closer collaboration between private enterprises and ISRO under a single-window regulatory framework expanded opportunities across the space sector and through the Gaganyaan programme, India is progressing towards becoming a human spaceflight nation.

Amid this evolving landscape, FY2025–26 emerged as a landmark year for Paras Defence and Space Technologies. Alongside delivering our strongest financial performance to date, we accelerated the development of technologies that are critical to India’s strategic preparedness. Most notably, we are advancing high-power laser systems for air defence—an area where no other Indian private-sector company is currently engaged. Our focus remains on engineering advanced indigenous solutions that deliver precision, agility and mission-critical performance, reinforcing our contribution to India’s technological sovereignty and national security.

Precision that Powers Progress

As the only Company in the Asia-Pacific to develop and manufacture submarine periscopes, we witnessed growing opportunities across both new and existing naval platforms, reflecting the Indian Navy’s enduring confidence in our expertise.

Powering Tomorrow through Innovation

We are making targeted investments in technologies that will define the future of defence and national security, advancing next-generation solutions across optics, laser systems, anti-drone technologies and quantum communication through research, engineering excellence and indigenous design.

We deepened our collaboration with leading research institutions and academic partners, creating a robust foundation in a field that is set to transform the future of secure communications and strategic technologies.

Powered by People

Behind every technological breakthrough lies the strength of our people. As our portfolio evolves, we remain equally focused on cultivating the talent, expertise and leadership required to shape the next chapter of our growth. We invest in attracting highly skilled professionals, nurturing young engineers through internships, campus partnerships and structured mentoring, while fostering an ownership culture through initiatives such as ESOPs.

> Today, women represent more than 30% of our workforce, making meaningful contributions across engineering, manufacturing, leadership and corporate functions. We also remain committed to expanding opportunities for future talent and creating an inclusive workplace.

Today, women represent more than 30% of our workforce, making meaningful contributions across engineering, manufacturing, leadership and corporate functions. We also remain committed to expanding opportunities for future talent and creating an inclusive workplace that reflects our broader purpose of contributing to national progress through technology, innovation and human potential.

Protecting the Future

Our ambition is clear: to establish Paras Defence and Space Technologies as India’s leading force in high-end optical systems, laser-based air defence, anti-drone technologies and electromagnetic protection. FY 2025–26 marked meaningful progress across each of these strategic priorities, with our laser-based air defence programme advancing towards a significant milestone.

Looking ahead, we will sharpen our focus on these core domains while pursuing carefully selected opportunities that complement our technology expertise. By concentrating on specialised, high-entry-barrier segments, we aim to expand our technological leadership, deliver sustained profitable growth and reinforce our role as a trusted partner in India’s defence and space ecosystem.

> Looking ahead, we will sharpen our focus on these core domains while pursuing carefully selected opportunities that complement our technology expertise. By concentrating on specialised, high-entry-barrier segments.

As I conclude, I extend my heartfelt appreciation to our shareholders, customers, employees, strategic partners and every stakeholder who has placed their trust in us. Your confidence inspires us to aim higher, innovate with purpose and deliver with excellence. Together, we are not merely developing advanced technologies—we are helping shape a more secure, self-reliant and technologically empowered India

Yours sincerely,
Sharad Virji Shah
Chairman

Managing Director's Message

LASER BASED AIR DEFENCE
PRECISION POWER PROTECT

> Our Annual Report theme reflects the values that guide every aspect of our business. Precision in engineering, power through indigenous innovation and protection of national interests remain central to the way we operate and the future we are helping to build.

Dear Shareholders,

Every year reinforces my belief that long-term success in the defence sector is built not merely through products but through sustained investments in technology, manufacturing capability and people. As India's defence ecosystem continues to evolve, Paras Defence remains focused on developing indigenous solutions that address increasingly complex strategic requirements while creating lasting value for all our stakeholders.

India today stands at the threshold of a transformative era in defence manufacturing. The Government's strong focus on self-reliance, rising defence allocations, increasing localisation requirements and growing opportunities across aerospace and space technologies are creating an enabling environment for companies with deep technological capabilities. At Paras Defence, we continue to align ourselves with these national priorities while strengthening our capabilities for the opportunities ahead.

FY2025-26 was a year in which this philosophy translated into tangible outcomes. Strong execution across our businesses enabled us to deliver higher revenues, improved profitability and meaningful progress across our manufacturing and technology platforms. At the same time, we continued investing in capabilities that will strengthen our competitiveness for years to come.

Our Annual Report theme reflects the values that guide every aspect of our business. Precision in engineering, power through indigenous innovation and protection of national interests remain central to the way we operate and the future we are helping to build.

A Stronger Ecosystem

The Government's sustained focus on self-reliance, technology development and private-sector participation is creating a more robust ecosystem for indigenous defence companies.

During the year, the launch of the Research, Development and Innovation (RDI) Scheme, with a corpus of ₹1 lakh crore over six years, is expected to encourage long-term investment in high-risk, high-impact technologies through low or nil-interest financing. At the same time, the Defence Testing Infrastructure Scheme, with an outlay of ₹400 crore, aims to expand domestic testing capabilities and reduce dependence on overseas certification facilities.

Alongside these initiatives, the continued allocation of nearly three-fourths of the country's modernisation budget towards domestic procurement provides greater visibility for indigenous defence manufacturers. As an Indigenously Designed, Developed and Manufactured (IDDM) company with capabilities spanning optics, defence electronics and heavy engineering, we believe we are well positioned to benefit from these structural policy measures while further strengthening our role as a systems integrator within India's evolving defence ecosystem.

Powering Performance

Our operational execution translated into a stronger financial performance during FY2025–26. Higher production volumes, improved revenue conversion and a successful production ramp-up enabled us to deliver robust growth while maintaining healthy margins.

Consolidated revenue increased to ₹476.57 crore from ₹364.66 crore in the previous year. The Optics & Optronic Systems and Defence Engineering businesses contributed 42% and 46% of consolidated revenue, respectively, while the remaining 12% came from our subsidiary businesses. Consolidated EBITDA increased to ₹120.46 crore. Profit After Tax stood at ₹89.46 crore, translating into a margin of 19%, compared with ₹61.49 crore in the previous year. We closed the year with an order book of ₹986 crore, providing visibility for future growth.

Our balance sheet remained strong and resilient, supported by a prudent capital structure and limited long-term debt. This provides us with the financial flexibility to pursue future growth opportunities while maintaining discipline in capital allocation.

Precision in Execution

During the year, we further strengthened our technology and manufacturing base to support the development of next-generation defence systems. Our focus remains on building differentiated capabilities in technologically sophisticated domains where barriers to entry are high and indigenous capabilities are strategically important for the country.

These include defence optics and electro-optics, space optics and precision optical systems, defence electronics and ruggedised solutions, electromagnetic pulse protection systems, precision engineering and missile component manufacturing, and advanced surveillance and strategic systems.

Greater process automation across our optical manufacturing operations enhanced precision, consistency and productivity. We also continued to optimise our Ambernath facility to support the integration of larger and more complex systems, including our submarine periscope programme. These enhancements have strengthened our ability to undertake increasingly sophisticated programmes while maintaining the quality and reliability expected of defence-grade manufacturing.

During the year, we reinstated our AS9100D certification, supported by comprehensive testing protocols, robust quality assurance processes and independent internal audits. We also expanded our specialised manufacturing talent base to support our evolving technology requirements and strengthen our execution capabilities as the business continues to grow.

> Greater process automation across our optical manufacturing operations enhanced precision, consistency and productivity.

Power Through Partnerships

Alongside strengthening our manufacturing platform, we continued to expand our collaborative business model to accelerate technology development and broaden market access. We believe that partnerships play an important role in strengthening our capabilities while enabling us to respond more effectively to the evolving needs of the defence and space sector.

Each of our subsidiaries is led by its own Chief Executive, who is also a shareholder in the business. This structure promotes faster decision-making while allowing each subsidiary to leverage our Company's manufacturing, technology and operational strengths.

The same philosophy underpins our joint ventures with global partners such as Controp, Heven Drones, Cielo and Microcon, bringing advanced technologies to India through collaboration. Across these partnerships, we retain critical manufacturing, integration and testing capabilities in-house while leveraging a strong domestic supply chain for non-critical components. This approach enables us to meet and, wherever possible, exceed indigenous content requirements.

Strengthening the Order Pipeline

Our order book remains healthy and diverse, supported by increasing participation of private industry in India's defence manufacturing ecosystem. The growing acceptance of indigenously designed and manufactured systems presents a significant opportunity for Paras Defence.

We continue to engage actively with customers across defence, homeland security, aerospace and space sectors while pursuing export opportunities in select international markets. Our objective is to build long-term partnerships and expand our presence across mission-critical programmes that require high reliability, precision engineering and technological excellence.

Looking Ahead

Our immediate focus will be on the timely execution of our order book, reducing development cycle times and further strengthening operational efficiency. We will continue to scale our manufacturing capabilities, deepen customer engagement and pursue opportunities across defence, aerospace and space, while expanding our presence in select international markets.

At the same time, we will maintain disciplined working capital management, improve receivables realisation and strengthen operational cash flows. These priorities will enable us to convert our growing order pipeline into consistent execution, sustainable growth and long-term value creation.

I would like to express my sincere gratitude to our customers, shareholders, employees, strategic partners and all our stakeholders for their continued trust and support. Their confidence inspires us to keep advancing indigenous technology and engineering excellence, and I look forward to building on this momentum in the years ahead.

Yours sincerely,
Munjal Sharad Shah
Managing Director

Our Business Verticals

Powering Mission-Critical Technologies

Driven by innovation and technological excellence, our two core business verticals, Optics and Optronic Systems and Defence Engineering, address the evolving requirements of the defence, aerospace and space sectors. Together, they enable us to deliver integrated, high-performance solutions for a wide range of strategic and mission-critical applications.

Optics and Optronic Systems

We are among the few companies in India with end-to-end capabilities to design, develop and manufacture advanced optical systems for critical defence and space applications. Our portfolio includes submarine optronic periscopes, EO/IR systems for armoured vehicles, border surveillance, naval platforms, aircraft and drones, as well as large-format space optics and hyperspectral imaging solutions.

Defence and Space Optics

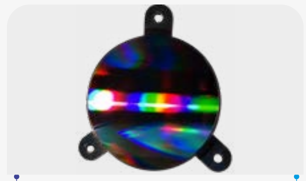
Our Defence and Space Optics vertical specialises in the design, development and manufacture of ultra-high-precision optical and optronic systems for defence and space applications. Backed by advanced in-house manufacturing and engineering capabilities, we deliver solutions for thermal imaging, night vision, missile guidance and space imaging programmes.

Our Offerings


IR Lenses


Optical Domes


Gyro Blocks


Diffractive Gratings


Large Size Space Mirrors


Zerodour Mirrors


Optical Reflectors


Metal Mirrors


Lens Assembly


Ultra Precision Manufacturing (using Diamond Turning)


Multi-Fold Lenses

Optronic Systems

Our Optronic Systems vertical develops advanced sensor-driven solutions that combine optics, electronics and precision engineering to enable surveillance, target detection and tracking applications. We support these systems with comprehensive in-house capabilities that span design, development and integration, making them suitable for deployment across submarines, UAVs and land-based platforms.

Our Offerings


Optical Submarine Periscope


Hyper Spectral Imaging System


Remotely Control Weaponised Station (RCWS)


Electro-Optic Systems


Drone Cameras

Defence Engineering

Integrating expertise across defence electronics, mechanical systems and EMP protection solutions, this vertical delivers advanced engineering solutions for defence and critical infrastructure applications. Backed by strong engineering capabilities and turnkey execution expertise, we develop high-performance systems tailored to the evolving requirements of mission-critical programmes.

Defence Electronics

Driven by innovation and precision engineering, our Defence Electronics vertical designs, develops and manufactures ruggedised electronic systems for mission-critical applications. Our portfolio is engineered to support defence and strategic programmes while meeting stringent military standards.

Our Offerings


Control System


Sensing Products


MIL Qualified Rugged Displays


MIL Grade Computers/Servers


VPX System


Rugged Command & Control System


Software-Development-Embedded


Avionic Suites


Data/Video/Image Processing

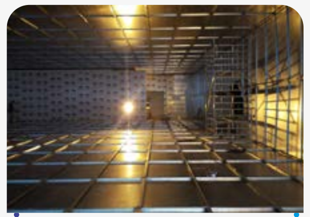
EMP Solutions

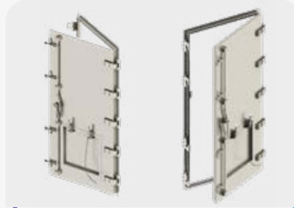
As India's leading provider of EMP Shielding and Protection Solutions, we deliver advanced systems that safeguard critical defence and government infrastructure against electromagnetic pulse threats and high-power interference. EMP portfolio is supported by end-to-end capabilities spanning design, manufacturing, installation and validation.

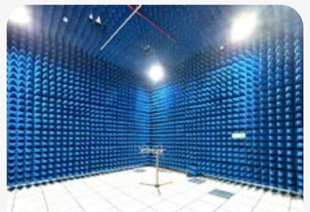
Our Offerings


Honeycomb


EMP Shielded Racks and Cabinets


EMP Protection Filters/Arrestors


Shielded/Screen Doors


Anechoic/Semi Anechoic Chambers


Emp Filter


Air Vents/ Wave-guides/ Panels


Turnkey EMP Projects

Heavy Engineering

Our Heavy Engineering vertical delivers precision-engineered components, complex assemblies and specialised equipment for India's defence and space programmes. We deliver high-performance solutions that meet the stringent quality, reliability and performance standards of the defence sector.

Our Offerings


Flow Formed Tubes


Active Array Radar Cooling Assemblies


Titanium Manufacturing


Special Metal Manufacturing


Heavy Structures


Special Purpose Machines


MIL Grade Racks and Cabinets


Rugged Tri-Pods and Quadri-Pods

Industry Overview

Building Aatmanirbhar Bharat

Global Defence Landscape

The global defence sectors are undergoing a structural transformation, driven by geopolitical realignments, evolving security challenges and rapid advances in technology. Governments worldwide are increasing investments in indigenous capabilities, resilient supply chains and advanced manufacturing to strengthen national security.

At the same time, the convergence of artificial intelligence, advanced electronics and space technologies is redefining modern warfare and expanding the role of the private sector in developing next-generation defence solutions.

Growth Drivers

- Reduction in Launch Costs
- Transition Toward In-Space Servicing, Assembly, and Manufacturing
- Growing Government Investment in Sovereign Space Capabilities

Emerging Technologies Globally

01 Artificial Intelligence (AI) and Machine Learning
02 Electronic Warfare (EW) Systems
03 Directed Energy Weapons and High-Power Lasers
04 Unmanned and Autonomous Systems
05 Counter-UAV Technologies
06 Advanced Phased Arrays and Radar Systems
07 RF and Microwave Technologies
08 Software-Defined Radios (SDRs)
09 Electro-Optic and Infrared (EO/IR) Systems
10 Quantum Communication and Quantum Sensing
11 Space-Based Surveillance and Communication
12 Cybersecurity and Network-Centric Warfare

Global Space Market Size Expansion
(in $)

P- Projected

Indian Defence Sector

India's defence sector is entering a transformative phase, driven by rising capital expenditure, progressive policy reforms and a strong national focus on indigenisation. Initiatives such as Aatmanirbhar Bharat and Make in India are accelerating domestic manufacturing, fostering innovation and creating unprecedented opportunities for private-sector participation across defence, aerospace and strategic technologies.

As the armed forces modernise their capabilities, demand is expected to rise for advanced technologies that combine precision engineering, indigenous design, system integration and advanced manufacturing. This evolving landscape positions technology-led companies to play a pivotal role in strengthening India's defence preparedness while expanding their presence in global markets.

85+
Countries Exported to

₹109,556 Crores
India's Defence Production (FY 2025-26)

High-Growth Opportunity Areas

Defence Electronics
- Rugged computing systems
- Avionics and embedded electronics
- C4I systems
- Mission-critical software

Advanced Optics and Optronics
- Thermal imaging systems
- Night-vision systems
- Missile guidance optics
- Hyperspectral imaging

Air and Missile Defence
- EO/IR systems
- Electronic warfare systems
- High-power electromagnetic systems
- Directed-energy weapons

Autonomous and Drone Technologies
- UAVs and drone payloads
- Counter-drone systems
- AI-enabled surveillance
- Complex antenna systems

India's Space Sector

India's space sector is evolving from a government-led programme into a dynamic commercial ecosystem supported by progressive policy reforms and increasing private-sector participation. Rising investments and a growing focus on indigenous capabilities are creating significant opportunities across satellite manufacturing, launch services, space optics, communication technologies and downstream applications.

Emerging Opportunities in Space
- Complete optical missions for space programmes
- High-resolution hyperspectral cameras
- Sub-metre optical imaging systems
- Optical payloads for oceanography and resource management
- Space-defence payloads
- Ground-to-space telescopes for space-debris monitoring
- Space-to-space surveillance systems
- Free-space optical communication
- Optical payloads for interplanetary missions

Next-Generation Technologies
- Quantum communication systems
- Quantum sensing technologies
- High-performance airborne optical systems
- Optical payloads for drones and combat aircraft
- Advanced semiconductor packaging (OSAT)
- System-in-Package (SiP) technologies
- Chiplet-based architectures

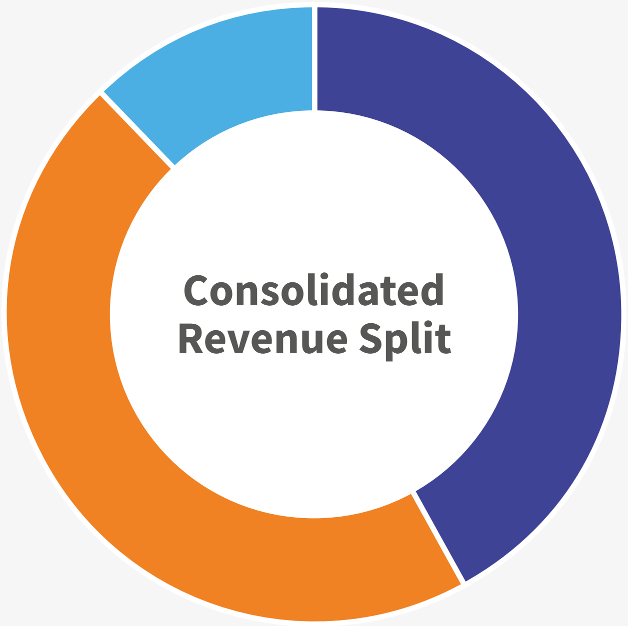
Policy Enablers

India's policy framework strengthens the country's defence and space capabilities by promoting indigenisation, private-sector participation and technological self-reliance. A series of progressive reforms and targeted initiatives are creating a conducive environment for innovation, domestic manufacturing and the development of globally competitive capabilities across strategic sectors.

Defence
- Make in India Initiative (2014)
- Atmanirbhar Bharat Abhiyan
- Defence Acquisition Procedure (DAP), 2020
- Positive Indigenisation Lists
- Innovations for Defence Excellence (iDEX)
- Strategic Partnership Model
- Defence Testing Infrastructure Scheme (DTIS)
- SAMAR Certification Framework
- PLI Scheme for Drones and Drone Components
- FDI Policy permitting up to 74% under the automatic route

Space
- Space Sector Reforms (2020)
- Indian Space Policy, 2023
- IN-SPACe Framework
- NewSpace India Limited (NSIL)
- SpaceCom Policy
- Remote Sensing Data Policy
- Revised FDI Policy for the Space Sector (2024)

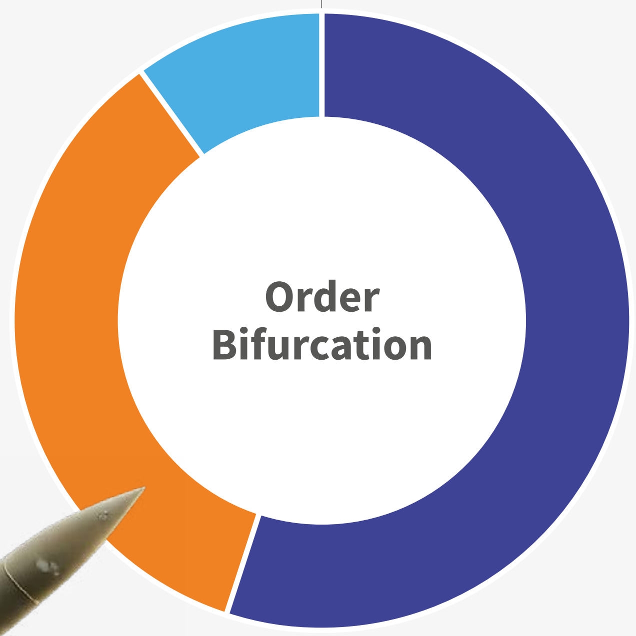
Segment-wise Performance



42% Optics and Optronic Systems

46% Defence Engineering

12% Subsidiaries



55% Optics and Optronic Systems

35% Defence Engineering

10% Anti-Drone

Our Customers

Government Customers

- Indian Ordnance Factories
- Defence R&D Organisation
- Bharat Electronics
- ISRO
- Goa Shipyard Limited
- Mazagon Dock Limited
- Hindustan Shipyard Limited
- Garden Reach Shipbuilders & Engineers Ltd.
- Cochin Shipyard Limited
- BrahMos Aerospace Pvt. Ltd.
- Bharat Dynamics Ltd
- Department of Atomic Energy
- Electronics Corporation of India Ltd
- Society for Applied Microwave Electronics Engineering & Research
- CSIR-National Aerospace Laboratories
- National Physical Laboratory of India
- Indian Institute of Astrophysics
- Hindustan Aeronautics Limited

Private Customers

- Godrej & Boyce Mfg. Co. Ltd.
- Tata Power
- Larsen & Toubro
- Tata Consultancy Services
- Alpha Design Technologies Pvt. Ltd.
- Astra Rafael Comsys Pvt. Ltd.
- Solar Industries India Ltd.
- Premier Explosives Limited
- Tonbo Imaging

International Customers

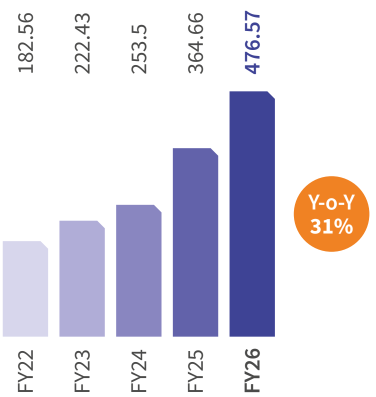
- Rafael Advanced Defense Systems Ltd.
- Israel Aerospace Industries
- Elbit Systems
- Controp
- Tae Young Optics Co. Ltd.
- Chaban Group

Our Financial Performance

A Trajectory of Growth

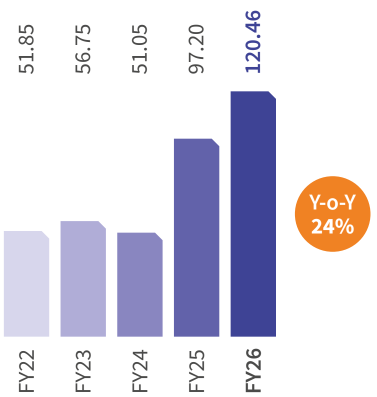
Revenue from Operations

(₹ Crores)



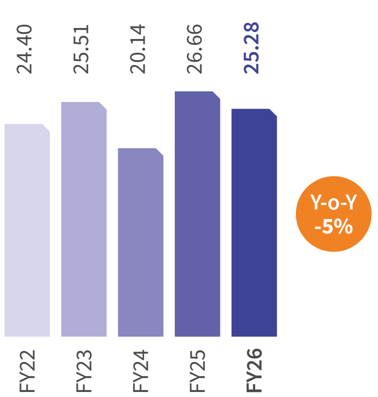
EBIDTA

(₹ Crores)



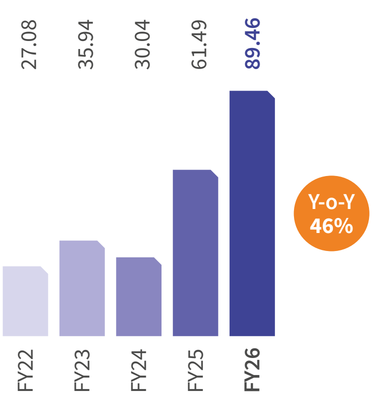
EBIDTA Margin

(%)



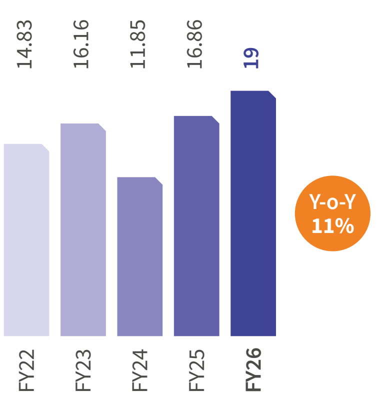
PAT

(₹ Crores)



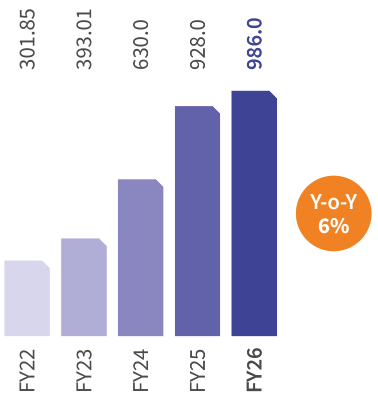
PAT Margin

(%)



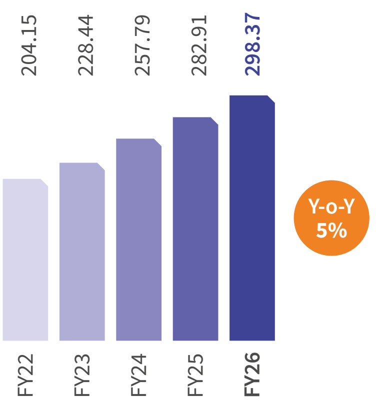
Closing Order Book

(₹ Crores)



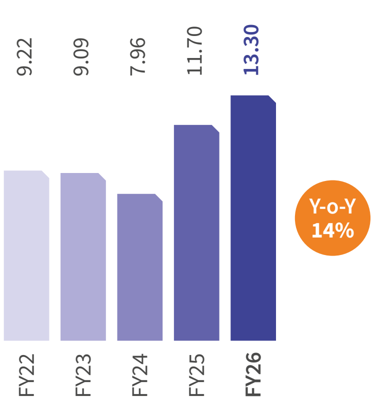
Gross Assets

(₹ Crores)



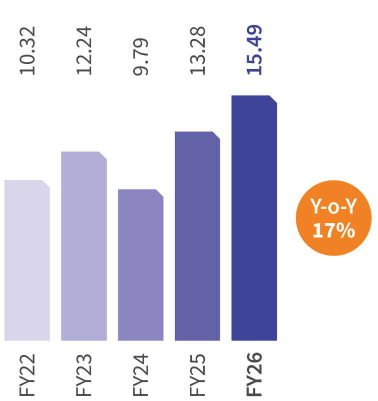
Return on Equity

(%)



Return on Capital Employed

(%)



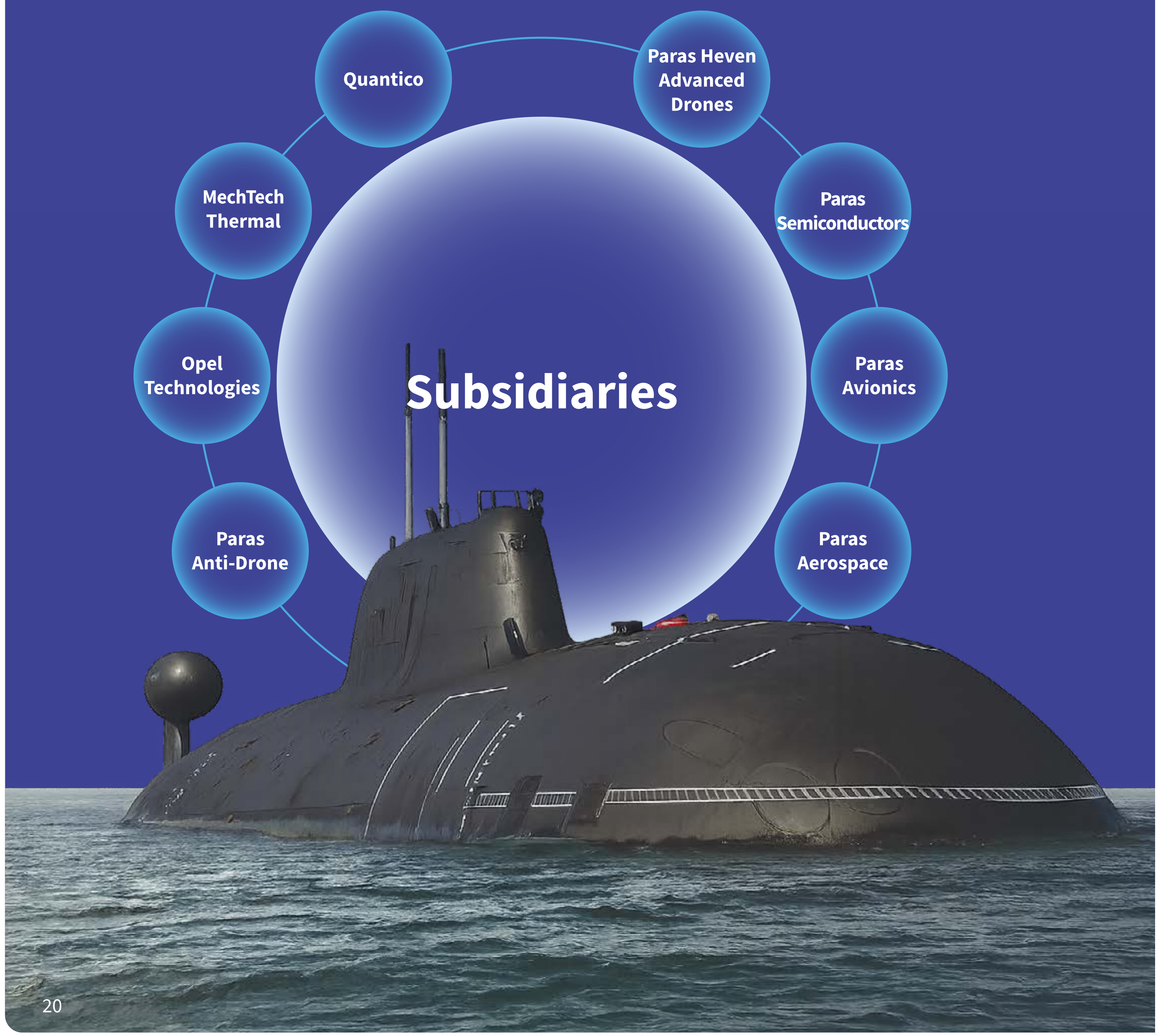
Our Flagship Products

Technologies That Define the Future

Products	Key Features
Submarine Periscope	• Only Company in the Asia-Pacific to develop and manufacture submarine periscopes • Proven world-class performance • Current production capacity of 1 periscope every three months, with plans for further scale-up
Hyper-Spectral Cameras	• Only Indian private-sector Company to develop and manufacture hyperspectral cameras for defence and space applications • To be jointly launched by the DRDO and ISRO • 100% designed, developed and manufactured in India • Significant long-term growth potential across multiple strategic programmes • Sustainable for defence, medical, agriculture and other advanced imaging applications
Electromagnetic Protection Solutions	• Only Indian Company offering turnkey Electromagnetic (EM) Protection Solutions • Certified, field-proven systems providing protection against Electromagnetic Pulse (EMP) threats • Turnkey semi/full anechoic chambers for EM measurements along with ancillary services • Collaboration with a global technology leader for advanced antenna test range solutions
Border Defence System	• India's first Border Defence System designed to enhance frontline soldier safety • Developed in collaboration with DRDO and fully designed, developed and manufactured by Paras • Advanced trials underway with satisfactory performance
Optical Systems	• Field-proven EO/IR systems deployed across multiple global platforms • High-performance stabilised optical systems with day and night imaging, precision tracking and laser ranging capabilities
Drones and UAV Cameras	• Only Indian Company manufacturing advanced cameras for drones and UAVs • High optical performance with uncooled IR imaging and inertial stabilisation • Lightweight, low-power systems suitable for multiple platforms • Developed in collaboration with Microcon, Israel, with high indigenous content • Significant domestic and export opportunities driven by the rapidly expanding drone market
Hydrogen-Powered Drones	• India's first ready-to-fly hydrogen-powered drones • Over 12 Hrs of Flight Time with a payload capacity over 22 kg • Offers exceptional energy density, rapid refuelling and quiet operation • Developed in collaboration with Heven Drones, Israel, with high indigenous content • Well positioned to address long-endurance surveillance and logistics requirements
Inertial Navigation System	• Comprehensive range of inertial navigation systems developed in partnership with Cielo, Israel • High-accuracy, field-proven performance • Customisable solutions suitable for land, air, naval, submarine and space platforms • Strong domestic demand complemented by significant export opportunities
Avionic Suite for Saras MK II	• Complete glass cockpit and avionic suite for the Saras – MK II aircraft • Delivered two shipsets and is working closely with the customer towards project completion • Focused on increasing indigenous content in line with the Make in India initiative

Our Subsidiaries

Expanding Our Strategic Ecosystem



Paras Anti-Drone

Paras Anti-Drone develops advanced anti-drone and surveillance solutions for defence and homeland security applications. Its capabilities span radar systems, software-defined radios, phased-array antennas and integrated platforms designed to detect, track and neutralise aerial threats.

55%
Holding

Paras Aerospace

Paras Aerospace develops advanced drone technologies for defence, industrial and agricultural applications, delivering innovative unmanned aerial solutions tailored to diverse operational requirements.

60%
Holding

Opel Technologies

Opel Technologies provides integrated supply-chain and manufacturing support solutions that strengthen operational efficiency and support seamless execution across Paras Defence's value chain.

100%
Holding

MechTech Thermal

MechTech Thermal specialises in advanced thermal management solutions engineered for mission-critical defence and space applications.

70%
Holding

Quantico

Quantico focuses on developing next-generation quantum technologies, with capabilities spanning quantum communication and quantum sensing solutions.

100%
Holding

Paras Heven Advanced Drones

Paras Heven Advanced Drones develops hydrogen-powered unmanned aerial systems designed to deliver high-endurance and superior operational performance for defence and industrial applications.

51%
Holding

Paras Avionics

Paras Avionics is focused on developing avionics systems and solutions for military and aerospace platforms. Its activities include the design and manufacturing of avionics systems, system testing, repair and overhaul. The company aims to provide electronic systems that support the operation, control and mission capabilities of defence and aerospace platforms throughout their lifecycle.

60%
Holding

Paras Semiconductors

Paras Semiconductors focuses on Outsourced Semiconductor Assembly and Test (OSAT) capabilities, supporting advanced semiconductor packaging technologies for strategic and high-technology sectors.

70%
Holding

Research and Development

Building Indigenous Capabilities

Research and development remains central to our growth strategy and technological leadership. Backed by strong in-house capabilities, we are advancing next-generation technologies across optics, drones, anti-drone systems, quantum communication and missile systems.

Driven by a culture of innovation and technology-led product development, we continue to expand our intellectual property portfolio and deliver advanced solutions for India's defence and space sectors.

Our Latest Patents

Command And Control Console

Emp Shielded Rack

Rugged Computing System

Advancing Next-Generation Defence Technologies

We continued to strengthen our innovation pipeline by advancing next-generation technologies, including laser-based anti-drone systems, advanced drone cameras, space optical systems and laser-based air defence solutions. These initiatives build on our core strengths in optics while reinforcing our competitive position across defence and space applications.

Expanding High-Power Laser Capabilities

As the first Indian private-sector Company to pursue high-power laser systems for air defence and space applications, we made significant progress in advancing indigenous laser technologies during the year. Our in-house optical design capabilities enhance system precision, reliability and operational performance.

Developing Future-Ready Platforms

As defence technologies continue to evolve, we are focused on developing interoperable, high-performance platforms capable of addressing emerging operational requirements across defence and aerospace domains. Our ongoing efforts are aimed at enabling the next generation of mission-critical capabilities.

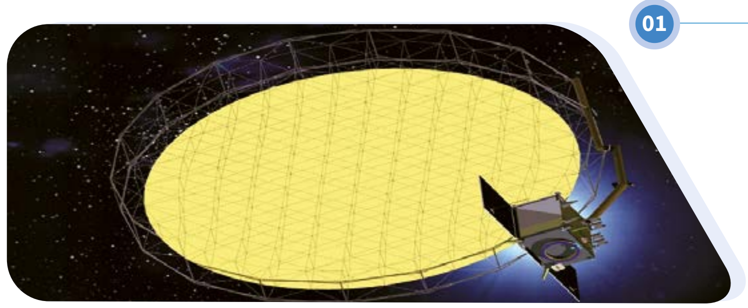
Building Capabilities in Quantum Technologies

Through Quantico, we have strengthened our capabilities in quantum sensing and quantum communication. During the year, we expanded collaborations with leading research institutions, academia and technology partners to establish the foundations for future opportunities in this domain.

Leveraging Optics-Led Innovation

By leveraging our expertise in advanced optics and pursuing forward-integrated technologies, we continue to develop differentiated solutions aligned with evolving customer requirements and strategic priorities.

Participation in Key iDEX Challenges



01

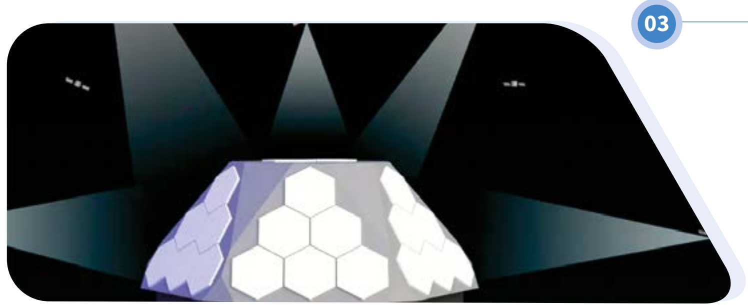
SYNTHETIC APERTURE RADAR (SAR)

A radar design programme for the Indian Air Force, focused on advanced imaging and surveillance capabilities.

02

SMART ANTI-JAMMING SYSTEMS

A project for the Indian Army aimed at maintaining reliable communications/ navigation in environments where adversaries attempt to disrupt signals.



03

MOBILE GROUND STATION

A satellite-communications project involving a mobile ground station that can support satellite applications from different locations.

Certificates and Recognitions

ISO 9001:2015 Certified

AS9100D Certified by DQS

ITAR Cleared

SAMAR Certified for Level 4

DSIR Recognised R&D Company

R&D Milestones

Our commitment to innovation and indigenous technology development continued to translate into strategic opportunities during the year. We emerged as the winner of key iDEX challenges, strengthening our presence across high-growth domains such as radar systems, anti-jamming technologies and satellite communications. These programmes underscore our technological capabilities while positioning us to address large and rapidly expanding market opportunities aligned with India's defence modernisation initiatives.

IAF Programme: Design of SAR Radar	Indian Army: Smart Anti-Jamming Systems	DSA: Mobile Ground Station for Satellite
₹26.53 Bn Total Addressable Market (TAM)	₹4.29 Bn Total Addressable Market (TAM)	₹60.7 Bn Total Addressable Market (TAM)
10% CAGR	12% CAGR	12.8% CAGR
US$ 30 Mn Serviceable Obtainable Market (SOM)	US$ 40 Mn Potential	US$ 60 Mn Potential

Manufacturing Capabilities

Engineering Without Compromise

Our manufacturing philosophy is built on precision engineering, operational excellence and uncompromising quality. We retain critical manufacturing capabilities in-house while preserving a trusted network of long-standing supply chain partners for non-core activities, enabling greater scalability, flexibility and execution efficiency. Supported by advanced manufacturing infrastructure, specialised engineering expertise and stringent quality systems, we deliver high-performance solutions across defence and space applications.

After-Sales Support centres

- New Delhi
- Hyderabad
- Bengaluru

Key Manufacturing Initiatives

Process Automation and Technology Enhancement

Strengthened manufacturing efficiency through process automation across optical manufacturing operations, improving precision, consistency and productivity.

Infrastructure Expansion and Capacity Optimisation

Expanded manufacturing infrastructure and realigned resources at the Ambernath facility to enhance operational efficiency and support the integration of large and complex systems, including submarine periscopes.

Precision Manufacturing Excellence

Strengthened specialised capabilities in diamond turning, nano-machining and advanced optical coating technologies to manufacture high-performance optical and opto-mechanical systems that meet stringent defence specifications.

Supply Chain and Scalability

Leveraged a robust network of qualified supply chain partners for non-critical manufacturing activities while retaining critical manufacturing capabilities in-house.

Talent and Capability Development

Expanded the talent pool to support evolving technological requirements and strengthen expertise across advanced manufacturing and system integration functions.

What Sets Us Apart

Our capabilities span the entire value chain, from concept development and design to precision manufacturing, seamless integration and rigorous testing. By combining multidisciplinary expertise with advanced engineering capabilities and rigorous quality assurance, we deliver reliable, high-performance solutions for complex defence and space programmes.

This integrated approach enables us to respond to evolving customer requirements, execute highly specialised projects and strengthen our position as a trusted partner for strategically important technologies.

Design and R&D	Manufacturing	Integration	Test and Validation
Optronic System Design	Infrared Lenses	Submarine Periscopes	Physical Metrology
Opto-Mechanical Design	Optical Mirrors	Border Defence Systems	Optical Metrology
Optical Design	Optical Domes	Hyperspectral Cameras	MTF Test Setup
Electronic System Design	Optical Gratings	Optical Systems	Electronic Test Setup
Embedded System Design	Flow-formed Tubes	Command and Control Consoles	Electrical Test Setup
Electronic Hardware Design	Titanium Assemblies	Control Systems	Environmental Test Setup
Software Development	Mechanical Racks & Consoles	High-Performance PCs	High-Pressure Test Setup
Electromagnetic Design	Cold Plates	Rugged Displays	Design Validation Tools
RF/Microwave Design	Doors & Hatches	Anti-Drone Systems	RF Test Setup
Antenna Design	Air Vents & Waveguides	Software-Defined Radios	Antenna Test Setup
Mechanical Design	Wiring Harnesses	Antenna Systems	Electromagnetic Test Setup

Quality and Certification Excellence

During the year, we reinforced our commitment to global quality standards through the reinstatement of AS9100D certification, supported by rigorous testing protocols, robust quality assurance processes and independent internal audits.

AS9100D

Certified

Our People

Building the Future Together

As our organisation evolves from a manufacturing-led organisation into a knowledge-driven enterprise, we strive to build a future-ready workforce that combines deep technical expertise, innovation and unswerving commitment to excellence.

Our diverse talent pool, comprising experienced industry veterans, young professionals and specialised talent, enables us to address complex technological challenges across defence and space. Through an inclusive culture, continuous learning and meaningful career opportunities, we empower our people to innovate, collaborate and contribute to India's vision of technological self-reliance.

Our People Vision

Empowered by Women

Women are at the heart of Paras, shaping our culture, strengthening our organisation and driving our progress.

Nurturing a Bright Future

Paras offers opportunities to young talent and is always ready to give the 'Best in the Industry' career exposure to such young talent, which is the bright future of our country.

Make A Difference

Paras Defence would like to positively make a difference to the social environment by offering employment.

Make a Better Place

Paras Defence credits its success to its team and will strive to ensure a conducive environment all its team members and social stakeholders.

Our Initiatives

Investing in Human Capital

As we continue our transformation into a knowledge-driven enterprise, we are strengthening investments in talent, capability development and leadership. The expertise, commitment and innovation of our people remain fundamental to our growth and technological leadership.

Attracting and Retaining Specialised Talent

Our advanced infrastructure and exposure to cutting-edge technologies enable us to attract exceptional talent from leading academic institutions and premier organisations, including ISRO and BEL. We complement professional growth opportunities with ESOPs, enabling employees to participate in the Company's long-term value creation.

ESOP

Led ownership culture

Building the Next Generation Workforce

We maintain a balanced talent mix comprising experienced professionals, industry veterans and emerging talent. Through internship programmes, campus partnerships and structured mentoring, we continue to build a strong pipeline of future-ready engineers and technology professionals.

Advancing Diversity and Inclusion

Women represent over 30% of our workforce and contribute across engineering, manufacturing, leadership, finance, operations and corporate functions, strengthening innovation through diverse perspectives.

30%+

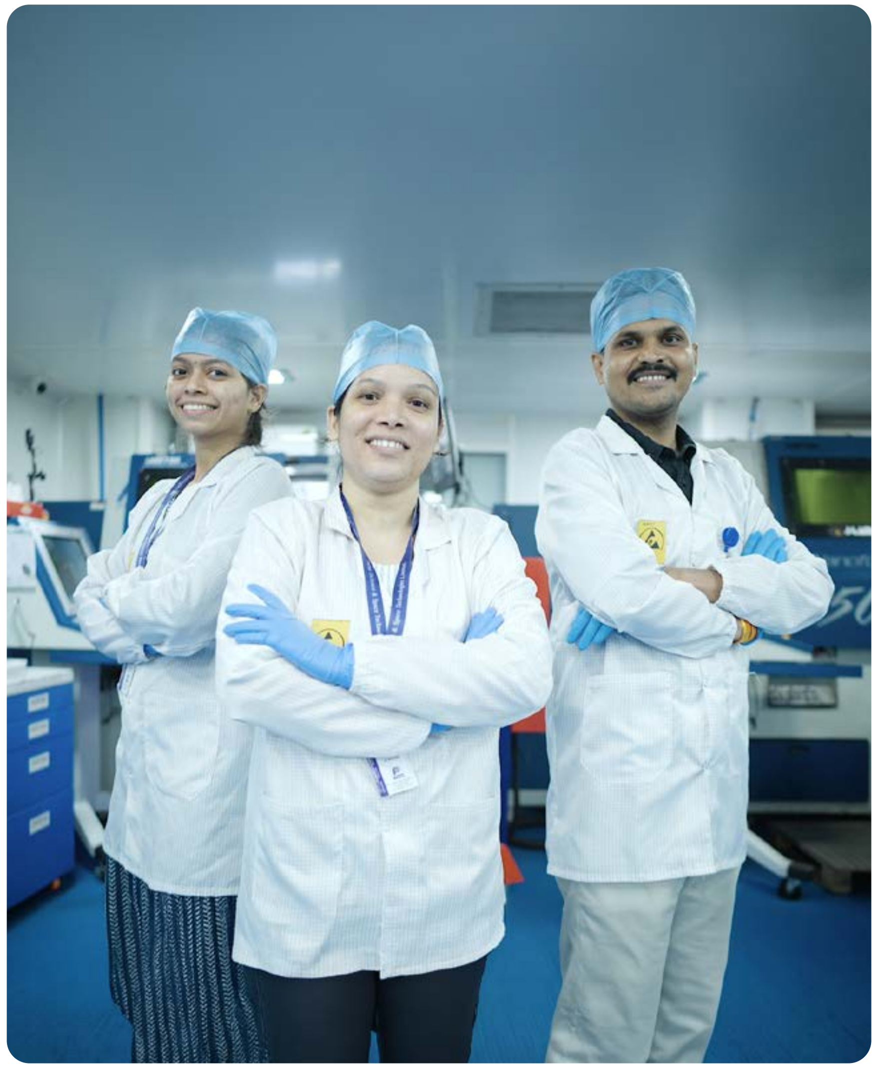
Women workforce

Driving Employee Engagement

We foster a culture of openness, collaboration and shared ownership through employee-led engagement initiatives supported by active management participation. Regular interactions, celebrations and collaborative programmes strengthen trust, teamwork and a sense of belonging across the organisation.

100%

Management participation in Employee Engagement Initiatives



Supporting Employee Well-being

We remain committed to the physical, financial and emotional well-being of our employees by providing comprehensive benefits, including health insurance, a provident fund, gratuity, leave benefits and employee welfare programmes. Regular health camps and well-being initiatives further reinforce our people-first approach.

Our Stakeholder Engagement

Building Trusted Partnerships

Stakeholder	Why we engage	How we engage	Frequency of Engagement
Employees	To drive innovation, retain talent, and promote a safe, inclusive and growth-oriented work environment.	• In-person interactions • Internal communications • Notices and circulars • Employee communication mechanisms	Regular interactions and communication, based on business requirements.
Shareholders / Investors	To maintain transparency and communicate financial and strategic performance.	• Emails and newspapers • Advertisements • Company website and stock exchanges • General meetings	Quarterly and event-specific, as per statutory requirements
Suppliers and Distributors	To ensure timely delivery, uphold quality standards and foster long-term partnerships	• Vendor assessments and reviews • Training workshops • Supplier audits • Official communication channels, including website, email and phone calls	Ongoing
Community	To contribute to national development, support inclusive growth and promote local welfare.	• CSR initiatives • Community development programmes	Annual and need-based
Government and Regulatory Bodies	To ensure legal compliance and maintain alignment with national defence policies.	• Compliance reports • Regulatory audits and inspections	Quarterly, half-yearly, annually and as required

Board of Directors

Board of Directors and KMP

Sharad Virji Shah
Chairman and Non-Executive Director

Munjal Sharad Shah
Managing Director

Shilpa Amit Mahajan
Whole-Time Director

Manmohan Handa
Independent Director

Suresh Katyal
Independent Director

Dr. Hina Amol Gokhale
Independent Director

Harsh Dhirendra Bhansali
Chief Financial Officer

Minal Bhate
Company Secretary and Compliance Officer

Top Management

Anish Hemant Mehta
Director - Business Development

Amit Navin Mahajan
Director - Technical and R&D

Ami Munjal Shah
VP – HR

Anushka Munjal Shah
VP- Business Development

Team of Experts

R. Rajagopal
Sr. Vice President

N. Saravanan
Sr. Vice President

K. Natarajan
Sr. Vice President

Dr. Padmanabham
Sr. Vice President

G. S. Ravichandar
Sr. Vice President

D. Ramakantha
Vice President

A. R. Bodhe
Industry Expert

Yellamanda Y
Vice President

India's Best Optics Team

Krishna Murthy
Ex-ISRO

MV Rajashekhar
Sr. Vice President

Bharat Yelkur
Sr. Vice President

S. Somashaker
Sr. Manager

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sharad Virji Shah
Chairman & Non-Executive Non-Independent Director

Munjal Sharad Shah
Managing Director

Shilpa Amit Mahajan
Whole-Time Director

Manmohan Handa
Non-Executive Independent Director

Hina Amol Gokhale
Non-Executive Independent Director

Suresh Katyal
Non-Executive Independent Director

Chief Financial Officer
Harsh Dhirendra Bhansali

Company Secretary and Compliance Officer
Minal Bhate

AUDITORS

M/s. Chaturvedi & Shah LLP, Chartered Accountants
Statutory Auditors

M/s. S M L & Co. LLP Chartered Accountants
Internal Auditors

M/s. DM & Associates, Company Secretaries LLP
Secretarial Auditors

M/s. Dinesh Jain & Company, Cost Accountants
Cost Auditors

BANKERS

Kotak Mahindra Bank Limited
NKGSB Co-operative Bank Limited
ICICI Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

MUFG Intime India Private Limited
(formerly known as Link Intime India Private Limited)
C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West,
Mumbai – 400 083
Tel. No. 022-4918 6000
Fax No. 022- 49186060
E-mail: mumbai@in.mpms.mufg.com

COMMITTEES OF BOARD

Audit Committee

Manmohan Handa	Chairman
Suresh Katyal	Member
Munjal Sharad Shah	Member

Nomination and Remuneration Committee

Manmohan Handa	Chairman
Suresh Katyal	Member
Sharad Virji Shah	Member

Corporate Social Responsibility Committee

Munjal Sharad Shah	Chairman
Hina Amol Gokhale	Member
Manmohan Handa	Member

Stakeholders Relationship Committee

Manmohan Handa	Chairman
Munjal Sharad Shah	Member
Suresh Katyal	Member

Risk Management Committee

Sharad Virji Shah	Chairman
Munjal Sharad Shah	Member
Shilpa Amit Mahajan	Member
Manmohan Handa	Member

REGISTERED OFFICE AND CORPORATE OFFICE

D-112, TTC Industrial Area, MIDC,
Nerul, Navi Mumbai – 400706
Tel. No. +91-22-6919 9999
Fax No. +91-22-6919 9990
E-mail: business@parasdefence.com
Website: www.parasdefence.com
CIN: L29253MH2009PLC193352

FACTORY

M-6, Addl. MIDC, Ambernath (E), Thane - 421506
Tel. No. +91- 8879365014

REGIONAL OFFICE

23, 2nd Floor, Sankey Square,
Lower Palace Orchards, Bengaluru – 560003.
Tel. No. +91-8023464139
Fax No. +91-8023464142

108/A, Survey No. 262 IDA,
Phase-2, B N Reddy Nagar,
Cherlapalli, Hyderabad – 500051.

NOTICE OF 17TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17th (Seventeenth) Annual General Meeting of the Members of Paras Defence and Space Technologies Limited will be held on Friday, September 11, 2026 at 12:30 p.m. (IST) through Video Conferencing ("VC") or Other Audio-Visual means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. **ADOPTION OF ANNUAL AUDITED FINANCIAL STATEMENTS**

   (a) To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2026 together with the Reports of the Board of Directors and the Auditors thereon;

   (b) To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2026 together with the Reports of Auditors thereon;

2. **TO DECLARE A DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026**

   To declare a Final Dividend of ₹ 1/- per equity share of ₹ 5/- each for the Financial Year ended March 31, 2026.

3. **RE-APPOINTMENT OF DIRECTOR WHO RETIRES BY ROTATION**

   To re-appoint Mrs. Shilpa Amit Mahajan (DIN: 01087912), who retires by rotation, and being eligible, has offered herself for reappointment.

SPECIAL BUSINESS

4. **RATIFICATION OF REMUNERATION OF COST AUDITORS FOR FY 2026-27**

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

   "**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by the Audit Committee and approved by the Board of Directors of the Company, the remuneration payable to M/s. Dinesh Jain & Company, Cost Accountants (Firm Registration Number: 100583), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2027, amounting to ₹1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) per annum excluding taxes as applicable and reimbursement of out-of-pocket expenses that may be incurred, be and is hereby ratified.

   RESOLVED FURTHER THAT any Director and / or the Company Secretary of the Company be and are hereby jointly / severally authorized to sign such forms/returns as may be required to be submitted to the Registrar of Companies or such other authorities as may be required and to do all the acts, deeds and things which may be necessary to give effect to the above said resolution."

5. **APPROVAL AND MODIFICATION OF MATERIAL RELATED PARTY TRANSACTION(S) WITH CONTROP-PARAS TECHNOLOGIES PRIVATE LIMITED ("ASSOCIATE COMPANY")**

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

   "**RESOLVED THAT** pursuant to Regulation 2(1)(zc), 23 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and the applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with relevant Rules made thereunder, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) and, in accordance with the Memorandum and Articles of Association of the Company and as per the Company's Policy on Materiality of Related Party Transactions and, on the basis of approval and recommendation of the Audit Committee and Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include, unless the context otherwise required, any duly constituted Committee thereof or any Director or officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution), consent of the Members of the Company be and is hereby accorded to the Board to enter/continue to enter into and/or execute any contract(s)/ arrangement(s)/transaction(s), whether by way of individual or multiple transaction(s) taken together, between the Company and Controp-Paras Technologies Private Limited (hereinafter referred to as "the Associate Company" under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations) for a period from date of this Annual General Meeting till the date of next Annual General Meeting, for an aggregate amount upto ₹ 4,50,00,00,000 (Rupees Four Hundred and Fifty Crore Only), plus applicable taxes, at arms' length and in the ordinary course of business of the Company and on such terms and conditions as detailed in the explanatory statement to this resolution pursuant to Section 102 and other applicable provisions of the Act read with relevant Rules and on such terms and conditions as may be mutually agreed between the Company and the Associate Company.

   RESOLVED FURTHER THAT the aforesaid transactions shall comprise of:

   (i) transactions for the supply of goods, services, materials and technologies aggregating up to approximately

₹ 2,93,00,00,000 (Rupees Two Hundred and Ninety-Three Crores Only), plus applicable taxes;

(ii) additional sale and purchase transactions at arms' length and in the ordinary course of business aggregating up to approximately ₹ 1,10,00,00,000 (Rupees One Hundred and Ten Crores Only), plus applicable taxes; and

(iii) other related party transactions at arms' length and in ordinary course of business, including but not limited to granting of loan/ICD, lease rent, investment, corporate guarantee, and such other transactions as may be mutually agreed between the Company and Controp-Paras, aggregating up to approximately ₹ 47,00,00,000 (Rupees Forty-Seven Crores Only), plus applicable taxes, with the Associate Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising the terms and conditions, methods in respect thereof and finalising and executing necessary documents, including contract(s), scheme(s), agreement(s) and such other document(s), file application(s) and make representation(s) in respect thereof and seek approval from relevant authorities, including Governmental/regulatory authorities, as applicable, in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Director(s), Chief Financial Officer, Company Secretary or any other officer(s) of the Company as authorised representative(s), to undertake all such acts, deeds and things as may be considered necessary or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and are hereby jointly and/or severally authorised to sign and submit such forms, returns, applications, disclosures and documents as may be required to be filed with the Registrar of Companies, stock exchanges or any other statutory, regulatory or governmental authorities and to do all such acts, deeds and things as may be necessary to give effect to this Resolution.

6. APPROVAL OF MATERIAL RELATED PARTY TRANSACTION(S) WITH PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED ("SUBSIDIARY COMPANY")

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

"**RESOLVED THAT** pursuant to Regulation 2(1)(zc), 23 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and the applicable provisions of the Companies Act, 2013 ("the Act"), if any, read with relevant Rules made thereunder, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force) and, in accordance with the Memorandum and Articles of Association of the Company and as per the Company's Policy on Materiality of Related Party Transactions and, on the basis of approval and recommendation of the Audit Committee and Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include, unless the context otherwise required, any duly constituted Committee thereof or any Director or officer(s) authorised by the Board to exercise the powers conferred on the Board under this resolution), consent of the Members of the Company be and is hereby accorded to the Board to enter/continue to enter into and/or execute any contract(s)/ arrangement(s)/transaction(s), whether by way of individual or multiple transaction(s) taken together, between the Company and Paras Anti-Drone Technologies Private Limited (hereinafter referred to as "the Subsidiary Company" under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations) for a period from date of this Annual General Meeting till the date of next Annual General Meeting, for an aggregate amount upto ₹ 1,50,00,00,000 (Rupees One Hundred and Fifty Crores Only), plus applicable taxes, at arm's length and in the ordinary course of business of the Company and on such terms and conditions as detailed in the explanatory statement to this resolution pursuant to Section 102 and other applicable provisions of the Act read with relevant Rules and on such terms and conditions as may be mutually agreed between the Company and the Subsidiary Company.

RESOLVED FURTHER THAT the aforesaid transactions shall comprise transactions up to ₹ 1,50,00,00,000 (Rupees One Hundred and Fifty Crores only) towards the supply of goods, services, materials, including technologies, and other related party transactions at arms' length and in the ordinary course of business, including but not limited to the granting of loans/ inter-corporate deposits (ICDs), payment or receipt of lease rent, investments, corporate guarantees, and such other transactions as may be mutually agreed between the Company and the Subsidiary Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising the terms and conditions, methods in respect thereof and finalising and executing necessary documents, including contract(s), scheme(s), agreement(s) and such other document(s), file application(s) and make representation(s) in respect thereof and seek approval from relevant authorities, including Governmental/regulatory authorities, as applicable, in this regard and deal with any matters, take necessary steps as the Board may, in its absolute discretion deem necessary, desirable or expedient, to give effect to this resolution and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Director(s), Chief Financial Officer, Company Secretary or any other officer(s) of the Company as authorised representative(s), to undertake all such acts, deeds and things as may be considered necessary or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and are hereby jointly and/or severally authorised to sign and submit such forms, returns, applications, disclosures and documents as may be required to be filed with the Registrar of Companies, stock exchanges or any other statutory, regulatory or governmental authorities and to do all such acts, deeds and things as may be necessary to give effect to this Resolution.

By the order of the Board of Directors
Paras Defence and Space Technologies Limited

Minal Bhate
Company Secretary and Compliance Officer

Date: August 07, 2026
Place: Navi Mumbai

Registered Office:
D-112, TTC Industrial Area,
MIDC, Nerul, Navi Mumbai – 400706
Tel. No. +91-22-6919 9999
Fax No. +91-22-6919 9990
E-mail: business@parasdefence.com
Website: www.parasdefence.com
CIN: L29253MH2009PLC193352

NOTES:

a. The Ministry of Corporate Affairs ('MCA') has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 02/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023, Circular No. 09/2024 dated September 19, 2024 and General Circular No.03/2025 dated September 22, 2025 respectively (collectively referred as 'MCA Circulars') and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") allowed the companies to hold Annual General Meeting (AGM) through Video Conferencing / Other Audio-Visual Means (VC/OAVM), without the physical presence of members at the venue.

In compliance with the applicable provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and MCA Circulars, the 17th AGM of the Company is being held through VC/OAVM on Friday, September 11, 2026, at 12:30 p.m. (IST). The proceedings of the AGM will be conducted at the Registered Office of the Company at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706, which shall be the deemed venue of the AGM.

b. Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India and as per the Listing Regulations, concerning resolutions vide item No. 4, 5 and 6 in the Notice of this 17th Annual General Meeting is annexed hereto and forms integral part of this Notice.

c. **Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, the requirement of physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.**

d. Participation of Members through VC / OAVM shall be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

e. All the relevant documents referred to in this AGM Notice and Explanatory Statement, Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 and other documents shall be available electronically for inspection by the members at the AGM. Members seeking to inspect such documents can send an e-mail to cs@parasdefence.com from their registered e-mail address mentioning their name, DP ID and Client ID.

f. In line with the Ministry of Corporate Affairs (MCA) Circular No.14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020 and Circular No. 20/2020 dated 5th May, 2020 read with Securities and Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and Regulation 36(1)(a) of the Listing Regulations, Notice of the AGM along with the Annual Report 2025-26 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company's Registrar and Share Transfer Agent/Depositories.

Further, in compliance with Regulation 36(1)(b) of the Listing Regulations, a letter providing the web-link, including the exact path, where Annual Report for the Financial Year 2025-26 is available, is being sent to those members whose e-mail address is not registered with the Company / Registrar and Transfer Agent / Depository Participants / Depositories.

g. Members seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so that the information is made available by the management at the day of the meeting.

h. Members may note that the Notice and Annual Report 2025-26 will also be available on the Company's website www.parasdefence.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of MUFG Intime India Private Limited www.in.mpms.mufg.com

i. In case any Member is desirous of obtaining physical copy of the Annual Report for the FY 2025-26 and Notice of the AGM of the Company, he/she may send a request to the Company by writing at cs@parasdefence.com mentioning their DP ID and Client ID.

j. Corporate Members are entitled to appoint authorized representatives to attend the AGM through VC / OAVM and vote on their behalf. Institutional / Corporate members (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization along with an ID proof of the representative, authorizing their representative to attend the AGM through VC / OAVM on their behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to dinesh.deora@yahoo.com with a copy marked to https://instameet.in.mpms.mufg.com/

k. The recorded transcript of the forthcoming AGM on September 11, 2026 shall also be made available on the website of the Company www.parasdefence.com in the Investors Section, as soon as possible after the Meeting is over.

l. SEBI Complaints Redressal System (SCORES)

Investor complaints are handled through the Securities and Exchange Board of India's (SEBI) centralized online grievance redressal platform, known as the SCORES (SEBI Complaints Redressal System) portal. The platform enables investors to lodge complaints, track their status online, and view the actions taken by the concerned company. Companies can also submit their Action Taken Reports (ATRs) directly through the system, ensuring a transparent and efficient complaint resolution process.

Online Dispute Resolution (ODR)

SEBI, through its Circular dated July 31, 2023, introduced guidelines for resolving investor grievances through an Online Dispute Resolution (ODR) mechanism via common ODR portal. If a grievance is not satisfactorily resolved by the Registrar and Transfer Agent, MUFG Intime India Private Limited, members may escalate the matter through:

- The SCORES portal, in accordance with SEBI's grievance redressal guidelines; and
- If the member remains dissatisfied with the outcome, by initiating dispute resolution proceedings through the ODR portal at https://smartodr.in/login.

m. **Record Date and Dividend:** Members may note that the Board, at its meeting held on May 13, 2026, has recommended a Final Dividend of ₹1/- per equity share of ₹5/- each for the Financial Year ended March 31, 2026. The record date for the purpose of Final Dividend is Friday, August 28, 2026. The Final Dividend once approved by the members in the ensuing AGM, will be paid within 30 days after approval of the members in the ensuing Annual General Meeting (AGM). As per SEBI requirements, effective from 1st April, 2024, Companies are allowed to make dividend payments only in electronic mode. To ensure timely credit of dividend, members are requested to update their KYC with their depositories/depository participants (DPs) before the cut-off date. Members are hereby informed that bank particulars registered with their respective DPs, with whom they maintain their demat accounts, will be used by the Company for the payment of dividend. Members are requested to intimate any change in their address and / or bank mandate to their DPs only, as the Company or its RTA cannot act on any request received directly on the same.

Members are requested to note that Dividends if not encashed for a consecutive period of 7 years of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.

Members who have not claimed dividends for FY 2024-25 are requested to approach the Company/MUFG for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF's demat account.

As per Indian Income Tax Act, 1961 dividend paid and distributed by a Company is taxable in the hands of members. Therefore, the Company is required to deduct taxes at source (TDS) at the rates applicable on the amount distributed to the members at prescribed rates. For information on prescribed rates, members are requested to refer to the Finance Act, 2020 and subsequent amendments thereof. The members are requested to update their PAN details, tax residential status with their depository participants. No tax shall be deducted on the dividend payable to a resident individual member if the total dividend to be received during Financial Year 2026-27 does not exceed ₹ 10,000/-. The withholding tax rate (TDS rate) would vary depending on the residential status of the member and the documents submitted by them and accepted by the Company.

A resident individual member with PAN who is not liable to pay income tax can submit a yearly declaration in Form 121. To avail the benefit of non-deduction of tax, members may send duly signed forms to Company's RTA at https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html or send an email to investor.helpdesk@in.mpms.mufg.com by Friday, August 28, 2026 (upto 6.00 p.m. IST). Members are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident members can avail beneficial rates under tax treaty between India and their country of residence subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 41, any other document which may be required to avail the tax treaty benefits by updating details at https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html or alternatively send an email to investor.helpdesk@in.mpms.mufg.com The said declarations need to be submitted by Friday, August 28, 2026 (upto 6.00 p.m. IST). The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/ withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company/RTA.

A separate email communication will be sent informing the members regarding the relevant procedure to be adopted by the Members to avail the applicable tax rate as per the Income Tax Act, 1961.

n. **INFORMATION FOR MEMBERS RELATING TO E-VOTING & AGM:**

i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has availed services of MUFG Intime India Private Limited for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited).

ii. Members may note that the VC/OAVM facility, allows participation of atleast 1,000 Members on a first-come-first-served basis and the said facility shall open 30 minutes before the time scheduled for the AGM. This will not include large members (members holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

iii. Members will be able to attend the AGM through VC/ OAVM at https://instameet.in.mpms.mufg.com by using their remote e-voting login credentials and selecting the link available against the EVENT 260517 for Company's AGM. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned below in the Notice.

iv. The remote e-voting period commences on Tuesday, September 08, 2026 at 9:00 a.m. (IST) and ends on Thursday, September 10, 2026 at 5:00 p.m. (IST). During this period, members of the Company, holding shares as on the cut-off date of Friday, September 04, 2026, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by MUFG Intime India Private Limited for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

v. The Company has appointed Mr. Dinesh Kumar Deora, Practicing Company Secretary (Membership No. FCS 5683, C.P. No. 4119), or failing him any other eligible representative of M/s. DM & Associates Company Secretaries LLP as Scrutinizer to scrutinize remote e-voting or e-voting at the AGM in a fair and transparent manner and he has communicated his willingness to be appointed.

vi. The Scrutinizer shall, after scrutinizing the votes cast through remote e-voting and through electronic means at AGM, first count the votes cast vide e-voting at the AGM and thereafter shall, unblock the votes cast through remote e-voting, in the presence of at least two witnesses not in the employment of the Company. He shall be submitting a Consolidated Scrutinizer's Report of the total votes cast in favour or against, not later than 48 (forty-eight) hours of the conclusion of the AGM, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting.

vii. Subject to receipt of the requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the meeting, i.e. Friday, September 11, 2026.

viii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.parasdefence.com. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.

ix. Members holding shares of the Company as on Friday, September 04, 2026, shall be entitled to vote at the Annual General Meeting of the Company. A person who is not a member as on the cut-off date should treat this notice for information purposes only.

x. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

xi. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

xii. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at e-mail address: cs@parasdefence.com at least seven days prior to the date of Annual General Meeting. The same shall be replied suitably by the Company.

INSTRUCTIONS FOR MEMBERS RELATING TO E-VOTING AND JOINING AGM ARE AS UNDER:

Remote e-Voting Instructions for members:

In terms of SEBI circular no. SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access remote e-Voting facility.

Login method for Individual shareholders holding securities in demat mode

Individual Shareholders holding securities in demat mode with NSDL:

METHOD 1 - NSDL OTP based login

a) Visit URL: https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp

b) Enter your 8 - character DP ID, 8 - digit Client Id, PAN, Verification code and generate OTP.

c) Enter the OTP received on your registered email ID/ mobile number and click on login.

d) Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

e) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - NSDL IDeAS facility

Shareholders registered for IDeAS facility:

a) Visit URL: https://eservices.nsdl.com and click on "Beneficial Owner" icon under "IDeAS Login Section".

b) Enter IDeAS User ID, Password, Verification code & click on "Log-in".

c) Post successful authentication, you will be able to see e-Voting services under Value added services section. Click on "Access to e-Voting" under e-Voting services.

d) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for IDeAS facility:

a) To register, visit URL: https://eservices.nsdl.com and select "Register Online for IDeAS Portal" or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

b) Enter 8-character DP ID, 8-digit Client ID, Mobile no, Verification code & click on "Submit".

c) Enter the last 4 digits of your bank account / generate 'OTP'

d) Post successful registration, user will be provided with Login ID and password. Follow steps given above in points (a-d).

Shareholders/ Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on

App Store | Google Play

METHOD 3 - NSDL e-voting website

a) Visit URL: https://www.evoting.nsdl.com

b) Click on the "Login" tab available under 'Shareholder/ Member' section.

c) Enter User ID (i.e., your 16-digit demat account no. held with NSDL), Password/OTP and a Verification Code as shown on the screen & click on "Login".

d) Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.

e) Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders registered with CDSL Easi/ Easiest facility

METHOD 1 – CDSL e-voting page

a) Visit URL: https://www.cdslindia.com.

b) Go to e-voting tab.

c) Enter 16-digit Demat Account Number (BO ID) and PAN No. and click on "Submit".

d) System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account

e) Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - CDSL Easi/ Easiest facility:

Shareholders registered for Easi/ Easiest facility:

a) Visit URL: https://web.cdslindia.com/myeasitoken/Home/Login or Visit URL: www.cdslindia.com, click on "Login" and select "My Easi New (Token)".

b) Enter existing username, Password & click on "Login".

c) Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for Easi/ Easiest facility:

a) To register, visit URL: https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration / https://web.cdslindia.com/myeasitoken/Registration/EasiestRegistration

b) Proceed with updating the required fields for registration.

c) Post successful registration, user will be provided username and on the registered email id. Follow steps given above in points (a-c).

Individual Shareholders holding securities in demat mode with Depository Participant

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL / CDSL for e-voting facility.

a) Login to DP website

b) After Successful login, user shall navigate through "e-voting" option.

c) Click on e-voting option, user will be redirected to NSDL / CDSL Depository website after successful authentication, wherein user can see e-voting feature.

d) Post successful authentication, click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Login method for shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode.

Shareholders holding shares in physical mode / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register and vote on InstaVote as under:

STEP 1: LOGIN / SIGNUP to InstaVote

Shareholders registered for INSTAVOTE facility:

a) Visit URL: https://instavote.linkintime.co.in & click on "Login" under 'SHARE HOLDER' tab.

b) Enter details as under:

1. User ID: Enter User ID
2. Password: Enter existing Password
3. Enter Image Verification (CAPTCHA) Code
4. Click "Submit".
   (Home page of e-voting will open. Follow the process given under "Steps to cast vote for Resolutions")

InstaVote USER ID		
	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g.IN123456) and 8 digit Client ID (eg. 123-45678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No Follo no registered with the Company

Shareholders not registered for INSTAVOTE facility

a) Visit URL: https://instavote.linkintime.co.in & click on "Sign Up" under 'SHARE HOLDER' tab & register with details as under:

1. User ID: Enter User ID

2. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

3. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP/Company - in DD/MM/YYYY format)

InstaVote USER ID		
	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g.IN123456) and 8 digit Client ID (eg. 123-45678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No Follo no registered with the Company

4. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

   - Shareholders, holding shares in NSDL form, shall provide 'point 4' above.
   - Shareholders, holding shares in CDSL form, shall provide 'point 3' or 'point 4' above.
   - Shareholders, holding shares in physical form but have not recorded 'point 3' and 'point 4', shall provide their Folio number in 'point 4' above.

5. Set the password of your choice.

   (The password should contain minimum 8 characters, at least one special Character (!#$&*), at least one numeral, at least one alphabet and at least one capital letter).

6. Enter Image Verification (CAPTCHA) Code.

7. Click "Submit" (You have now registered on InstaVote).

   Post successful registration, click on "Login" under 'SHARE HOLDER' tab & follow steps given above in points (a-b).

STEP 2: Steps to cast vote for Resolutions through InstaVote

A. Post successful authentication and redirection to InstaVote inbox page, you will be able to see the "Notification for e-voting".

B. Select 'View' icon. E-voting page will appear.

C. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).

D. After selecting the desired option i.e. Favour / Against, click on 'Submit'.

E. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

NOTE: Shareholders may click on "Vote as per Proxy Advisor's Recommendation" option and view proxy advisor recommendations for each resolution before casting vote. "Vote as per Proxy Advisor's Recommendation" option provides access to expert insights during the e-Voting process. Shareholders may modify their vote before final submission.

Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently.

Guidelines for Institutional shareholders ("Custodian / Corporate Body/ Mutual Fund")

STEP 1 – Custodian / Corporate Body/ Mutual Fund Registration

A. Visit URL: https://instavote.linkintime.co.in

B. Click on "Sign Up" under "Custodian / Corporate Body/ Mutual Fund"

C. Fill up your entity details and submit the form.

D. A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.

E. Thereafter, Login credentials (User ID; Organisation ID; Password) is sent to Primary contact person's email ID. (You have now registered on InstaVote)

STEP 2 – Investor Mapping

A. Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

B. Click on "Investor Mapping" tab under the Menu Section

C. Map the Investor with the following details:

1. 'Investor ID' – Investor ID for NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678; Investor ID for CDSL demat account is 16 Digit Beneficiary ID.

2. 'Investor's Name - Enter Investor's Name as updated with DP.

3. 'Investor PAN' - Enter your 10-digit PAN.

4. 'Power of Attorney' - Attach Board resolution or Power of Attorney.

NOTE: File Name for the Board resolution/ Power of Attorney shall be – DP ID and Client ID or 16 Digit Beneficiary ID.

Further, Custodians and Mutual Funds shall also upload specimen signatures.

D. Click on Submit button. (The investor is now mapped with the Custodian / Corporate Body/ Mutual Fund Entity). The same can be viewed under the "Report Section".

STEP 3 – Steps to cast vote for Resolutions through InstaVote

The corporate shareholder can vote by two methods, during the remote e-voting period.

METHOD 1 - VOTES ENTRY

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) Click on "Votes Entry" tab under the Menu section.

c) Enter the "Event No." for which you want to cast vote.

d) Event No. can be viewed on the home page of InstaVote under "On-going Events".

e) Enter "16-digit Demat Account No.".

f) Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link). After selecting the desired option i.e. Favour / Against, click on 'Submit'.

g) A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.
(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

METHOD 2 - VOTES UPLOAD

a) Visit URL: https://instavote.linkintime.co.in and login with InstaVote Login credentials.

b) After successful login, you will see "Notification for e-voting".

c) Select "View" icon for "Company's Name / Event number".

d) E-voting page will appear.

e) Download sample vote file from "Download Sample Vote File" tab.

f) Cast your vote by selecting your desired option 'Favour / Against' in the sample vote file and upload the same under "Upload Vote File" option.

g) Click on 'Submit'. 'Data uploaded successfully' message will be displayed.

(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

NOTE: Non-Individual Body corporate shareholders shall send a scanned copy of the board resolution authorising its representative to vote, to the scrutinizer at registered email address with a copy marked to RTA at enotices@in.mpms.mufg.com and the company at registered email address cs@parasdefence.com.

Helpdesk:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode facing any technical issue in login may contact INSTAVOTE helpdesk by sending a request at enotices@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000.

Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending request at evoting@nsdl.co.in or call at: 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Forgot Password:

Individual Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on: https://instavote.linkintime.co.in

- Click on "Login" under 'SHARE HOLDER' tab.
- Click "forgot password?"
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA).
- Click on "SUBMIT".

InstaVote USER ID	
NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g.IN123456) and 8 digit Client ID (eg. 123-45678).
CDSL	User ID is 16 Digit Beneficiary ID.
Shares held in physical form	User ID is Event No Follo no registered with the Company

In case Custodian / Corporate Body/ Mutual Fund has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on: https://instavote.linkintime.co.in

- Click on 'Login' under "Custodian / Corporate Body/ Mutual Fund" tab
- Click "forgot password?"
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA).
- Click on "SUBMIT".

In case shareholders have a valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing information about the particulars of the Security Question and Answer, PAN, DOB/DOI etc. The password should contain a minimum of 8 characters, at least one special character (!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both, then the Shareholders are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

General Instructions - Shareholders

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Process and manner for attending the General Meeting through InstaMeet:

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 03/2025 dated 22.09.2025, the companies can continue to conduct AGMs by VC or OAVM, as per the existing procedural requirements. Till further orders, the relaxations will remain in force.Shareholders are advised to update their mobile number and email ID correctly in their demat accounts to access InstaMeet facility.

Login method for shareholders to attend the General Meeting through InstaMeet:

a) Visit URL: https://instameet.in.mpms.mufg.com & click on "Login".

b) Select the "Company Name" and register with your following details:

c) Select Check Box - Demat Account No. / PAN

- Shareholders holding shares in NSDL/ CDSL demat account shall select check box - Demat Account No. and enter the 16-digit demat account number.
- Shareholders holding shares in physical form shall select check box – Folio No. and enter the Folio Number registered with the company.
- Shareholders shall select check box – PAN and enter 10-digit Permanent Account Number (PAN). Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided by MUFG Intime, if applicable.
- Mobile No: Mobile No. as updated with DP is displayed automatically. Shareholders who have not updated their Mobile No with the DP shall enter the mobile no.
- Email ID: Email ID as updated with DP is displayed automatically. Shareholders who have not updated their Mobile No with the DP shall enter the mobile no.

d) Click "Go to Meeting"

You are now registered for InstaMeet, and your attendance is marked for the meeting

Instructions for shareholders to Speak during the General Meeting through InstaMeet:

a) Shareholders who would like to speak during the meeting must register their request with the company at company's registered email address cs@parasdefence.com

b) Shareholders will get confirmation on first cum first basis depending upon the provision made by the company.

c) Shareholders will receive "speaking serial number" once they mark attendance for the meeting. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

d) Other shareholder who has not registered as "Speaker Shareholder" may still ask questions to the panellist via active chat-board during the meeting.

**Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.*

Instructions for shareholders to Inspect Document during the General Meeting through InstaMeet:

During the AGM session, shareholders shall click the "Inspect Documents" button which will be appearing on the VC meeting screen. By clicking the same you shall be able to view/ inspect documents available for inspection during the AGM.

Instructions for Shareholders to Vote during the General Meeting through InstaMeet:

Once the electronic voting is activated during the meeting, shareholders who have not exercised their vote through the remote e-voting can cast the vote as under:

a) On the Shareholders VC page, click on the link for e-Voting "Cast your vote"

b) Enter your 16-digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email IDs) received during registration for InstaMEET

c) Click on 'Submit'.

d) After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

e) Cast your vote by selecting appropriate option i.e. "Favour/ Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

f) After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

Shareholders/ Members, who will be present in the General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the General Meeting will be eligible to attend/ participate in the General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

Helpdesk:

Shareholders facing any technical issue in login may contact INSTAMEET helpdesk by sending a request at instameet@in.mpms.mufg.com or contact on: - Tel: 022 – 4918 6000 / 4918 6175.

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

ITEM NO. 4

RATIFICATION OF REMUNERATION OF COST AUDITORS FOR FY 2026-27

In terms of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014 ('Rules'), as amended from time to time, the Company is required to undertake the audit of its cost records. Such cost audit has to be conducted by a Cost Accountant in Practice.

Based on the recommendation of the Audit Committee, the Board of Directors at their Meeting held on May 13, 2026, has approved the appointment of M/s. Dinesh Jain & Company, Cost Accountants (FRN: 100583) as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for FY 2026-27, at a remuneration of ₹ 1,25,000/- (Rupees One Lakh and Twenty Five Thousand Only) excluding applicable taxes thereon and reimbursement of actual out-of-pocket expenses.

M/s. Dinesh Jain & Company, Cost Accountants have consented to act as the Cost Auditors of the Company for FY 2026-27 and confirmed their eligibility to conduct the cost audit of the Company.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board must be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company for the Financial Year ending March 31, 2027.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Resolution set forth in Item No. 4 for the approval of the Members.

ITEM NO. 5 & 6

In terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended, all material related party transactions and subsequent material modifications thereto require the prior approval of the shareholders by way of an ordinary resolution, irrespective of whether such transactions are entered into in the ordinary course of business and/or on an arm's length basis.

Pursuant to the SEBI Listing Regulations, a related party transaction shall be considered material if the transaction(s), individually or taken together with previous transactions during a Financial year, exceeds the prescribed materiality threshold, currently being 10% of the annual consolidated turnover of the listed entity as per its last audited financial statements, if the annual consolidated turnover of the Company is upto ₹ 20,000/- crore.

Based on the annual consolidated turnover of the Company for the Financial year ended March 31, 2026, amounting to ₹ 476.57 crore, the materiality threshold for obtaining shareholders' approval for related party transactions is ₹ 47.65 crore.

Further, Regulation 2(1)(zc) of the SEBI Listing Regulations defines a "Related Party Transaction" to mean a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand, regardless of whether a price is charged.

The proposed transactions with Controp-Paras Technologies Private Limited ("the Associate Company") and Paras Anti-Drone Technologies Private Limited ("Subsidiary Company") exceed the aforesaid materiality threshold and, accordingly, require the prior approval of the shareholders by way of an ordinary resolution.

Further, the Managing Director and the Chief Financial Officer of the Company have furnished the certificate as required under the applicable provisions of the SEBI Listing Regulations and as per Industry Standards on Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions ("RPT Standards").

APPROVAL AND MODIFICATION OF MATERIAL RELATED PARTY TRANSACTION(S) WITH CONTROP-PARAS TECHNOLOGIES PRIVATE LIMITED ("THE ASSOCIATE COMPANY")

The Company is an Indian premier defence engineering company offering a wide range of products and solutions for Defence and Space applications. With a focus on the Defence and Space sector, the Company operates through two business verticals, namely, Optics & Optronic Systems and Defence Engineering (comprising Defence Electronics, EMP Protection Solutions and Heavy Engineering). The annual consolidated turnover of the Company as of March 31, 2026, was ₹ 476.57 crores.

Controp-Paras Technologies Private Limited ("the Associate Company"), is engaged in the business of manufacturing Electro-Optical/Infrared (EO/IR) Systems for various platforms designed by Controp Precision Technologies, Israel, along with the co-development of products for future requirements. The transactions proposed to be entered into with the Associate Company are in the ordinary course of business and are intended to support the Company's operational and business requirements.

The Audit Committee and the Board of Directors, at their respective meetings held on July 25, 2025, and the shareholders at the 16th Annual General Meeting held on August 21, 2025, had approved entering into and/or executing contract(s), arrangement(s) and/or transaction(s), whether by way of individual or multiple transactions taken together, between the Company and the Associate Company for the supply of goods, services, materials, including technologies, amounting to approximately ₹ 2,93,00,00,000 (Rupees Two Hundred and Ninety-Three Crores only), plus applicable taxes, for the period commencing from the date of the 16th Annual General Meeting until the date of the 17th Annual General Meeting.

Considering the Company's growing business requirements with the Associate Company and the need to ensure continuity of business operations and provide operational flexibility during the ensuing Financial Year, the Company proposes to renew the existing approval and enhance the overall approval limit to an aggregate amount of ₹ 4,50,00,00,000 (Rupees Four Hundred and Fifty Crores only), plus applicable taxes. The proposed aggregate limit comprises approximately ₹ 2,93,00,00,000 towards the supply of goods, services, materials, including technologies, and other business transactions pursuant to running contract with the Associate Company and up to ₹ 1,10,00,00,000 (Rupees One Hundred and Ten Crores only) towards additional sale and purchase transactions with the Associate Company in the ordinary course of business and at arms length basis, over and above the existing running contract; and up to ₹ 47,00,00,000 (Rupees Forty-Seven Crores only) towards other related party transactions undertaken in the ordinary course of business and at arms' length basis, including, but are not limited to, reimbursement of expenses, purchase or sale of fixed assets, lease arrangements, availing or rendering of support services, granting of loans/inter-corporate deposits (ICDs), investments, corporate guarantees and such other transactions specified in the table below, in the ordinary course of business and at arms' length basis.

The proposed transactions have been reviewed by the Audit Committee, which currently comprises a majority of Independent Directors. The Audit Committee has satisfied itself that the proposed related party transactions with the Associate Company are in the ordinary course of business and at an arm's length basis, and that they are in the best interests of the Company. The Audit Committee also reviews, on a quarterly basis, the details of all related party transactions entered into by the Company pursuant to its approvals.

Based on the recommendation of the Audit Committee at its meeting held on August 07, 2026, the Board of Directors at their meeting held on even date, has approved the proposed material related party transactions with the Associate Company, subject to the approval of the shareholders, for the period commencing from the date of the 17th Annual General Meeting until the date of the 18th Annual General Meeting.

Accordingly, approval of the shareholders is being sought at this Annual General Meeting for the aforementioned material related party transaction with the Associate Company, to enable the Company to continue undertaking such transactions with the Associate Company in the ordinary course of business and at arm's length basis and to meet its operational and business requirements

The relevant information pertaining to the proposed material related party transaction(s) with the Associate Company, including the minimum information required to be provided to the shareholders for approval of related party transactions in accordance with the RPT Industry Standards and such other disclosures required to be provided in the Explanatory Statement pursuant to the Securities and Exchange Board of India Master Circular for Compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated January 30, 2026, read with the SEBI Circular dated June 26, 2025, are set out as below:

Sr. No.	Particulars of the information	Details
PART A		
A	**Details of the Related Party Transactions with the Related Party**	
A(1)	**Basics of the Related Party**	
1	Name	Controp-Paras Technologies Private Limited ("Controp-Paras")
2	Country of Incorporation	India
3	Nature of Business	Controp-Paras specializes in the high-precision manufacturing and product support of Electro-Optic Systems for various defense and space applications. The company delivers end-to-end design engineering and technical services specifically tailored for the Defense and Space Sector.
A(2)	**Relationship and ownership of the related party**	
1	Relationship between the listed entity/subsidiary (in case of transaction involving the subsidiary) and the related party - including nature of its concern (financial or otherwise) and the following:	Joint Venture Company/Associate Company
(a)	Shareholding of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	Paras Defence and Space Technologies Limited ("Paras Defence") holds 30% of the paid-up share capital of Controp-Paras
(b)	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity/ subsidiary (in case of transaction involving the subsidiary)	Not Applicable

Sr. No.	Particulars of the information	Details
(c)	Shareholding of the related party, whether direct or indirect, in the listed entity/ subsidiary (in case of transaction involving the subsidiary).	Not Applicable
A(3)	**Details of previous transactions with the related party**	
1	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the last financial year.	
	Nature of Transaction	Amount (in Cr.)
i.	Rent	₹ 0.01
ii.	Sale of Goods/Services	₹ 11.65
iii.	Advance received on Sale of Good/Services during the year	₹ 5.51
2	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party in the current financial year up to the quarter immediately preceding the quarter in which the approval is sought. (₹ In crores)	₹ 11.75
3	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last financial year.	Nil. The related party has no record of defaults, write-offs, or commercial delays concerning its business obligations with the company.
A(4)	**Amount of the proposed transactions (All types of transactions taken together)**	
1	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee/ shareholder	₹ 450 Crores
2	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year would render the proposed transaction a material RPT?	Yes. The cumulative value of transactions mentioned hereunder exceeds the statutory materiality threshold under Regulation 23 of SEBI LODR. Accordingly, the proposed transactions constitutes as Material Related Party Transaction requiring prior approval from the shareholders.
3	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year	94%
4	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction)	Not Applicable. (The transaction does not involve any secondary flows through a subsidiary)
5	Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding financial year, if available.	4823%
6	Financial performance of the related party for the immediately preceding financial year i.e., FY 2026	
	Particulars	Amount (in Cr.)
	Turnover	₹ 9.33
	Profit After tax	-₹ 1.10
	Net worth	-₹ 0.97
A(5)	**Basic details of the proposed transaction**	
1	Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods/services, giving loan, borrowing etc.)	
	Nature of Transaction	**Amount (in Cr.)**
i.	Rent (including Security Deposit)	₹ 0.25
ii.	Loan/ICD (including Interest)	₹ 11.20
iii.	Sale of Goods/Services (including Advances)	₹ 403.00
iv.	Purchase of Goods/Services (including Advances)	
v.	Corporate Guarantee (including fees/commission)	₹ 27.00
vi.	Investment	₹ 2.00
vii.	Buying or selling capital goods	₹ 4.00
viii.	Transfer of Technology and Intellectual Property fees	₹ 2.45
ix.	Reimbursement of ESOP Expenses	₹ 0.05
x.	Reimbursement of Health Insurance	₹ 0.05
	Total	₹ 450.00

Sr. No.	Particulars of the information	Details
2	Details of the proposed transaction	Controp-Paras has received an order from L & T for manufacturing and supply of Electro-Optics System along with Extended Warranty Charges and Integrated Logistics Support ("ILS") Package for their CIWS Program. Paras Defence is executing the Indian Content ("IC") out of the aforementioned order valued at approx. ₹ 293 Crore. Paras Defence specializes in manufacturing and designing engineering and technology for Defence and Space Sector. In addition to the main L&T project, Paras Defence will engage in routine buying and selling with the joint venture in the ordinary course of business and at arms' length basis. This regular trade is estimated at ₹110 Crore.To maintain operational flexibility, the Company will utilize a total flexible limit of ₹403 Crore. This combined bandwidth covers all sales and purchases of goods or services, matching the total limit of ₹403 Crore shown in the transaction table. Paras Defence may also enter into transactions relating to leasing of premises, granting or availing of loans/Inter-Corporate Deposits, providing corporate guarantees, making investments, and such other related party transactions as may arise in the ordinary course of business and at arms length basis which are not specifically identifiable or foreseeable at this stage.
3	Tenure of the proposed transaction (tenure in number of years or months to be specified)	The underlying L&T project for ₹293 Crore extends across multiple years (FY 2024-25 to FY 2028-29); however, the formal regulatory approval being sought from the members for these RPT limits for total of ₹450 Crore is valid for the period from the upcoming 17th AGM until the conclusion of the next 18th AGM.
4	Whether omnibus approval is being sought?	Yes. Omnibus and prior specific clearances are being pursued to ensure fluid, uninterrupted day-to-day project execution and other transactions.
5	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise	The total estimated value of the transactions is ₹450 Crore.
6	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity	The proposed transactions relating to the supply of goods/ services are not new related party transactions and form part of the Company's ongoing business relationship with Controp-Paras Technologies Private Limited. Similar transactions were approved by the Members at the 16th Annual General Meeting held on August 21, 2025, for a period up to the ensuing Annual General Meeting. The Company proposes to seek Members' approval at the 17th Annual General Meeting for the continuation of such transactions, along with approval for other related party transactions, including leasing of premises, loans/Inter-Corporate Deposits, corporate guarantees, investments and such other transactions, as may be required in the ordinary course of business and on arms' length basis. The proposed transactions are in the interest of the Company as they facilitate continuation of the existing business relationship, operational requirements and business objectives of the Company. Further, the pricing and terms of the proposed transactions are determined in the ordinary course of business and are at an arm's length basis.
7	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly (Explanation: Indirect interest shall mean interest held through any person over which an individual has control.)	None of the Promoters, Directors, or Key Managerial Personnel (KMPs) of the Listed Company have any direct or indirect personal financial interest in these proposed transactions, except to the extent of their shareholding and directorship, as specified below.

Sr. No.	Particulars of the information	Details
a	Name of the director / KMP	Mr. Anish Hemant Mehta, who is part of Promoter Group of Paras Defence, holds directorship in Controp-Paras
b	Shareholding of the director / KMP, whether direct or indirect, in the related party	Nil
8	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	NA
9	Other information relevant for decision making	All relevant information forms a part of this disclosure.
PART B		
B	**Details for specific transactions**	
B(1)	Sale, purchase or supply of goods or services or any other similar business transactions and trade advances	
1	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services	Bids were not invited since the transaction is an intra-group supply of goods/services intended to achieve operational efficiency, assured quality, and timely execution. The pricing and terms are at arm's length and comparable to market benchmarks, and inviting bids would increase time and cost without providing additional benefit to the listed entity or its associate. Also, the transaction involves confidential business information, sensitive technology, and strategic know-how, where open bidding could compromise competitive positioning, or security considerations. The arrangement also supports improved associate performance, which positively impacts the consolidated financial results of the listed entity.
2	Basis of determination of price.	The prices for the proposed transactions relating to the supply of goods/services shall be determined based on the prevailing market prices of the relevant goods, materials and services, taking into consideration the nature, specifications and commercial terms of the transactions. The pricing shall also be aligned with the terms and conditions of the underlying customer contracts, including the contracts received by Controp-Paras Technologies Private Limited from Larsen & Toubro Limited (L&T), wherever applicable. In cases where comparable market prices are not readily available, the arm's length price shall be determined based on the valuation/advice provided by an independent consultant. The pricing and terms of other proposed related party transactions, including leasing of premises, loans/Inter-Corporate Deposits, corporate guarantees, investments and other transactions, shall be determined considering the prevailing market conditions, applicable rates and commercial terms, ensuring that such transactions are undertaken on an arm's length basis.
3	In case of Trade advance (of upto 365 days or such period for which such advances are extended as per normal trade practice), if any, proposed to be extended to the related party in relation to the transaction, specify the following:	
	a. Amount of Trade advance	Advance from Controp Paras
	b. Tenure	Project as per Purchase order
	c. Whether same is self-liquidating?	Yes. The advance is self-liquidating and will be adjusted against future supplies/invoices.
B(2)	**Disclosure only in case of transactions relating to loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary**	
1	Source of funds in connection with the proposed transaction.	Internal accruals
2	Where any financial indebtedness is incurred to give loan, inter-corporate deposit or advance, specify the following:	
a	Nature of indebtedness	Not Applicable.
b	Total cost of borrowing	Not Applicable.
c	Tenure	Not Applicable.

Sr. No.	Particulars of the information	Details
d	Other details	Not Applicable.
3	Rate of interest at which the listed entity or its subsidiary is borrowing from its bankers/ other lenders.	Not Applicable – The loan is proposed to be provided from internal accruals of the Company and no financial indebtedness has been incurred for providing such loan
4	Proposed interest rate to be charged by listed entity or its subsidiary from the related party.	12%
5	Maturity / due date	On or before 31.03.2028
6	Repayment schedule & terms	The principal amount shall be repaid on the maturity date as specified above. Interest shall be paid along with the final repayment of the principal amount on the scheduled maturity date
7	Whether secured or unsecured?	Unsecured
8	If secured, the nature of security & security coverage ratio	Not Applicable
9	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the transaction.	Working Capital Requirement
B(3)	**Disclosure only in case of transactions relating to investment made by the listed entity or its subsidiary**	
1	Source of funds in connection with the proposed transaction.	Internal accruals
2	Where any financial indebtedness is incurred to make investment, specify the following:	
a	Nature of indebtedness	Not Applicable
b	Total cost of borrowing	Not Applicable
c	Tenure	Not Applicable
d	Other details	Not Applicable
3	Purpose for which funds shall be utilized by the investee company.	The funds will be utilized by Controp-Paras to fund long-term capital expenditure, manufacturing asset creation, and technological infrastructure upgrades.
4	Material terms of the proposed transaction	The investment will be up to a maximum cap, as mentioned above, in Equity Shares or convertible securities of Controp-Paras, from time to time, as may be strategically decided by the Board of Directors of the Company, depending on the operational and capital requirements of the associate.
B(4)	**Disclosure only in case of guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.**	
1	(a) Rationale for giving guarantee, surety, indemnity or comfort letter	The corporate guarantee is proposed to support the financial requirements of Controp-Paras and facilitate access to necessary funding facilities.
	(b) Whether it will create a legally binding obligation on listed entity?	Yes, the corporate guarantee will create a legally binding obligation on Paras Defence, which will arise in the event of default by Controp-Paras and invocation of the guarantee by the lender
2	Material covenants of the proposed transaction including:	
	(i) commission, if any to be received by the listed entity or its subsidiary;	Guarantee fee is proposed to be received by Paras Defence from Controp-Paras for providing the corporate guarantee, unless otherwise approved and agreed between the parties in accordance with applicable laws and the Company's Related Party Transaction Policy.
	(ii) contractual provisions on how the listed entity or its subsidiary will recover the monies in case such guarantee, surety, indemnity or comfort letter is invoked.	In the event of invocation of the corporate guarantee and any payment being made by Paras Defence to the lender, Paras Defence shall have the right to recover such amounts from Controp-Paras in accordance with the terms of the underlying agreements and applicable contractual arrangements.
3	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	The maximum obligation of Paras Defence under the corporate guarantee shall be limited to the amount of guarantee provided, including the principal amount and other amounts, if any, as specified under the terms of the guarantee agreement.
B(5)	**Disclosure only in case of transactions relating to payment of royalty**	
1	Purpose for which royalty is proposed to be paid to the related party in the current financial year.	

Sr. No.	Particulars of the information	Details
a	For use of brand name / trademark	Not Applicable.
b	For transfer of technology know-how	100% of the proposed limit is allocated for specialized defence technology transfer and engineering know-how, if required during the financial year.
c	For professional fee, corporate management fee or any other fee	Not Applicable
d	**Any other use (specify)**	
2	(a) The listed entity may confirm whether the parent company charges royalty at a uniform rate from all group companies in other jurisdiction.	Not Applicable.
	(b) If No, furnish information below.	Not Applicable.
	If royalty is paid to the parent company, disclose royalty received by the parent company from group entities in other jurisdiction:	Not Applicable.
	•Minimum rate of royalty charged along with corresponding absolute amount •Maximum rate of royalty charged along with corresponding absolute amount	Not Applicable.
3	Sunset Clause for Royalty payment, if any.	Not Applicable.
PART C		
C	**Information to be provided only if a specific type of RPT mentioned below proposed to be undertaken is a material RPT and is in addition to Part A and B**	
C(1)	**Disclosure only in case of transactions relating to any loans and advances (other than trade advances), inter-corporate deposits given by the listed entity or its subsidiary**	
1	Latest credit rating of the related party	The associate company does not carry an external standalone credit rating as it is a closely held corporate joint venture.
2	Default on borrowings, if any, over the last three financial years, by the related party from the listed entity or any other person and value of subsisting default.	Nil. The related party has not committed any defaults on borrowings from the Company or any other lenders during the last three financial years. There are no subsisting defaults.
	In addition, state the following:	
	a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;	No. The accounts of the related party have not been classified as a non-performing asset (NPA) by any bank or financial institution.
	b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;	No. The related party has not been declared a 'wilful defaulter' by any of its lending banks.
	c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;	No. The related party is not undergoing, nor facing any legal application for any insolvency resolution or liquidation process.
	d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.	No. The related party does not suffer from any of the statutory disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.
	FY 2025-2026	Nil
	FY 2024-2025	Nil
	FY 2023-2024	Nil
C(2)	**Disclosure only in case of transactions relating to any investment made by the listed entity or its subsidiary**	
1	Latest credit rating of the related party	Not Applicable. The associate company does not carry an external credit rating.
2	Whether any regulatory approval is required. If yes, whether the same has been obtained.	No external statutory or government approvals are required for this investment. The proposed transaction is subject entirely to internal corporate approvals under the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, which are being obtained via the prior recommendation of the Audit Committee and the resolution placed before the members under this Notice.
C(3)	**Disclosure only in case of transactions relating to any guarantee (including performance guarantee in nature of security/ contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary**	

Sr. No.	Particulars of the information	Details
1	If guarantee, performance guarantee (in nature of security/ contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter is given in connection with the borrowing by a related party, provide latest credit rating of the related party	Not Applicable. The associate company does not carry an external credit rating.
2	Details of solvency status and going concern status of the related party during the last three financial years:	
	FY 2025-2026	Solvent Going Concern
	FY 2024-2025	Solvent Going Concern
	FY 2023-2024	Solvent Going Concern
3	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, performance guarantee (in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee) surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	The maximum aggregate value of guarantee obligations undertaken by the Company is limited to the amount as mentioned above. Based on the strong financial viability of the associate, the probability of invocation is remote, and therefore no provisioning is required in the Company's books of account, the limit will be recorded as a standard contingent liability.
4	Default on borrowings, if any, over the last three financial years, by the related party from the listed entity or any other person.	
	In addition, state the following:	
	a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;	Nil. The related party has committed no defaults on borrowings from the Company or any other external person during the last three financial years.
	b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;	No. The related party has not been declared a 'wilful defaulter' by any of its lending banks.
	c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;	No. The related party is not undergoing, nor facing any legal application for, any insolvency resolution or liquidation process.
	d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.	No. The related party does not suffer from any of the statutory disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.
	FY 2025-2026	Nil
	FY 2024-2025	Nil
	FY 2023-2024	Nil
C(4)	**Disclosure only in case of transactions relating to payment of royalty**	
1	Gross amount of royalty paid by the listed entity or subsidiary to the related party during each of the last three financial years	Nil
	FY 2025-2026	Nil
	FY 2024-2025	Nil
	FY 2023-2024	Nil
2	Purpose for which royalty was paid to the related party during the last three financial years.	
	a. For use of brand name / trademark (As a % of aggregate amount of royalty for the last 3 FYs)	Not Applicable.
	b. For transfer of technology know-how (As a % of aggregate amount of royalty for the last 3 FYs)	100% of the proposed limit is allocated for specialized defence technology transfer and engineering know-how, if required during the financial year.
	c. For professional fee, corporate management fee or any other fee (As a % of aggregate amount of royalty for the last 3 FYs)	Not Applicable.
	d. Any other use (specify) (As a % of aggregate amount of royalty for the last 3 FYs)	Not Applicable.
3	Royalty paid in last 3 FYs as % of Net Profits of previous FYs	
	FY 2025-2026	Nil
	FY 2024-2025	Nil
	FY 2023-2024	Nil

Sr. No.	Particulars of the information	Details
4	Percentage or Rate at which royalty has increased in the past 3 years, if any, vis-à-vis rate at which the turnover and profits after tax have increased during the same period.	Not Applicable.
5	Peer Comparison: Listed entity or its subsidiary paying royalty for any purpose shall also disclose whether any relevant Industry Peer pays royalties for the same purpose, which is disclosed in its audited annual financial statements for the relevant period:	Not Applicable.
PART D		
D	**Minimum Information to be provided to the shareholders for approval of Material RPTs**	
1	Information as placed before the Audit Committee in the format as specified in the RPT Industry Standards, to the extent applicable.	The comprehensive particulars and itemized transaction limits for the proposed transactions with Controp-Paras Technologies Private Limited have been prepared in accordance with the RPT Industry Standards Framework (Parts A, B, and C).
2	Justification as to why the proposed transaction is in the interest of the listed entity, basis for determination of price and other material terms and conditions of RPT.	Please refer to A(5)(6)
3	Disclose the fact that the Audit Committee has reviewed the certificates provided by the CEO/ Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity as required under the RPT Industry Standards.	Members are hereby informed that the Audit Committee has thoroughly reviewed and taken on record the statutory compliance certificates jointly issued and signed by the Managing Director and the Chief Financial Officer (CFO) of the Company.
4	Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.	The proposed transactions with Controp-Paras was placed before the Audit Committee at its meeting held on August 07, 2026, where it received unanimous prior approval. Following this approval, the Board of Directors reviewed the strategic, operational, and commercial parameters of the framework, determined it to be in the best interest of the Company, and recommends the Resolution set out in Item No. 5 of this Notice for shareholder approval.
5	Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.	NA
6	The Audit Committee and Board of Directors, while providing information to the shareholders, can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity and affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision-making.	To protect the competitive position and industrial standing of the group within the sensitive defense sector, the Audit Committee and the Board of Directors have approved the redaction of proprietary engineering specifications, specialized component margin haircuts, and proprietary tech-blueprint pricing metrics. The Board and the Audit Committee explicitly affirm that these omissions are restricted to trade secrets, do not impact the total financial threshold boundaries being voted on, and that this disclosure package provides all material, relevant, and necessary facts to enable shareholders to make an informed decision-making choice.
7	Any other information that may be relevant	Interested Directors and Promoters shall completely recuse themselves from voting on this item. The transaction will be monitored and presented for a detailed compliance verification to the Audit Committee on a mandatory quarterly basis throughout the financial cycle. There is no other relevant governance or financial information required to be disclosed to the members.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of this Notice, in relation to the details as stated above and thus the Board of Directors recommends the said Resolution for the approval of the members of the Company as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, except to the extent of their Directorship and Shareholding, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Resolution set forth in Item No. 5 for the approval of the Members.

APPROVAL OF MATERIAL RELATED PARTY TRANSACTION(S) WITH PARAS ANTI-DRONE TECHNOLOGIES PRIVATE LIMITED (“SUBSIDIARY COMPANY”).

The Company is a premier Indian defence engineering company offering a wide range of products and solutions for Defence and Space applications. With a focus on the Defence and Space sectors, the Company operates through two business verticals, namely Optics & Optronic Systems and Defence Engineering (comprising Defence Electronics, EMP Protection Solutions and Heavy Engineering).

Paras Anti-Drone Technologies Private Limited (“Subsidiary Company”) is engaged in designing, developing and manufacturing innovative RF system solutions, including antennas, radars and radar sub-systems, Software Defined Radios (SDRs), TR modules, drone detection and jamming systems, Electronic Warfare (EW) systems, SIGINT, COMINT, radio relays, direction-finding systems and other advanced RF technologies, with a focus on delivering high-end defence and security solutions for anti-drone technologies, situational awareness and Intelligence, Surveillance and Reconnaissance (ISR) applications.

Considering the Company's growing business requirements with the Subsidiary Company, approval of the Members is sought for entering into related party transaction(s) aggregating up to ₹ 1,50,00,00,000 (Rupees One Hundred and Fifty Crores only), plus applicable taxes, in the ordinary course of business, including, inter alia, the sale and purchase of goods and services, rent/lease arrangements, subscription to Optionally Convertible Preference Shares (OCPS), investments (including investments in securities and technologies), corporate guarantee, reimbursement of expenses, and such other business transactions as may be required in the ordinary course of business.

The proposed transactions have been reviewed by the Audit Committee, which currently comprises a majority of Independent Directors. The Audit Committee has satisfied itself that the proposed related party transactions with the Subsidiary Company are in the ordinary course of business and at an arm's length basis, and that they are in the best interests of the Company. The Audit Committee also reviews, on a quarterly basis, the details of all related party transactions entered into by the Company pursuant to its approvals.

Based on the recommendation of the Audit Committee at its meeting held on August 07, 2026, the Board of Directors at their meeting held on even date, has approved the proposed material related party transactions with the Subsidiary Company, subject to the approval of the shareholders, for the period commencing from the date of the 17th Annual General Meeting until the date of the 18th Annual General Meeting.

Accordingly, approval of the shareholders is being sought at this Annual General Meeting for the aforementioned Material related party transaction with the Subsidiary Company, to enable the Company to continue undertaking such transactions with the Subsidiary Company in the ordinary course of business and on arms’ length basis and to meet its operational and business requirements

The relevant information pertaining to the proposed material related party transaction(s) with the Subsidiary Company, including the minimum information required to be provided to the shareholders for approval of related party transactions in accordance with the RPT Industry Standards and such other disclosures required to be provided in the Explanatory Statement pursuant to the Securities and Exchange Board of India Master Circular for Compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated January 30, 2026, read with the SEBI Circular dated June 26, 2025, are set out as below:

Sr. No.	Particulars of the information	Details
A	**Details of the Related Party Transactions with the Related Party**	
A(1)	**Basics of the Related Party**	
1	Name	Paras Anti-Drone Technologies Private Limited (Paras Anti-Drone)
2	Country of Incorporation	India
3	Nature of Business	The company is into manufacturing of innovative RF system solutions such as antennas, radars & radar sub-systems, software defined radios (SDR), TR modules, drone detection & jamming systems, EW systems, SIGNIT, COMINT, radio relays, direction finding systems etc. The focus is on delivering high end systems & solutions for anti-drone technologies, situational awareness and ISR (intelligence, surveillance, and reconnaissance) systems.
A(2)	**Relationship and ownership of the related party**	
1	Relationship between the listed entity/subsidiary (in case of transaction involving the subsidiary) and the related party - including nature of its concern (financial or otherwise) and the following:	Subsidiary Company
(a)	Shareholding of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.	Paras Defence and Space Technologies Limited ("the Company") holds 55% of the equity paid-up share capital of Paras Anti-Drone Technologies Private Limited.
(b)	Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity/ subsidiary (in case of transaction involving the subsidiary)	Not Applicable
(c)	Shareholding of the related party, whether direct or indirect, in the listed entity/ subsidiary (in case of transaction involving the subsidiary).	Not Applicable
A(3)	**While calculating indirect shareholding, shareholding held by relatives shall also be considered**	
1	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the last financial year.	Amount (in Cr.)
	Nature of Transaction	
i.	Investment (OCPS)	₹ 15.85
ii.	Sale of Goods / Services	₹ 1.75
iii.	Purchase of Goods /Services	₹ 0.24
iv.	Rent	₹ 0.14
v.	Loan /ICD/Interest on ICD	₹ 0.45
2	Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party in the current financial year up to the quarter (April 26 - June 26) immediately preceding the quarter in which the approval is sought.	₹ 8.35
3	Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last three financial years.	Nil. The related party has no record of defaults, write-offs, or commercial delays concerning its business obligations with the company.
A(4)	**Amount of the proposed transactions**	Details
1	Amount of the proposed transactions being placed for approval in the meeting of the Audit committee/ shareholder	₹ 150 Crore

Sr. No.	Particulars of the information	Details
2	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year would render the proposed transaction a material RPT?	Yes. The cumulative value of transactions mentioned hereunder exceeds the statutory materiality threshold under Regulation 23 of SEBI LODR. Accordingly, the proposed transactions constitutes a Material Related Party Transaction requiring prior approval from the Audit Committee and shareholders.
3	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year	31.47%
4	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary, and where the listed entity is not a party to the transaction)	Not Applicable. (The transaction does not involve any secondary flows through a subsidiary)
5	Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding financial year, if available.	359%
6	Financial performance of the related party for the immediately preceding financial year i.e., FY 2026	
	Particulars	**Amount (in Cr.)**
i.	Turnover	41.81
ii.	Profit After tax	6.28
iii.	Net worth	28.71
A(5)	**Basic details of the proposed transaction**	
1	Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods/services, giving loan, borrowing etc.)	
	Nature of Transaction	
i.	Rent (including Security Deposit)	₹ 3.32
ii.	Loan/ICD (including Interest)	₹ 47.04
iii.	Sale of Goods/Services (including Advances)	₹ 16.67
iv.	Purchase of Goods/Services (including Advances)	₹ 26.50
v.	Corporate Guarantee (including fees/commission)	₹ 35.35
vi.	Financial Guarantee	₹ 15.00
vii.	Investment	₹ 5.00
viii.	Reimbursement of Health Insurance	₹ 0.12
ix.	Reimbursement of ESOP Expenses	₹ 1.00
	Total	₹ 150.00
2	Details of the proposed transaction	The proposed omnibus transactions include a comprehensive mix of operational and financial arrangements with the company's subsidiary, Paras Anti-Drone, totaling an estimated value of ₹150 Crore. These encompass commercial lease arrangements (Rent and Security Deposit), financial support via Inter-Corporate Deposits (Loan/ICD) along with reciprocal Interest income, mutual trade of goods/services, corporate guarantee along with the fee receipts, and a strategic equity/ debt investment. These transactions are regular, repetitive, and entered into in the ordinary course of business at arm's length.
3	Tenure of the proposed transaction (tenure in number of years or months to be specified)	The transaction is proposed for a period of one year. An omnibus approval is being sought and will remain valid from this 17th AGM till next 18th AGM
4	Whether omnibus approval is being sought?	Yes. Omnibus approval is sought to facilitate routine and repetitive transactions during the year.
5	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise	Value of transactions for FY 2026-27 is ₹ 150 crore. Approval of the Members is being sought for material RPTs from this17th AGM till next 18th AGM.

Sr. No.	Particulars of the information	Details
6	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity	The transactions ensure operational continuity, cost efficiencies, and business synergy within the group. The mutual sale and purchase of goods/services expands market reach, while financial support via Loan/ICD, Corporate Guarantees, and strategic Investments ensures Paras Anti-Drone secures optimum liquidity for defense and Drone project execution. Since the financials of Paras Anti-Drone are consolidated, its financial strength directly enhances the consolidated top-line and bottom-line profitability of the listed entity, maximizing long-term shareholder value. The Company proposes to seek Members' approval at the 17th Annual General Meeting for related party transactions, including leasing of premises, loans/Inter-Corporate Deposits, corporate guarantees, investments and such other transactions, as may be required in the ordinary course of business and at arms' length basis. The proposed transactions are in the interest of the Company as they facilitate continuation of the existing business relationship, operational requirements and business objectives of the Company. Further, the pricing and terms of the proposed transactions are determined in the ordinary course of business and are at an arm's length basis.
7	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly	None of the Promoters, Directors, or Key Managerial Personnel (KMPs) of the Company have any direct or indirect personal financial interest in these proposed transactions, except to the extent of their shareholding and directorship, as specified below.
a	Name of the director / KMP	a) Mr. Munjal Sharad Shah- Managing Director in Paras Defence, is also a Managing Director of Paras Anti-Drone b) Mrs. Shilpa Amit Mahajan, Whole-time Director of Paras Defence, is also a Director of Paras Anti-Drone c) Mr. Manmohan Handa - Independent Director of Paras Defence, is also an Independent Director of Paras Anti-Drone d) Mr. Suresh Katyal- Independent Director of Paras Defence, is also an Independent Director of Paras-Anti Drone e) Mr. Harsh Dhirendra Bhansali - Chief Financial Officer of Paras Defence, is also a Chief Financial Officer of Pars Anti-Drone
b	Shareholding of the director / KMP, whether direct or indirect, in the related party	a) Mr. Munjal Sharad Shah, Managing Director of Paras Defence, holds 1 share in Paras Anti-Drone on behalf of Paras Defence b) Mr. Harsh Dhirendra Bhansali, Chief Financial Officer (CFO) of Paras Defence, holds 101 shares of Paras Anti-Drone. c) Mr. Sharad Virji Shah, Chairman and Non-executive of Paras Defence, holds 101 shares of Paras Anti-Drone
8	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	NA
9	Other information relevant for decision making	All relevant information forms a part of this disclosure setting out requisite facts
B	Details for specific transactions	
B(1)	**Sale, purchase or supply of goods or services or any other similar business transactions and trade advances**	

Sr. No.	Particulars of the information	Details
1	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services	Bids were not invited since the transaction is an intra-group supply of goods/services intended to achieve operational efficiency, assured quality, and timely execution. The pricing and terms are at arm's length and comparable to market benchmarks, and inviting bids would increase time and cost without providing additional benefit to the listed entity or its Subsidiary. Also, the transaction involves confidential business information, sensitive technology, and strategic know-how, where open bidding could compromise competitive positioning, or security considerations. The arrangement also supports improved Subsidiary performance, which positively impacts the consolidated financial results of the listed entity.
2	Basis of determination of price.	The price for transactions shall be determined at an arm's length basis, taking into account prevailing market rates and/or comparable quotations. The pricing and commercial terms of other related party transactions, including leasing of premises, loans, Inter-Corporate Deposits (ICDs), corporate guarantees, investments, and other transactions, shall be determined with reference to prevailing market conditions, applicable interest rates or pricing benchmarks, and comparable commercial terms, as applicable, to ensure that all such transactions are undertaken at an arm's length basis.
3	In case of Trade advance (of upto 365 days or such period for which such advances are extended as per normal trade practice), if any, proposed to be extended to the related party in relation to the transaction, specify the following:	
	a. Amount of Trade advance	As may be required from time to time under the purchase order(s), subject to the approved transaction limit.
	b. Tenure	Up to 365 days or such period as per normal trade practice.
	c. Whether same is self-liquidating?	Yes. The advance is self-liquidating and will be adjusted against future supplies/invoices.
B(2)	**Disclosure only in case of transactions relating to loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary**	
1	Source of funds in connection with the proposed transaction.	Internal Accruals
2	Where any financial indebtedness is incurred to give loan, inter-corporate deposit or advance, specify the following:	Not Applicable
a.	Nature of indebtedness	Not Applicable
b.	Total cost of borrowing	Not Applicable
c.	Tenure	Not Applicable
d.	Other details	Not Applicable
3	Rate of interest at which the listed entity or its subsidiary is borrowing from its bankers/ other lenders.	Not Applicable – The loan is proposed to be provided from internal accruals of the Company and no financial indebtedness has been incurred for providing such loan.
4	Proposed interest rate to be charged by listed entity or its subsidiary from the related party.	12%
5	Maturity / due date	On or before 31.03.2028
6	Repayment schedule & terms	The principal amount shall be repaid on the maturity date as specified above. Interest shall be paid along with the final repayment of the principal amount on the scheduled maturity date
7	Whether secured or unsecured?	Unsecured

Sr. No.	Particulars of the information	Details
8	If secured, the nature of security & security coverage ratio	Not Applicable
9	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the transaction.	Working Capital Requirement
B(3)	**Disclosure only in case of transactions relating to investment made by the listed entity or its subsidiary**	
1	Source of funds in connection with the proposed transaction.	Internal Accruals
2	Where any financial indebtedness is incurred to make investment, specify the following:	Not Applicable
a.	Nature of indebtedness	Not Applicable
b.	Total cost of borrowing	Not Applicable
c.	Tenure	Not Applicable
d.	Other details	Not Applicable
3	Purpose for which funds shall be utilized by the investee company	The funds will be utilized by Paras Anti-Drone to fund long-term capital expenditure, manufacturing asset creation, and technological infrastructure upgrades.
4	Material terms of the proposed transaction	The investment will be up to a maximum cap, as mentioned above, in Equity Shares or convertible securities of Paras Anti-Drone from time to time, as may be strategically decided by the Board of Directors of the Company, depending on the operational and capital requirements of the subsidiary.
B(4)	**Disclosure only in case of guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.**	
1	(a) Rationale for giving guarantee, surety, indemnity or comfort letter	The corporate guarantee is proposed to support the financial requirements of Paras Anti-Drone and facilitate access to necessary credit, working capital, or fund-based and non-fund-based borrowing facilities. The transaction will strengthen the subsidiary's operations and contribute to the overall growth and strategic objectives of the entities.
	(b) Whether it will create a legally binding obligation on listed entity?	Yes. The corporate guarantee will create a legally binding and enforceable financial obligation on Paras Defence, which will arise in the event of a payment default by Paras Anti-Drone and subsequent invocation of the guarantee by the lending bank or institution.
2	Material covenants of the proposed transaction including:	
	(i) commission, if any to be received by the listed entity or its subsidiary;	A guarantee fee/commission is proposed to be received by Paras Defence from Paras Anti-Drone for providing the corporate guarantee. The fee will be charged at an Arm's Length basis in accordance with applicable laws, GST provisions, and the Company's Related Party Transaction Policy.
	(ii) contractual provisions on how the listed entity or its subsidiary will recover the monies in case such guarantee, surety, indemnity or comfort letter is invoked.	In the event of invocation of the corporate guarantee and any payment being made by Paras Defence to the lender, Paras Defence shall have an absolute subrogation and indemnity right to recover all such amounts, along with any associated costs or interest, from Paras Anti-Drone in accordance with the underlying agreements and applicable contractual arrangements.
3	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	The maximum obligation of Paras Defence under the corporate guarantee shall be limited to the overall omnibus limit approved for this transaction, including the principal amount, accrued interest, and other charges specified under the guarantee agreement.
C	**Information to be provided only if a specific type of RPT mentioned below proposed to be undertaken is a material RPT and is in addition to Part A and B**	
C(1)	Disclosure only in case of transactions relating to any loans and advances (other than trade advances), inter-corporate deposits given by the listed entity or its subsidiary	

Sr. No.	Particulars of the information	Details
1	Latest credit rating of the related party	The subsidiary company does not carry an external standalone credit rating as it is a closely held company.
2	Default on borrowings, if any, over the last three financial years, by the related party from the listed entity or any other person and value of subsisting default.	Nil. The related party has not committed any defaults on borrowings from the Company or any other lenders during the last three financial years. There are no subsisting defaults.
	In addition, state the following:	
	a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;	No. The accounts of the related party have not been classified as a non-performing asset (NPA) by any bank or financial institution.
	b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;	No. The related party has not been declared a 'wilful defaulter' by any of its lending banks.
	c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;	No. The related party is not undergoing, nor facing any legal application for, any insolvency resolution or liquidation process.
	d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.	No. The related party does not suffer from any of the statutory disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.
	FY 2023-24	Nil
	FY 2024-25	Nil
	FY 2025-26	Nil
C(2)	Disclosure only in case of transactions relating to any investment made by the listed entity or its subsidiary	
1	Latest credit rating of the related party	The subsidiary company does not carry a standalone external credit rating, as a standalone rating is not applicable.
2	Whether any regulatory approval is required. If yes, whether the same has been obtained.	No external statutory or government approvals are required for this investment. The proposed transaction is subject entirely to internal corporate approvals under the Companies Act, 2013, and SEBI (LODR) Regulations, 2015, which are being obtained via the prior recommendation of the Audit Committee and the resolution placed before the members under this Notice.
C(3)	Disclosure only in case of transactions relating to any guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary	
1	If guarantee, performance guarantee (in nature of security/ contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter is given in connection with the borrowing by a related party, provide latest credit rating of the related party	Not Applicable. The Subsidiary company does not carry an external credit rating.
2	Details of solvency status and going concern status of the related party during the last three financial years:	
	FY 2025-2026	Solvent Going Concern
	FY 2024-2025	Solvent Going Concern
	FY 2023-2024	Solvent Going Concern
3	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, performance guarantee (in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee) surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	The maximum aggregate value of guarantee obligations undertaken by the Company is limited to the amount as mentioned above. Based on the strong financial viability of the Subsidiary, the probability of invocation is remote, and therefore no provisioning is required in the Company's books of account, the limit will be recorded as a standard contingent liability.
4	Default on borrowings, if any, over the last three financial years, by the related party from the listed entity or any other person.	
	In addition, state the following:	

Sr. No.	Particulars of the information	Details
	a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;	Nil. The related party has committed no defaults on borrowings from the Company or any other external person during the last three financial years.
	b) Whether the related party has been declared a "wilful defaulter" by any of its bankers and whether such status is currently subsisting;	No. The related party has not been declared a 'wilful defaulter' by any of its lending banks.
	c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;	No. The related party is not undergoing, nor facing any legal application for, any insolvency resolution or liquidation process.
	d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.	No. The related party does not suffer from any of the statutory disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.
	FY 2025-2026	Nil
	FY 2024-2025	Nil
	FY 2023-2024	Nil
D	**Minimum Information to be provided to the shareholders for approval of Material RPTs**	
1	Information as placed before the Audit Committee in the format as specified in the RPT Industry Standards, to the extent applicable.	The comprehensive particulars and itemized transaction limits for the proposed transactions with Paras Anti-Drone Technologies Private Limited have been prepared in accordance with the RPT Industry Standards Framework (Parts A, B, and C).
2	Justification as to why the proposed transaction is in the interest of the listed entity, basis for determination of price and other material terms and conditions of RPT.	Please refer A(5)(6)
3	Disclose the fact that the Audit Committee has reviewed the certificates provided by the CEO/ Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity as required under the RPT Industry Standards.	Members are hereby informed that the Audit Committee has thoroughly reviewed and taken on record the statutory compliance certificates jointly issued and signed by the Managing Director and the Chief Financial Officer (CFO) of the Company.
4	Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.	The proposed transactions with Paras Anti-Drone Technologies Private Limited was placed before the Audit Committee at its meeting held on August 07, 2026, where it received unanimous prior approval. Following this approval, the Board of Directors reviewed the strategic, operational, and commercial parameters of the framework, determined it to be in the best interest of the Company, and recommends the Resolution set out in Item No. 6 of this Notice for shareholder approval.
5	Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.	NA
6	The Audit Committee and Board of Directors, while providing information to the shareholders, can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity and affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision-making.	To protect the competitive position and industrial standing of the group within the sensitive defense sector, the Audit Committee and the Board of Directors have approved the redaction of proprietary engineering specifications, specialized component margin haircuts, and proprietary tech-blueprint pricing metrics. The Board and the Audit Committee explicitly affirm that these omissions are restricted to trade secrets, do not impact the total financial threshold boundaries being voted on, and that this disclosure package provides all material, relevant, and necessary facts to enable shareholders to make an informed decision-making choice.

Sr. No.	Particulars of the information	Details
7	Any other information that may be relevant	Interested Directors and Promoters shall completely recuse themselves from voting on this item. The transaction will be monitored and presented for a detailed compliance verification to the Audit Committee on a mandatory quarterly basis throughout the financial cycle. There is no other relevant governance or financial information required to be disclosed to the members.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of this Notice, in relation to the details as stated above and thus the Board of Directors recommends the said Resolution for the approval of the members of the Company as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, except to the extent of their Directorship and Shareholding, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Resolution set forth in Item No. 6 for the approval of the Members.

By the order of the Board of Directors
For **Paras Defence and Space Technologies Limited**

Minal Bhate
Company Secretary and Compliance Officer

Date: August 07, 2026
Place: Navi Mumbai

Registered Office:
D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706
Tel. No. +91-22-6919 9999
Fax No. +91-22-6919 9990
E-mail: business@parasdefence.com
Website: www.parasdefence.com
CIN: L29253MH2009PLC193352

ANNEXURE - A

Details of re-appointment of Mrs. Shilpa Amit Mahajan, Whole-Time Director liable to retire by rotation at the AGM.

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2, Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India]:

Name of Director	Mrs. Shilpa Amit Mahajan
DIN	01087912
Date of birth	November 09,1979
Age	46 Years
Date of first appointment on the Board	June 25, 2018
Qualification	Diploma in Interior Design
Experience	Mrs. Shilpa Amit Mahajan is the Whole-time Director of the Company, plays a pivotal role in shaping the vision and growth trajectory of the organization. Her extensive experience and leadership abilities have been central to driving the company's strategic initiatives. Since joining the Board on June 25, 2018, she has consistently demonstrated a deep understanding of the industry and the business landscape, which has helped steer the company through various phases of development and transformation. Her leadership extends beyond day-to-day operations, where her insights have been invaluable in making key decisions that align with the company's long-term goals. Over the years, she has played a significant role in the expansion of the company, identifying opportunities for growth, guiding successful projects, and ensuring that the company remains competitive in a dynamic market. With her exceptional blend of experience, commitment and vision, Mrs. Shilpa Amit Mahajan continues to be an integral part of the company's leadership team, driving the company towards greater success and sustainability in the industry.
Terms and conditions of appointment/re-appointment	Re-appointment in terms of Section 152(6) of the Companies Act, 2013.
Details of remuneration last drawn	₹ 32,00,000/- p.a.
Remuneration proposed to be paid	-
Shareholding in the Company as on date	11,52,150 (constituting 1.43% of the paid-up capital)
Relationship with other Directors / Key Managerial Personnel	-
Directorships in other companies as on date	Paras Anti-Drone Technologies Private Limited Paras Aerospace Private Limited Mechtech Thermal Private Limited Quantico Technologies Private Limited Paras Semiconductors Private Limited
Membership of Committees/ Chairmanship in other Companies	-
Number of Board meetings attended during the year	12

By the order of the Board of Directors
For **Paras Defence and Space Technologies Limited**

Minal Bhate
Company Secretary and Compliance Officer

Date: August 07, 2026
Place: Navi Mumbai

Registered Office:
D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706
Tel. No. +91-22-6919 9999
Fax No. +91-22-6919 9990
E-mail: business@parasdefence.com
Website: www.parasdefence.com
CIN: L29253MH2009PLC193352

BOARD'S REPORT

To
The Members
Paras Defence and Space Technologies Limited

The Directors of your Company are pleased to present Seventeenth (17th) Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended March 31, 2026.

1. FINANCIAL SUMMARY AND HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Revenue from Operations	41,654.41	33,385.41	47,657.54	36,466.12
Other Income	1814.38	1,185.63	1,597.99	792.22
Total Income	**43,468.79**	**34,571.04**	**49,255.53**	**37,258.34**
Less: Total Expenditure	32,405.87	25,890.21	37,773.25	28,901.01
Less: Share of (Profit)/Loss of associate	-	-	6.69	(2.75)
Profit before Exceptional Items	**11,062.92**	**8,680.83**	**11,475.59**	**8,360.07**
Less: Exceptional items	-	-	291.02	-
Profit Before Tax	**11,062.92**	**8,680.83**	**11,766.61**	**8,360.07**
Less: Income tax	2,888.73	2,269.94	2,987.22	2,304.59
Less: Deferred Tax	(100.68)	(96.03)	(123.93)	(93.67)
Less: Income Tax for earlier years	(42.08)	-	(41.94)	-
Profit after Tax	**8,316.95**	**6,506.92**	**8,945.26**	**6,149.15**
Other Comprehensive Income (Net of taxes)	(11.53)	38.92	(56.28)	28.68
Total Comprehensive Income for the year	**8,328.48**	**6,468.00**	**9,001.54**	**6,120.47**

On a standalone basis, the total income for the Financial Year ended March 31, 2026 was ₹ 43,468.79 Lakhs, which is 25.74 % higher than the previous year's income of ₹ 34,571.04 Lakhs. Our total income on a consolidated basis for the Financial Year ended March 31, 2026 was ₹ 49,255.53 Lakhs, compared to ₹ 37,258.34 Lakhs for the Financial Year ended March 31, 2025.

On a standalone basis, the net profit after tax (PAT) for the Financial Year ended March 31, 2026 stood at ₹ 8,316.95 Lakhs as against previous year's net profit of ₹ 6,506.92 Lakhs, thereby recording an increase of 27.82%. Our net profit after tax (PAT) on consolidated basis for the Financial Year ended March 31, 2026 amounted to ₹ 8,945.26 Lakhs as compared to ₹ 6,149.15 Lakhs in the previous year.

2. TRANSFER TO RESERVES

During the year under review, the Company has not transferred any amounts to the General Reserve. For complete details on movement in Reserves and Surplus during the Financial Year ended March 31, 2026, please refer to the 'Statement of Changes in Equity' included in the Standalone and Consolidated Financial Statements of this Annual Report.

3. DIVIDEND

The Board of Directors have recommended a Dividend of ₹ 1/- (Rupee One only) per equity share of ₹ 5/- (Rupees Five only) each, for the Financial Year ended March 31, 2026.

The Final Dividend on equity shares, if approved by the Members, would involve a cash outflow of ₹ 8.05 crores (8,05,87,330 equity shares @ ₹1 per share). As per Indian Income Tax Act, 1961, Dividend paid and distributed by a Company is taxable in the hands of members and the Company is required to deduct tax at source (TDS) from dividend paid to the Members at prescribed rates. The Record date for the purpose of the Final Dividend for the Financial Year ended March 31, 2026, is August 28, 2026.

Unpaid Dividend-

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends that remain unclaimed or unpaid for a period of seven consecutive years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

During the Financial Year ended March 31, 2026, the Company was not required to transfer any unclaimed dividend to the IEPF.

As of March 31, 2026, an amount of ₹ 34,587 (Rupees Thirty Four Thousand Five Hundred and Eighty Seven) is lying in the Unpaid Dividend Account of the Company. Further, all shares in respect of which dividends have remained unclaimed for seven consecutive years shall also be transferred to the IEPF.

Members who have not yet encashed their dividend warrants for previous years are requested to contact the Company's Registrar and Transfer Agent, MUFG Intime India Private Limited (formerly Link Intime India Private Limited), at their office at C-101, Embassy 247, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 or write to the Company Secretary at the Registered Office.

The Company has in place a Dividend Distribution Policy in accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the Company's website at https://parasdefence.com/investors.

4. STATE OF THE COMPANY'S AFFAIRS

The information on Company's affairs and related aspects is provided under Management Discussion and Analysis Report, which has been prepared, inter-alia, in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms part of this Report.

5. CHANGE IN THE NATURE OF BUSINESS

There were no changes in the nature of business during the Financial Year ended March 31, 2026.

6. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments which affect the financial position of the Company that have occurred between the end of the Financial Year to which the financial statements relate and the date of this report.

7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans given, investments made, guarantees given and securities provided during the year and as covered under Section 186 of the Companies Act, 2013 form part of the Standalone Financial Statements of the Company provided in this Annual Report.

8. DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement of furnishing details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with Chapter V of the Act, are not applicable.

9. DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

A SUBSIDIARIES

As on March 31, 2026, the Company has 8 (Eight) Subsidiaries, out of which 7 (Seven) are Indian Subsidiaries and 1 (One) is Foreign Subsidiary.

The details of the Subsidiaries are as follows:

Name of the Company	Type of Subsidiary
*Opel Technologies Pte. Ltd.	Foreign Wholly Owned Subsidiary
Paras Aerospace Private Limited	Indian Subsidiary
Paras Anti-Drone Technologies Private Limited	Indian Subsidiary
Quantico Technologies Private Limited	Indian Wholly Owned Subsidiary
Mechtech Thermal Private Limited	Indian Subsidiary
Paras Heven Advanced Drones Private Limited	Indian Subsidiary
Paras Avionics Private Limited	Indian Subsidiary
Paras Semiconductors Private Limited	Indian Subsidiary
Ayatti Innovative Private Limited	Ceased to be a Subsidiary with effect from March 30, 2026

**Opel Technologies Pte. Ltd. became a material subsidiary of your Company w.e.f. April 01, 2023.*

B. ASSOCIATE AND JOINT VENTURE COMPANIES

As on March 31, 2026, there are 3 (Three) Associate Companies within the meaning of Section 2(6) of the Companies Act, 2013.

The details of the Associate/Joint Venture Companies are as follows:

Name of the Company
Krasny Paras Defence Technologies Private Limited
Controp-Paras Technologies Private Limited
Himanshi Thermal Solutions Private Limited

10. PERFORMANCE AND FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANIES AND THEIR CONTRIBUTION TO OVERALL PERFORMANCE OF THE COMPANY

The Consolidated Financial Statements of the Company form a part of this Annual Report. A Statement containing salient features of the financial statement of subsidiaries pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 are enclosed as Annexure - 1 to this report.

11. SHARE CAPITAL

A. Authorized Share Capital

The Authorised Share Capital of the Company is ₹ 6,050.00 Lakhs comprising of 12,10,00,000 Equity shares of Rs.5/- each.

B. **Issued, Subscribed and Paid-up Share Capital**

The Issued, Subscribed and Paid-up Share Capital of the Company is ₹ 4,029.37 Lakhs comprising of 8,05,87,330 Equity Shares of ₹ 5/- each.

During the Financial Year, the equity shares of the Company were sub-divided such that 1 (One) equity share of face value of ₹10/- (Rupees Ten Only) each was sub-divided into 2 (Two) equity shares of face value of ₹5/- (Rupees Five Only) each, pursuant to approval of the members resolution dated June 07, 2025. The record date for the said sub-division was July 04, 2025. The Authorised, Issued, Subscribed and paid-up share capital of the Company remains unchanged on account of the sub-division of equity shares.

12. Employee Stock Option Plan - Paras Defence ESOP 2024

The Members of the Company approved the adoption and implementation of the Paras Defence and Space Technologies Limited – Employee Stock Option Plan, 2024 ("Paras Defence ESOP 2024") at the 15th Annual General Meeting. The Plan enables the grant of stock options to eligible employees as a long-term incentive aimed at rewarding performance, retaining talent and aligning employees' interests with the long-term objectives and growth of the Company.

Under the Paras Defence ESOP 2024, the total number of stock options proposed to be issued shall not exceed 7,95,000 (Seven Lakh Ninety-Five Thousand) in aggregate. Each stock option, upon vesting and exercise, entitles the option holder to acquire one fully paid-up equity share of the Company having a face value of ₹10/- (Rupees Ten Only), in one or more tranches, in accordance with the terms of the Plan.

Subsequent to the Members' approval dated June 07, 2025, for the sub-division of equity shares, whereby 1 (One) equity share of face value of ₹10/- each was sub-divided into 2 (Two) equity shares of face value of ₹5/- each, 7,95,000 entitlements under the Paras Defence ESOP 2024 stand appropriately adjusted, in compliance with applicable laws. Accordingly, the aggregate number of stock options available for grant under the Plan stands increased to 15,90,000 (Fifteen Lakh Ninety Thousand), with each stock option entitling the holder, upon vesting and exercise, to acquire one fully paid-up equity share of face value of ₹5/- (Rupees Five Only).

The Plan has been formulated in compliance with the provisions of the Companies Act, 2013, read with the rules framed thereunder, and the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBEB & SE Regulations"). The Nomination and Remuneration Committee of the Board administers and oversees the implementation of the Plan and acts as the Compensation Committee in terms of the SBEB & SE Regulations.

During the Financial Year 2025–26, other than the aforementioned modification on account of sub-division of equity shares, there was no modification in the structure or key terms of the Paras Defence ESOP 2024.

Under Phase -1 of the Plan, the Company has granted 78,450 (Seventy Eight Thousand Four Hundred and Fifty) number of Stock options of face value of ₹ 10/- each on January 22, 2025. Subsequent to the Members' approval dated June 07, 2025, for the sub-division of equity shares, the said 78,450 Stock Options of face value of ₹ 10/- each stand readjusted to 1,56,900 (One Lakh Fifty-Six Thousand Nine Hundred) Stock Options of face value of ₹ 5/-

Under Phase-2 of the Plan, the Company granted 1,56,400 (One Lakh Fifty-Six Thousand Four Hundred) Stock Options of face value ₹ 5/- on March 13, 2026.

No stock options were vested or exercised during the year under review. The detailed disclosures as required under applicable laws are provided in the Note no. 39 to the Financial Statements forming part of this Annual Report.

The disclosure relating to ESOPs required to be made under the provisions of the Companies Act, 2013 and the Rules made thereunder and the Securities and Exchange Board of India (Share Based Employee Benefit and Sweat Equity) Regulations, 2021 is provided on the website of the Company. A certificate from the Secretarial Auditors confirming that the scheme has been implemented in compliance with the SEBI (SBEB & SE) Regulations has also been obtained. These documents are available for electronic inspection by Members during the AGM and can also be accessed on the Company's website at https://www.parasdefence.com

13 OTHER SHARES RELATED DISCLOSURES

During the year under review, the Company has not issued any bonus shares, equity shares with differential voting rights nor has it granted any sweat equity. As on March 31, 2026, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

14. ISSUE OF DEBENTURES, BONDS AND ANY OTHER NON-CONVERTIBLE SECURITIES/WARRANTS

During the year under review, the Company has not issued any debentures, bonds or any other non-convertible securities nor the Company has issued any warrants.

15. CREDIT RATING

During the year under review, your Company has been rated by ICRA Limited for its bank facilities as follows:

ICRA Limited			
Instrument Type	**Amount (₹ in Crores)**	**Rating Outlook**	**Rating Action**
Long term – Fund Based - Cash Credit	39.00	ICRA A- (Positive)	Reaffirmed and Outlook revised to Positive from Stable
Long term – Fund based - Overdraft	5.00	ICRA A- (Positive)	
Long term/Short term – Non-Fund Based - Bank Guarantee	157.75	ICRA A- (Positive) /ICRA A2+	

CRISIL Ratings Limited has withdrawn its rating during FY 2025-26.

16. UTILISATION OF QUALIFIED INSTITUTIONS PLACEMENT (QIP) PROCEEDS

Pursuant to Sections 42 and 62 of the Companies Act, 2013, along with the applicable rules made thereunder and the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Company, on October 08, 2024, successfully raised an amount aggregating to ₹ 135.182 Crores by way of Qualified Institutions Placement (QIP) and allotted 12,93,604 equity shares at an issue price of ₹ 1,045 per equity share (including a premium of ₹ 1,035 per equity share).

The funds raised through the QIP were utilised strictly in accordance with the objects of the issue as disclosed in the placement documents. ICRA Limited was appointed as the Monitoring Agency to monitor the utilisation of the net proceeds of the issue, in terms of the applicable SEBI regulations. The Company has duly submitted the Monitoring Agency reports and quarterly statements of utilisation of funds to the Stock Exchanges in accordance with Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Pursuant to Regulation 32(7A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of utilisation of QIP proceeds up to March 31, 2026, are given below:

Sr. No.	Particulars	Utilization of QIP proceeds (₹ in Crores)
1	Funding working capital requirements of the Company	120.000
2	General corporate purposes (excluding QIP expenses)	10.987
3	Issue expenses	4.195
Total		**135.182**

The Company has fully utilised the entire proceeds of ₹ 135.182 Crores as of the quarter ended June 2025. There has been no deviation or variation in the use of proceeds from the objects stated in the offer documents, and accordingly, the disclosure requirements under Regulation 32(1) and 32(7A) of the SEBI Listing Regulations have been duly complied with.

Further, as on March 31, 2026, there were no unutilised proceeds remaining from the issue.

17. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee reviews the internal control systems at regular intervals internally, the adequacy of internal audit functions and reviews the significant internal audit findings with the management and also updates and recommends the same to the Board for their review.

18. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A Composition of Board of Directors

The composition of Board of Directors of the Company, as on March 31, 2026, is as follows:

Name of Director	DIN	Category
Sharad Virji Shah	00622001	Promoter, Chairman & Non-Executive Non- Independent Director
Munjal Sharad Shah	01080863	Promoter, Managing Director
Shilpa Amit Mahajan	01087912	Whole-Time Director
Manmohan Handa	06942720	Non-Executive Independent Director
Hina Amol Gokhale	08712659	Non-Executive Independent Director
Suresh Katyal	08979402	Non-Executive Independent Director

B. Changes in the position of Directors of the Company

The details of change in position of Directors of the Company, during the year under review, are given in the table as hereunder:

Name of Director	Designation	Nature of Change (Appointment/ Re-appointment/ Cessation)	Date of Shareholders Approval	Tenure
Suresh Katyal	Non-Executive Independent Director	Re-appointment	December 19, 2025	For a second term of five years commencing from January 05, 2026 to January 04, 2031

C. Retirement by rotation and subsequent reappointment

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Shilpa Amit Mahajan (DIN: 01087912), Whole-Time Director, retires by rotation at the ensuing Seventeenth (17^{th}) Annual General Meeting and being eligible, offers herself for re-appointment.

D. Key Managerial Personnel (KMP)

The composition of Key Managerial Personnel of the Company as on March 31, 2026 is as follows:

Name of Key Managerial Personnel	Category
Munjal Sharad Shah	Managing Director
Shilpa Amit Mahajan	Whole-Time Director
Harsh Dhirendra Bhansali	Chief Financial Officer

E. Changes in the position of Key Managerial Personnel other than Directors of the Company

The details of change in position of Key Managerial Personnel of the Company during the year and after the close of Financial Year are given in the table as hereunder:

Name of Key Managerial Personnel	Designation	Nature of Change (Appointment/Cessation)	Date of Appointment/ Cessation
Jajvalya Raghavan	Company Secretary and Compliance Officer	Cessation	February 03, 2026
Minal Bhate	Company Secretary and Compliance Officer	Appointment	April 06, 2026

Apart from the above, there was no other change in the composition of the Key Managerial Personnel during the period under review.

F. Declarations Given by Independent Directors

The Company has received necessary declarations and disclosures from the Independent Directors under Section 149(7) and Section 184(1) of the Companies Act, 2013 ("the Act") stating that they meet the criteria of independence as laid down in Section 149(6) of the Act and under the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and disclosing their interest in form MBP-1. All the Directors have certified that the disqualifications mentioned under Sections 164, 167 and 169 of the Act do not apply to them. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Act.

The Board of the Company has taken the disclosures on record after verifying the due veracity of the same. In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management and have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act. All the Independent Directors of the Company are also registered with the databank of Independent Directors as required under the provisions of the Act.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses, if any.

The Directors and the senior management personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel during the year under review.

G. Board and Committee Meetings

i. Board Meetings

The Board of Directors met 12 (Twelve) times during the financial year under review. The details of the Board meetings and attendance of each Director there at are provided in the Corporate Governance Report forming part of this Board's Report as Annexure - 2.

ii. Committees of the Board

The Company has 5 (Five) Board-Level Committees, which have been established in compliance with the provisions of the Act and SEBI Listing Regulations:

iii. Audit Committee

The Company's Audit Committee composition is in line with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations.

The Members of the Audit Committee are financially literate and have requisite accounting and financial management expertise. The composition, terms of reference of the Audit Committee and the particulars of meetings held and attendance thereat are mentioned in the Corporate Governance Report forming part of the Annual Report. During the year under review, all the recommendations of the Audit Committee in terms of its reference were considered positively by the Board of Directors of your Company.

iv. Other Committees

The details of other Committees of the Board are given under the Report on Corporate Governance section forming part of this Annual Report and the list of Committees of the Board is also available on the website of the Company viz. www.parasdefence.com/investors

19. COMPLIANCE WITH SECRETARIAL STANDARDS

During the period from April 01, 2025 to March 31, 2026, the Company complied with the Secretarial Standard – 1 on Board Meetings and Secretarial Standard – 2 on General Meetings, issued by the Institute of Company Secretaries of India.

20. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's Sustainability, Environment, Social and Governance Report is provided separately as part of the Annual Report.

The brief outline of the Company's CSR initiatives undertaken during the year under review is furnished in Annexure-3 in the format as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time. The Company's CSR Policy is placed on the website of the Company https://parasdefence.com/investors .

The brief terms of reference, particulars of meetings held and attendance there at are mentioned in the Corporate Governance Report forming part of the Annual Report.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has formulated a Policy on Related Party Transactions and the same can be accessed using the following link: https://parasdefence.com/investors

During the year under review, all other contracts / arrangements / transactions entered by the Company with Related Parties were in the ordinary course of business and on an arm's length basis. A statement giving details of all Related Party Transactions, as approved, is placed before the Audit Committee for review on a quarterly basis. The details of the transactions entered into between the Company and the related parties under Sections 188 and 134(3)(h) of the Act, are given in AOC - 2 enclosed as Annexure - 4 to this report.

The Disclosures as required under Indian Accounting Standard – 24 (Ind AS-24) "Related Party Disclosures" notified under Rule 7 of the Companies (Accounts) Rules, 2014 have been provided in note no. 34 forming part of the Standalone Financial Statements.

22. PARTICULARS OF REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND EMPLOYEES AND DISCLOSURES IN BOARD'S REPORT

The disclosure on remuneration of Directors, Key Managerial Personnel and Employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure - 5 to this Report. None of the employees listed in the said Annexure - 5 is related to any Director of the Company except to the extent specified therein.

In terms of proviso to Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the members excluding certain information covered under Annexure - 5.

23. MANAGEMENT DISCUSSION AND ANALYSIS

In terms of provisions of Regulation 34(2)(e) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report is enclosed as Annexure - 6 to this Report.

24. ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Board of Directors carried out an annual evaluation of its overall performance, that of Individual Directors, and the functioning of its various Committees. The performance of the Board as a whole and of its Committees was evaluated by the Board through a structured questionnaire covering multiple aspects such as composition and quality, meeting and procedures, contribution to Board deliberations, effectiveness of assigned functions, rapport with management, professional development and the adequacy, appropriateness and timeliness of information etc.

Taking into consideration the responses received from the Individual Directors to the questionnaire, the performance of the Board and its Committees was evaluated. The performance of the Independent Directors was evaluated by the entire Board, excluding the respective Independent Director evaluated. The Directors expressed their satisfaction with the evaluation process.

Pursuant to Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held on Saturday, January 10, 2026.

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed as Annexure - 7 to this report.

26. AUDITORS

I. Statutory Auditors

In accordance with the provisions of the Companies Act, 2013, M/s. Chaturvedi & Shah LLP, Chartered Accountants (FRN: 101720W/W100355) ('C&S') have been appointed as the Statutory Auditors of the Company, at the 14th Annual General meeting held on September 29, 2023 for a period of five years i.e. until the conclusion of 19th AGM of the Company to be held in the year 2028. The Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

II. Internal Auditors

The provisions of Section 138 of the Companies Act, 2013 for appointing Internal Auditors are applicable to the Company.

Based on the recommendation of the Audit Committee, the Board of Directors had appointed M/s. Shaparia Mehta & Associates LLP, Chartered Accountants (FRN: 0112350W / W-100051), as Internal Auditors for conducting the internal audit functions of the Company for FY 2025-26. During FY 2025-26, M/s. Shaparia Mehta & Associates LLP, Chartered Accountants changed its name to S M L and Co LLP while retaining the same Firm Registration Number (FRN 0112350W / W-100051). They have submitted their reports periodically to the Audit Committee and Board of Directors for their review. M/s. S M L and Co LLP have been appointed as the Internal Auditors of the Company for FY 2026-27.

III. Secretarial Auditors

M/s. DM & Associates, Company Secretaries LLP, Practising Company Secretary, were appointed as the Secretarial Auditors of the Company, at the 16th AGM held on August 21, 2025, for a term of 5 (five) consecutive financial years, commencing from the Financial Year 2025-26 to the Financial year 2029-30.

The Secretarial Audit Report in Form MR-3 for the Financial Year ended March 31, 2026 is annexed and marked as Annexure 8 to this Report.

The Secretarial Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Company Secretaries of India (ICSI) and hold valid certificate issued by the Peer Review Board of ICSI. They have also confirmed that they are not disqualified from continuing as the Secretarial Auditor of the Company.

The Secretarial Audit was not applicable to any of the subsidiaries of the Company during the year under review.

iv. Cost Auditors

The provisions of Section 148 of the Companies Act, 2013 for maintaining the Cost Records are applicable to the Company and accordingly the Company has made and maintained cost accounts and records in respect of the applicable products for the year ended March 31, 2026.

The Board, based on the recommendation of the Audit Committee, at its meeting held on May 13, 2026, has approved the appointment of M/s. Dinesh Jain & Company, Practicing Cost Accountants, Mumbai (FRN: 100583), as the Cost Auditors for the Company for the Financial Year ending March 31, 2027. M/s. Dinesh Jain & Company, confirmed their independent status and that they are free from any disqualifications under Section 141 of the Companies Act, 2013. A proposal for ratification of remuneration of the Cost Auditors for the FY 2026-27 is placed before the members for approval in the ensuing AGM.

27. AUDIT REPORTS

The Statutory Auditors' Report and the Secretarial Auditors' Report do not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors have issued an unmodified opinion on the Financial Statements, both standalone and consolidated, for the Financial Year ended March 31, 2026. Their Reports for the Financial Year ended March 31, 2026 on the financial statements of the Company forms part of this Annual Report. There is no incident of fraud, requiring reporting by the Statutory Auditors under Section 143(12) of the Act.

In view of the above, no comments are offered by the Board of Directors.

28. ANNUAL RETURN

In compliance with Section 92(3) of the Companies Act, 2013 ("the Act") read with Section 134(3) of the Act, the Annual Return of the Company as on March 31, 2026 will be available on the website of the Company at https://parasdefence.com/investors?tab=1

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2026 and of the profit of the Company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. HUMAN RESOURCES / INDUSTRIAL RELATIONS, INCLUDING NUMBER OF PEOPLE EMPLOYED

Your Company had 617 permanent employees as on March 31, 2026 while the count was 537 as on March 31, 2025. Your Company provides regular training to employees to improve skills. Your Company has put in place a performance appraisal system that covers all employees.

31. CORPORATE GOVERNANCE

The Company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). A separate section on corporate governance under the SEBI Listing Regulations, along with the certificate from the Practicing Company Secretary confirming the compliance, is enclosed as Annexure – 2D of this report.

32. COMPANY'S POLICY RELATING TO DIRECTORS' APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

Your Company has adopted a policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.The said policy is available on the website of the Company https://parasdefence.com/investors.

33. RISK MANAGEMENT POLICY

In line with regulatory requirements, the Company has framed risk management policy to identify and assess with the regulatory risk areas and a risk mitigation process. A detailed exercise is being carried out at regular intervals to identify, evaluate, manage and monitor all business risks. The Company has a Risk Management Committee in place which periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT A WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT 2013

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

The details of the POSH Complaints during the year

Number of sexual harassment complaints received	: Nil
Number of complaints disposed off	: Nil
Number of cases pending for more than 90 days	: Nil

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

35. COMPLIANCE WITH THE MATERNITY BENEFIT ACT, 1961

With a significant percentage of women in its workforce, the Company believes that it is not merely about empowering women — rather, PARAS is empowered by them. The Company is committed to supporting the needs, health and safety of mothers and complies with the provisions of the Maternity Benefit Act, 1961.

36. WHISTLE BLOWER POLICY / VIGIL MECHANISM

Pursuant to Section 177(9) read with Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has duly established Whistle Blower Policy /Vigil Mechanism Policy ("Policy") to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct. The functioning of the Policy is reviewed by the Audit Committee / Board on periodical basis. During the financial year ended March 31, 2026, the Company has not received any complaint under the Whistle Blower Policy of the Company.

37. CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the members of the Board of Directors and Senior Management Personnel. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2026.

38. POLICIES AND DISCLOSURE REQUIREMENTS

In terms of provisions of the Companies Act, 2013 and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the requisite policies, which are available on Company's website – https://parasdefence.com/investors

39. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

The Company has provided Business Responsibility and Sustainability Report in line with the requirement based on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' notified by Ministry of Corporate Affairs (MCA). Pursuant to the provisions of Regulation 34 of the SEBI Listing Regulations, the said report is attached separately, which forms part of this Annual Report.

40. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the year, there were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

41. DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

During the year under review, there was no instance of one-time settlement with banks or financial institutions, hence the requirement to disclose the details of difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions, along with the reasons thereof, is not applicable.

42. IBC CODE AND COURT ORDERS

There is no proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (IBC Code). There are no significant and material order passed by the regulators or courts or tribunals impacting the going concern status of the Company and its operations in future.

43. ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank all its employees for their dedicated service and firm commitment to the goals of the Company. Your Board also wishes to place on record its sincere appreciation for the wholehearted support received from members, clients, bankers and all other business associates. We look forward to continued support of all these partners in progress.

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Sharad Virji Shah
Chairman & Non- Executive Director
DIN: 00622001

Munjal Sharad Shah
Managing Director
DIN: 01080863

Date: August 07, 2026
Place: Navi Mumbai

Registered Office:
D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706
Tel. No. +91-22-6919 9999
Fax No. +91-22-6919 9990
E-mail: business@parasdefence.com
Website: www.parasdefence.com
CIN: L29253MH2009PLC193352

ANNEXURE – 1

FORM AOC – 1

[Pursuant to first provision to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the Financial Statement of subsidiaries or associate companies or joint ventures

Part A - Subsidiaries

(₹ in Lakhs)

Particulars	Details					
Name of the subsidiary	**Opel Technologies Pte. Ltd.**	**Quantico Technologies Private Limited**	**Mechtech Thermal Private Limited**	**Paras Aerospace Private Limited**	**Paras Anti-Drone Technologies Private Limited**	**Paras Heven Advanced Drones Private Limited**
	Foreign WOS	**Indian WOS**	**Indian Subsidiary**	**Indian Subsidiary**	**Indian Subsidiary**	**Indian Subsidiary**
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	1 USD=94.65	NA	NA	NA	NA	NA
Share capital	0.07	10.00	10.00	101.00	101.00	1.00
Reserves & surplus	546.46	-30.53	221.85	-261.34	2769.68	-4.63
Total assets	1,446.33	3.39	628.19	635.46	6416.14	1.31
Total Liabilities	899.80	23.92	396.34	795.80	3,545.36	4.94
Investments	-	-	2.01	3.46	2.01	-
Revenue from operations	3,307.50	-	290.79	275.22	4,180.52	-
Profit before tax	157.54	-17.37	-165.03	-164.26	699.51	-4.63
Provision for tax	3.38	-	-	0.14	71.86	-
Profit after tax	154.16	-17.37	-165.03	-164.40	627.65	-4.63
Proposed Dividend	-	-		-	-	-
% of shareholding	100%	100%	70%	60%	55%	51%

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

1. *Names of subsidiaries which are yet to commence operations: Paras Heven Advanced Drones Private Limited*
2. *Names of subsidiaries which have been liquidated or sold during the year: Ayatti Innovative Private Limited ceased to be a subsidiary w.e.f. March 30, 2026*
3. *Paras Avionics Private Limited and Paras Semiconductors Private Limited, subsidiaries incorporated on February 20, 2026 and February 27, 2026, respectively, have not been considered for consolidation in the Financial Statements, as the subscription money towards the equity shares of these subsidiaries was remitted post March 31, 2026.*

Part B - Associate and Joint Ventures

(₹ in Lakhs)

Particulars	Details		
Name of the Associate	**Krasny Paras Defence Technologies Private Limited**	**Himanshi Thermal Solutions Private Limited***	**Controp-Paras Technologies Private Limited**
Latest audited Balance Sheet Date	31.03.2026	31.03.2026	31.03.2026
Reporting period for the Associate concerned, if different from the holding Company's reporting period	NA	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign Associates	NA	NA	NA
Share capital	110	1.00	1.00
Reserves & surplus	-47.11	-54.95	-98.49
Total assets	290.55	70.23	4,662.24
Total liabilities	227.65	124.19	4,759.73
Investments	-	-	-
Revenue from operations	58.96	-	933.12
Profit/(Loss) before tax	-5.64	-1.71	-109.72
Provision for tax	0.37	-	0.21
Profit/(Loss) after tax	5.28	-1.71	-109.51
Proposed Dividends	-	-	-
% of shareholding	47.50 %	49%	30%

*Himanshi Thermal Solutions Private Limited has become an Associate of the Company w.e.f February 19, 2026.

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

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

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Sharad Virji Shah
Chairman & Non - Executive Director
DIN: 00622001

Munjal Sharad Shah
Managing Director
DIN: 01080863

Harsh Dhirendra Bhansali
Chief Financial Officer

Minal Bhate
Company Secretary & Compliance Officer
ACS: 20188

Date: August 07, 2026
Place: Navi Mumbai

ANNEXURE – 2
CORPORATE GOVERNANCE REPORT
FOR THE YEAR 2025-26

[As required under Schedule V(C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), the Company has disclosed, to the best extent possible, its compliance in this Corporate Governance Report, which forms an integral part of the Annual Report for the Financial Year 2025–26. In accordance with the SEBI Listing Regulations, this report outlines the Company's corporate governance framework, systems and processes for the year ended March 31, 2026. The Company is committed to good corporate governance practices that ensure efficiency, transparency and accountability. Our governance philosophy is aimed at enhancing long-term shareholder value, complying with applicable laws and regulations. A Certificate from the Secretarial Auditors confirming the compliance with the prescribed corporate governance conditions is annexed to this report.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company continues to remain committed to adhering to good corporate governance practices by maintaining the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations and in all its interactions with its stakeholders.

Your Company's Corporate Governance framework is all about maintaining valuable relationship and trust with all stakeholders. We ensure that timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements, leadership and governance of the Company are shared with all the stakeholders. It encourages co-operation between the Company and the stakeholders for better participation in the Corporate Governance processes.

Your Company continues to believe that good corporate governance is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders.

2. BOARD OF DIRECTORS

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board of Directors function in accordance with the powers delegated under the Companies Act, 2013 ("the Act"), SEBI Listing Regulations and Memorandum & Articles of Association as applicable to the Company.

a) Composition of the Board

The Board comprises of 6 Directors which includes 1 Chairman & Non-Executive Non-Independent Director, 1 Managing Director, 1 Whole-time Director, 3 Non-Executive Independent Directors. None of the Directors on the Board is a member of more than 10 Committees or acts as Chairman of more than 5 Committees across all listed Companies and unlisted public limited Companies in which he/ she is a Director.

b) Attendance of Directors at Board Meetings during the Financial Year ended March 31, 2026 and at the last Annual General Meeting (AGM)

Name of the members	Meeting Date												Total Meetings held during the year	No. of Meetings Attended	% of Attendance	Attended last AGM held on 21.08.2025
	15.04.2025	30.04.2025	23.05.2025	10.06.2025	25.07.2025	22.09.2025	17.10.2025	13.11.2025	29.12.2025	19.01.2026	23.01.2026	17.02.2026				
Sharad Virji Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12	12	100	No
Munjal Sharad Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12	12	100	Yes
Shilpa Amit Mahajan	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12	12	100	Yes
Manmohan Handa	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12	12	100	Yes
Hina Amol Gokhale	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	12	11	91.67	Yes
Suresh Katyal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12	12	100	Yes

c) Details of Directorships and Board Level Committee Memberships/Chairmanship in Public Limited Companies (including Paras Defence) and number of shares held as on March 31, 2026:

Name	Category/ Designation in the Company	No. of other Directorship and Committee Chairmanship(s)/ Membership(s)			Particulars of Directorship in other listed entities	No. of shares held in the Company
		Directorship*	Chairmanship#	Membership#		
Sharad Virji Shah (DIN:00622001)	Promoter, Chairman, Non - Executive Non - Independent Director	1	0	0	-	1,24,37,180
Munjal Sharad Shah (DIN:01080863)	Promoter, Managing Director	1	0	2	-	1,97,16,274
Shilpa Amit Mahajan (DIN:01087912)	Whole-Time Director	1	0	0	-	11,52,150
Manmohan Handa (DIN:06942720)	Non - Executive Independent Director	1	2	2	-	0
Hina Amol Gokhale (DIN:08712659)	Non - Executive Independent Director	1	0	0	-	0
Suresh Katyal (DIN:08979402)	Non - Executive Independent Director	1	0	2	-	0

**Directorship of all public limited companies other than private limited companies, foreign companies and section 8 companies are considered as per Regulation 26 of SEBI Listing Regulations.*

#Chairmanship and Committee Membership of only Audit Committee and Stakeholders Relationship Committee alone are considered as per Regulation 26 of SEBI Listing Regulations.

(d) Disclosure of relationships between Directors inter-se

Mr. Sharad Virji Shah, Chairman and Non-Executive Non-Independent Director is the father of Mr. Munjal Sharad Shah, Managing Director of the Company. No other Director(s) of the Company and their relatives inter-se are related to each other.

(e) Shares and Convertible Instruments held by Non-Executive Directors

As on March 31, 2026, the Company does not have any convertible instruments. None of the Non-Executive Directors, except Mr. Sharad Virji Shah (Promoter), held Equity shares of the Company as on March 31, 2026.

(f) Weblink of Familiarisation Programmes Imparted to Independent Directors

The web link for Familiarisation programmes imparted to Independent Directors is as follows: https://parasdefence.com/investors

(g) Core Competencies of Directors

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The Board provides an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board periodically evaluates the need for a change in its composition and size.

As required under the SEBI Listing Regulations, the Board of Directors have identified the following core skills / expertise / competencies as required in the context of its business and sector for it to function effectively.

General Business / Industry awareness
Functional Knowledge / General Management / Administration
Communication and collaborative approach
Leadership and Governance

The Board collectively has the abovementioned skills / expertise / competence. The names of Directors and the skills they possess are given below:

Name of the Director	General Business / Industry awareness	Functional knowledge / General Management / Administration	Communication and Collaborative approach	Leadership & Governance
Sharad Virji Shah	✓	✓	✓	✓
Munjal Sharad Shah	✓	✓	✓	✓
Shilpa Amit Mahajan	✓	✓	✓	✓
Manmohan Handa	✓	✓	✓	✓
Hina Amol Gokhale	✓	✓	✓	✓
Suresh Katyal	✓	✓	✓	✓

(h) Separate Independent Directors Meeting

Pursuant to Schedule IV of the Act and as per Regulation 25(3) of the SEBI Listing Regulations, separate meeting of Independent Directors of the Company was held on Saturday, January 10, 2026. The agenda was to review the performance of Non-Independent Directors, the Chairman, the entire Board and Committees thereof and the quality, quantity and timeliness of the flow of information.

(i) Board Independence

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

3. COMMITTEES OF THE BOARD

The Committees of the Board play an important role in Corporate Governance and focus on specific areas and make informed decisions within the authority delegated. Each Committee is guided by its terms of reference, which provides for the scope, powers, duties and responsibilities of the Committee. The recommendation and/or observations and decisions are placed before the Board for information or approval. The Chairman/Chairperson of the respective Committee updates the Board regarding the discussions held and decisions taken at the Committee Meeting.

As mandated by the SEBI Listing Regulations and the Companies Act, the Board has constituted the following Statutory Committees:

a) Audit Committee

b) Stakeholders Relationship Committee

c) Nomination & Remuneration Committee

d) Risk Management Committee

e) Corporate Social Responsibility Committee

The functioning of these Committees is regulated by the mandatory terms of reference, roles and responsibilities and powers as provided in the Act, the SEBI Listing Regulations and other applicable regulations.

The Board has also constituted 'Management Committee' comprising of the members of the Senior Management of the Company for the purpose of managing the day to day operations of the Company. Minutes of the Management Committee Meetings are placed before the Board.

The minutes of the meetings of all the Statutory Committees are placed before the Board for noting. The Company Secretary acts as the Secretary of these Committees.

3.1 AUDIT COMMITTEE

A. TERMS OF REFERENCE:

a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b) Recommendation for appointment, reappointment and replacement, remuneration and terms of appointment of auditors of the Company;

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

  i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub-Section 3 of Sction 134 of the Act;

  ii. Changes, if any, in accounting policies and practices and reasons for the same;

  iii Major accounting entries involving estimates based on the exercise of judgement by management;

  iv. Significant adjustments made in the financial statements arising out of audit findings;

  v. Compliance with listing and other legal requirements relating to financial statements;

  vi. Disclosure of any related party transactions; and

  vii. Modified opinion(s) in the draft audit report.

e) Reviewing, with the management, the Quarterly Financial Statements before submission to the Board for approval;

f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

h) Approval or any subsequent modification of transactions of the Company with related parties;

i) Scrutiny of inter-corporate loans and investments;

j) Valuation of undertakings or assets of the Company, wherever it is necessary;

k) Evaluation of internal financial controls and risk management systems;

l) Monitoring the end use of funds raised through public offers and related matters;

m) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

o) Discussion with Internal Auditors of any significant findings and follow up thereon;

p) Reviewing the findings of any internal investigations by the Internal Auditors into matters of where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

q) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

s) To establish and review the functioning of the Whistle Blower Mechanism;

t) Approval of appointment of Chief Financial Officer (i.e. the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;

u) Carrying out any other terms of reference as may be decided by the Board or specified/provided under the Act or the SEBI Listing Regulations or by any other regulatory authority;

v) Consider and comment on rationale, cost benefits and impact of schemes involving merger,demerger, amalgamation etc., on the listed entity and its shareholders

w) Reviewing the utilisation of loans and/or advances from/investment by the holding Company in the subsidiary exceeding 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments existing as on the date of coming into force of this provision

x) Review of (1) management discussion and analysis of financial condition and results of operations; (2) management letters/letters of internal control weaknesses issued by the statutory auditors; (3) internal audit reports relating to internal control weaknesses; (4) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; (b) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations and;

y) Review the compliance of the provision of Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal controls are adequate and operating sufficiently and forward the said report with the comments/observations to the Board of Directors of the Company.

B. COMPOSITION

The Audit Committee comprises of 3 Directors, 1 is Executive Director and 2 are Non-Executive Independent Directors. The Committee's composition complies with the requirements of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

All Members of the Committee have sound financial knowledge and have financial management expertise.

As on March 31, 2026, the Audit Committee comprised of the following members:

Name of Members	Category	Designation
Manmohan Handa	Non-Executive Independent Director	Chairman
Suresh Katyal	Non-Executive Independent Director	Member
Munjal Sharad Shah	Managing Director	Member

C. MEETINGS AND ATTENDANCE

The Audit Committee met 10 (Ten) times during the year under review. The gap between any 2 meetings did not exceed 120 days. The details including attendance of members of the Committee are as follows:

Name of the Members	Meeting Date										Total Meetings held during the year	No. of Meetings Attended	% of Attendance
	30.04.2025	23.05.2025	10.06.2025	25.07.2025	13.11.2025	29.12.2025	19.01.2026	23.01.2026	17.02.2026	13.03.2026			
Manmohan Handa	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	10	10	100
Suresh Katyal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	10	10	100
Munjal Sharad Shah	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	10	10	100

The Audit Committee invites such executives as it considers necessary to be present at its meetings. The Whole-Time Director and Chief Financial Officer attend the meetings. The Statutory Auditors and Internal Auditors are also invited to the meetings, as and when required.

The minutes of the meetings of the Committee are placed before and noted by the Board. All the recommendations made by the Committee during the year under review were accepted by the Board.

The Chairman of the Committee was present at the 16th Annual General Meeting held on August 21, 2025.

3.2 NOMINATION AND REMUNERATION COMMITTEE

A. TERMS OF REFERENCE:

The terms of reference of the Nomination and Remuneration Committee, inter alia, include the following:

a) Carry out the evaluation of every Director's performance;

b) Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;

c) Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management and other employees;

d) Formulate the criteria for evaluation of performance of the Directors, Committees and Board and to devise a policy on diversity of the Board of Directors;

e) Recommend / review the remuneration of the Managing Director(s), Whole-time Director(s), Key Managerial Personnel and Senior Management based on their performance and defined assessment criteria;

f) Carry out the functions enumerated under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and

g) Perform such other functions as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to, by such Committee.

B. COMPOSITION

The Nomination and Remuneration Committee comprises of 3 Directors, all of whom are Non-Executive Directors. The Committee's composition meets the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

As on March 31, 2026, the Nomination and Remuneration Committee comprised of the following members:

Name of Members	Category	Designation
Manmohan Handa	Non-Executive Independent Director	Chairman
Sharad Virji Shah	Non-Executive Non-Independent Director	Member
Suresh Katyal	Non-Executive Independent Director	Member

C. MEETINGS AND ATTENDANCE

The Committee met 5 (Five) times during the year under review and details including attendance of members of the Committee are as follows:

Name of the Members	Meeting Date					Total Meetings held during the year	No. of Meetings Attended	% of Attendance
	15.04.2025	25.07.2025	04.09.2025	13.11.2025	13.03.2026			
Manmohan Handa	Yes	Yes	Yes	Yes	Yes	5	5	100
Sharad Virji Shah	Yes	Yes	Yes	Yes	Yes	5	5	100
Suresh Katyal	Yes	Yes	Yes	Yes	Yes	5	5	100

The minutes of the meetings of the Committee are placed before and noted by the Board. All the recommendations made by the Committee during the year under review were accepted by the Board.

The Chairman of the Committee was present at the 16th Annual General Meeting held on August 21, 2025.

D. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

The evaluation of Independent Directors is based on attendance, participation in discussions, understanding of the Company's business and industry, and guiding decisions that impact the business, in line with the roles specified in Schedule IV of the Companies Act, and the criteria for independence. The Board of Directors, excluding the Director being evaluated, conducts this evaluation.

The Nomination and Remuneration Committee is responsible for evaluating each Director's performance, including the independence criteria as per SEBI Listing Regulations, to assess the continuation or extension of Independent Directors' terms. The evaluation process includes:

- Peer evaluations by Board members based on a questionnaire.
- Input on the overall performance of the Board and its Committees.
- Review of the Chairperson's performance based on feedback from Executive and Non-Executive Directors.

3.3 STAKEHOLDERS RELATIONSHIP COMMITTEE

A. TERMS OF REFERENCE

The terms of reference of the Stakeholders Relationship Committee, inter alia, include the following:

a) Resolve the grievances of the security holders of the Company including complaints related to non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, transfer / transmission of shares, general meetings, etc.

b) Review of measures taken for effective exercise of voting rights by shareholders.

c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.

d) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

e) Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenant

B. COMPOSITION

The Stakeholders Relationship Committee comprises of 3 Directors, 2 are Non-Executive Independent Directors and 1 is an Executive Director. The Chairman of the Committee is a Non-Executive, Independent Director. The Committee's composition meets the requirements of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations.

As on March 31, 2026, the Stakeholders Relationship Committee comprised of the following members:

Name of Members	Category	Designation
Manmohan Handa	Non-Executive Independent Director	Chairman
Munjal Sharad Shah	Managing Director	Member
Suresh Katyal	Non-Executive Independent Director	Member

C. MEETINGS AND ATTENDANCE

The Committee met once during the year under review and details including attendance of members of the Committee are as follows:

Name of the Members	Meeting Date 24.06.2025	Total Meetings held during the year	No. of Meetings Attended	% of Attendance
Manmohan Handa	Yes	1	1	100
Munjal Sharad Shah	Yes	1	1	100
Suresh Katyal	Yes	1	1	100

The Chairman of the Committee was present at the 16^{th} Annual General Meeting held on August 21, 2025.

D. NAME AND DESIGNATION OF COMPLIANCE OFFICER

Ms. Jajvalya Raghavan resigned from the position of Company Secretary and Compliance Officer with effect from February 3, 2026. Consequently, the position of Company Secretary and Compliance Officer remained vacant as on March 31, 2026. Subsequently, Ms. Minal Bhate was appointed as the Company Secretary and Compliance Officer with effect from April 6, 2026.

E. SHAREHOLDER GRIEVANCES

Complaints received during the year	No. of complaints disposed of during the year	Complaints pending for resolution
1	1	0

3.4 RISK MANAGEMENT COMMITTEE

A. TERMS OF REFERENCE

The terms of reference of the Risk Management Committee, inter alia, include the following:

a) Frame and review the Risk Management Policy.

b) Review the risk management framework and recommend any measures as appropriate from time to time for consideration of the Board.

c) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the company.

d) Monitor and oversee implementation of the risk management policy, including evaluation of the adequacy of risk management systems.

e) Review the policy periodically, at least once in two years, considering the changing industry dynamics and evolving complexity.

f) Keep the Board informed about the nature and content of Risk Management Committee discussions and recommendations, as well as the actions to be taken.

g) Assist the Board with the identification and management of risks to which the Company's group is exposed.

h) Appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

B. COMPOSITION

The Risk Management Committee comprises of 4 Directors, 2 of them are Executive Directors, 1 is Non-Executive Non-Independent Director and 1 is Non-Executive Independent Director. The Chairman of the Committee is a Non-Executive Non-Independent Director. The Committee's composition meets the requirements of Regulation 21 of the SEBI Listing Regulations.

As on March 31, 2026, the Risk Management Committee comprised of the following members:

Name of Members	Category	Designation
Sharad Virji Shah	Non-Executive Non-Independent Director	Chairman
Munjal Sharad Shah	Managing Director	Member
Shilpa Amit Mahajan	Whole-Time Director	Member
Manmohan Handa	Non-Executive Independent Director	Member

C. MEETINGS AND ATTENDANCE

The Committee met twice during the year under review. The gap between any 2 meetings did not exceed 210 days. The details including attendance of members of the Committee are as follows:

Name of the Members	Meeting Date		Total Meetings held during the year	No. of Meetings Attended	% of Attendance
	24.05.2025	11.12.2025			
Sharad Virji Shah	Yes	Yes	2	2	100
Munjal Sharad Shah	Yes	Yes	2	2	100
Shilpa Amit Mahajan	Yes	Yes	2	2	100
Manmohan Handa	Yes	Yes	2	2	100

3.5 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

A. TERMS OF REFERENCE

The broad terms of reference of the Corporate Social Responsibility Committee, inter alia, include the following:

a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII of the Companies Act, 2013

b) To recommend the amount of expenditure to be incurred on the activities referred to in point (a); and

c) To monitor the Corporate Social Responsibility Policy of the company from time to time.

B. COMPOSITION

The Corporate Social Responsibility (CSR) Committee comprises of 3 Directors, 2 of them are Non-Executive, Independent Directors and 1 is Executive Director. The Committee's composition complies with the requirements of Section 135 of the Act.

As on March 31, 2026, the Corporate Social Responsibility Committee comprised of the following members:

Name of Members	Category	Designation
Munjal Sharad Shah	Managing Director	Chairman
Hina Amol Gokhale	Non-Executive Independent Director	Member
Manmohan Handa	Non-Executive Independent Director	Member

C. MEETINGS AND ATTENDANCE

The Committee met 3 (Three) times during the year under review and details including attendance of members of the Committee are as follows:

Name of the Members	Meeting Date			Total Meetings held during the year	No. of Meetings Attended	% of Attendance
	24.06.2025	04.09.2025	17.10.2025			
Munjal Sharad Shah	Yes	Yes	Yes	3	3	100
Hina Amol Gokhale	Yes	Yes	Yes	3	3	100
Manmohan Handa	Yes	Yes	Yes	3	3	100

4. GENERAL MEETINGS

A. ANNUAL GENERAL MEETINGS

Location and time where last three Annual General Meetings were held:

Date	Location	Time
August 21, 2025	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706 (Through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM)	12:30 p.m.
September 20, 2024	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706 (Through Video Conferencing (VC) /Other Audio-Visual Means (OAVM)	12:30 p.m.
September 29, 2023	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706 (Through Video Conferencing (VC) /Other Audio-Visual Means (OAVM)	11:00 a.m.

The following Special Resolutions were passed in Annual General Meetings held during last three years-

Date	August 21, 2025	September 20, 2024	September 29, 2023
Meeting No.	**16th Annual General Meeting**	**15th Annual General Meeting**	**14th Annual General Meeting**
Special Resolution	No special resolution was passed.	1. Approval for authorization to Board of Directors of the Company to advance any loan, give any guarantee or to provide any security to all such person specified under section 185 of the Companies Act, 2013 upto an aggregate limit of ₹ 60,00,00,000/- (Rupees Sixty Crores Only) 2. Approval for extension of limits to give loan(s)/ provide guarantee(s) or security(ies)/ make investment(s) under Section 186 of the Companies Act, 2013 3. To raise capital by way of a Qualified Institution Placement ("QIP") to eligible investors through issuance of equity shares and/or other eligible securities. 4. (A) To approve 'Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024' ("Paras Defence ESOP 2024") 5. (B) To extend approval of 'Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024' to the Employees of Company, its Subsidiary Company (ies) and/ or Associate Company(ies), Group Company(ies) [present and future]	1. Reappointment of Mrs. Shilpa Amit Mahajan (DIN: 01087912) as Whole-Time Director of the Company. 2. Alteration in the object clause of the Memorandum of Association of the Company.

B. POSTAL BALLOT THROUGH E-VOTING

During the financial year, the below mentioned Special Resolution was passed by the Shareholders by requisite majority by way of postal ballot through e-voting. The Board of Directors of the Company appointed Mr. Dinesh Kumar Deora, Partner, M/s. DM and Associates, Practicing Company Secretaries, as the Scrutinizer for scrutinizing the postal ballot through e-voting. Brief details pertaining to the said postal ballot are provided below:

Sr. No.	Special Resolution	Date of Postal Ballot Notice	Period of e-voting	Date of declaration of result	Votes in favour Percentage	Votes against Percentage
1.	Re-appointment of Mr. Suresh Katyal (DIN:08979402) as Non-Executive Independent Director of the Company	November 13, 2025	November 20, 2025 to December 19, 2025	December 19, 2025	99.97	0.03

Procedure for postal ballot: The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and applicable circulars issued by the Ministry of Corporate Affairs from time to time. The Company provided electronic voting facility to all its members. The Company had engaged the services of MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) for providing remote e-Voting facilities to the Members, enabling them to cast their vote electronically and in a secure manner. In compliance with the MCA Circulars, the Company sent the Postal Ballot Notice only in electronic form to those Members whose names appeared in the Register of Members/List of Beneficial Owners as received from the Depositories/MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited), the Company's Registrars and Transfer Agents as on the Cut-Off Date (i.e. November 07, 2025 for Postal Ballot notice dated November 13, 2025). The Scrutinizer, after the completion of scrutiny, submitted his report. The consolidated results of the remote e-Voting were then announced on December 19, 2025 and were also available on the Company's website at www.parasdefence.com besides being communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE).

Further, no Special Resolution is currently proposed to be passed through Postal Ballot as on the date of adoption of Directors' Report.

5. SENIOR MANAGEMENT

The details of the Senior Management Personnel of the Company identified in accordance with the Act and Regulation 16(1)(d) of the SEBI Listing Regulations, as recommended by the Nomination and Remuneration Committee and approved by the Board, as on March 31, 2026, are given below:

Sr. No.	Name	Designation as on March 31, 2026
1.	Anish Hemant Mehta	Director- Business Development
2.	Amit Navin Mahajan	Director- Technical and R&D
3.	Ami Munjal Shah	Vice President - HR
4.	R. Rajagopalan	Sr Vice President Electronics
5.	N. Saravanan	Sr Vice President Electronics
6.	K. Natarajan	Sr Vice President Electronics
7.	Dr. Padmanabham	Sr Vice President Electronics
8.	G.S. Ravichandar	Sr Vice President Electronics
9.	D. Ramakantha	Vice President Electronics
10.	Yellamanda Y	Vice President Optics
11.	Bharat Yelkur	Sr Vice President Optics
12.	MV Rajashekhar	Sr Vice President Optics
13.	S. Somashaker	Sr Manager Optics
14.	Harsh Dhirendra Bhansali	Chief Financial Officer
15.	Jajvalya Raghavan*	Company Secretary and Compliance Officer

**Resigned w.e.f February 03, 2026*

6. REMUNERATION OF DIRECTORS

i. Pecuniary Relationship with Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive Independent Directors other than payment of sitting fees to them for attending Board and Committee Meetings and Commission paid, if any, as approved by Members for their invaluable services to the Company.

ii. Criteria for making payments to Non-Executive Directors

The Non-Executive Independent Directors are entitled to receive sitting fees for attending the Meetings of the Board and various Committees of the Board of which they are members. As on March 31, 2026, your Company was making the payment of Sitting Fees as under:

Meetings	Sitting Fees
Meeting of the Board and Committees	₹ 75,000/- per Board/ Committee Meeting

The Company also reimburses the out-of-pocket expenses incurred by the Non-Executive Directors for attending Meetings. No payment by way of bonus, pension, incentives, stock options etc. was made to Non-Executive Directors.

The sitting fees paid to Non-Executive Directors during the Financial Year 2025-26 and their shareholding in the Company as on March 31, 2026, are as under:

(Amount in ₹)

Non-Executive Directors	Board & Committee Fees	Total	No. of shares held
Sharad Virji Shah	9,00,000	9,00,000	1,24,37,180
Manmohan Handa	9,00,000	9,00,000	0
Hina Amol Gokhale	9,00,000	9,00,000	0
Suresh Katyal	9,00,000	9,00,000	0

iii. Remuneration Paid to Directors

Remuneration as per Terms of Service paid to Managing Director and Whole-Time Director during the year 2025-26:

(Amount in ₹)

Name of Directors	Remuneration	Total
Munjal Sharad Shah	84,00,000	84,00,000
Shilpa Amit Mahajan	32,00,000	32,00,000

1. **Munjal Sharad Shah (DIN: 01080863)**
   Service Contract: Five years commencing from March 14, 2024 to March 13, 2029
   Notice Period: NA
   Severance fees: Not Applicable

2. **Shilpa Amit Mahajan (DIN: 01087912)**
   Service Contract: Five years commencing from September 29, 2023 to September 28, 2028
   Notice Period: NA
   Severance fees: Not Applicable

The total remuneration paid to the Executive Directors during the financial year was in accordance with the approval obtained under Regulation 17(6)(e) of the SEBI Listing Regulations, as amended.

7. MEANS OF COMMUNICATION

a) Calendar of Financial Year ended March 31, 2026

The Company follows April-March as the Financial Year. The meetings of the Board of Directors for approval of quarterly and annual Financial Results for the Financial Year ended March 31, 2026, were held on the following dates:

Sr. No.	Particulars	Date
1	Quarter ended June 30, 2025	July 25, 2025
2	Quarter ended September 30, 2025	November 13, 2025
3	Quarter ended December 31, 2025	January 23, 2026
4	Quarter and Year ended March 31, 2026	May 13, 2026

b) Quarterly, Half-yearly and Annual Results

Quarterly, Half-Yearly and Annual financial results of the Company are published in widely circulated national newspapers, as per the details given below:

Name of the Newspaper	Region	Language
Financial Express	Mumbai	English
Freepress Journal	Mumbai	English
Navshakti	Mumbai	Marathi

Unaudited Quarterly results along with Limited Review Report have been uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with Regulation 33 of the SEBI Listing Regulations as well as published in leading newspapers, Financial Express (English Language national daily newspaper circulating all over India), Free Press Journal (English), Navshakti (Marathi) in terms of Regulation 47 of the said Regulations. Further, the audited annual results along with the Auditors' Report published in leading newspapers are uploaded on the NEAPS Portal and BSE Listing Centre published in leading newspapers.

The results and reports have been simultaneously posted on the website of the Company at https://parasdefence.com/investors.

c) Annual Reports and Annual General Meetings (AGM)

The Notice of the AGM along with the Annual Report for Financial Year 2025-26 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The Annual Report is also available on the Company's website at https://parasdefence.com/investors. However, Members desiring a physical copy of the Annual Report for Financial Year 2025-26, may either write to us or email us at cs@parasdefence.com to enable the Company to dispatch a copy of the same. Please include details of Folio No./DP ID and Client ID and holding details, in the said communication.

d) Presentations made to Institutional Investors or to the Analysts

The Company has made presentations to analysts / institutional investors from time to time during the Financial Year 2025-26. The presentation is available on the Company's website at https://parasdefence.com/investors

e) Website

The Company has its own functional website https://www.parasdefence.com as required by the SEBI Listing Regulations, wherein all information and documents relating to Quarterly and Annual Audited Financial Results, Annual Reports, Quarterly Shareholding Pattern and information required to be disclosed under Regulations 30 and 46 of the SEBI Listing Regulations, etc. are regularly updated.

All material events/information relating to the Company that could influence the market price of its securities or investment decisions are timely disclosed to the Stock Exchanges as per the Company's 'Policy for Determination of Materiality of Events or Information for Disclosure to the Stock Exchanges', framed in terms of Regulation 30(4)(ii) of the SEBI Listing Regulations. All disclosures under this Policy are also displayed on the Company's website https://www.parasdefence.com/.

f) SEBI Complaints Redressal System (SCORES)

SEBI has a centralized web-based complaints redressal system, which serves as a centralized database of all complaints received by the concerned Company and online viewing by the investors of actions taken on the complaint and its current status.

g) E-mail Id for communication

Company's e-mail address: cs@parasdefence.com

8. GENERAL SHAREHOLDER INFORMATION

a) Details of AGM: Friday, September 11, 2026 at 12.30 p.m. (IST). The AGM will be held through Video Conferencing (VC) / Other Audio-Visual (OAVM) only.

b) Financial Year: April 01, 2025 to March 31, 2026

c) Dividend Payment Date: The Board of Directors of your Company have recommended the Final Dividend in its meeting held on May 13, 2026 for FY 2025-26 for the approval of Shareholders in upcoming Annual General Meeting. Dividend will be paid within 30 days of approving the same by Shareholders in the Annual General Meeting.

d) Listing on Stock Exchanges

The equity shares of your Company are listed on the following Stock Exchanges:

National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra (E), Mumbai – 400051 Symbol: PARAS
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 Scrip Code: 543367

International Securities Identification Number (ISIN):

As on March, 31, 2025	-	INE045601015
As on March, 31, 2026	-	INE045601023 (post the split of equity shares of the Company)

Corporate Identification Number (CIN): L29253MH2009PLC193352

e) Listing and Custodial Fees

The Annual Listing Fee and Custodial fees for the financial year 2025-26 and 2026-2027 have been paid to both the above-mentioned Stock Exchanges and Depositories viz. CDSL and NSDL respectively.

f) Registrar & Transfer Agent details

Name: MUFG Intime India Private Limited *(formerly known as Link Intime India Private Limited)*
Address: C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai – 400083.
Tel. No. +91-22-4918 6000
Fax No. +91-22-4918 6060
E-mail: mumbai@in.mpms.mufg.com

g) Share Transfer / Transmission System

Since the Company's entire share capital is held in dematerialized form, there are no physical share transfers. All transfers, transmissions, and related transactions are processed electronically through the depositories, i.e. NSDL and CDSL, in accordance with applicable regulations. Transfer of shares in physical form is not permitted as per applicable SEBI circulars.

The Company's Registrar and Share Transfer Agent (RTA), MUFG Intime India Private Limited, facilitates and monitors all such dematerialised transactions in coordination with the depositories, ensuring timely and efficient processing.

h) Distribution of Shareholding

Sr. No.	Shareholding of Shares	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1.	1 to 500	375682	98.1164	19266586	23.9077
2.	501 to 1000	4543	1.1865	3366074	4.1769
3.	1001 to 2000	1666	0.4351	2449246	3.0392
4.	2001 to 3000	407	0.1063	1019665	1.2653
5.	3001 to 4000	176	0.0460	634709	0.7876
6.	4001 to 5000	109	0.0285	507937	0.6303
7.	5001 to 10000	185	0.0483	1299891	1.6130
8.	10001 and above	126	0.0329	52043222	64.5799
Total		**3,82,894**	**100**	**80587330**	**100**

i) Shareholding Pattern as on March 31, 2026

Category of Shareholders	No. of Shares	% of Total shares
1. Promoter (A)	4,28,68,584	53.20
2. Public Shareholding (B)		
Mutual Funds	8,88,387	1.10
Alternative Investment Funds	18,662	0.02
Insurance Companies	89,294	0.11
NBFCs registered with RBI	4,170	0.01
Foreign Portfolio Investors Category I	37,98,302	4.71
Foreign Portfolio Investors Category II	2,79,603	0.35
Directors and their relatives (excluding independent directors and nominee directors)	23,04,080	2.86
Individual Shareholders holding nominal share Capital upto ₹ 2 Lakhs	2,73,66,960	33.94
Individual Shareholders holding nominal share Capital in excess of ₹ 2 Lakhs	4,41,091	0.55
Non-Resident Indians (NRIs)	9,30,975	1.16
Foreign Nationals	420	0.00
Bodies Corporate	7,29,776	0.91
Trusts	2,206	0.00
LLP	69,234	0.09
HUF	7,56,332	0.94
Clearing Members	39,254	0.05
Total (A+B)	**8,05,87,330**	**100.00**

j) Dematerialisation of Shares and Liquidity

100% shareholding of promoters and non-promoters is in dematerialized form.

Holding Type	No. of Shares	Share%
Demat		
CDSL	4,20,29,036	52.15
NSDL	3,85,58,294	47.85
Physical	0	0
Total	**8,05,87,330**	**100**

k) Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity

No GDRs/ ADRs/Warrants or any Convertible instruments has been issued by the Company.

l) List of Credit Ratings

During the year under review, your Company has been rated by CRISIL Ratings Limited ("CRISIL") for its bank facilities as follows:

CRISIL Ratings Limited			
Instrument Type	**Size of Issue(₹ in Cr.)**	**Rating Outlook**	**Rating Action**
Bank Guarantee	23.00	CRISIL A2+	Rating Reaffirmed and Withdrawn
Cash Credit	39.00	CRISIL A-/ Positive	
Letter of Credit	5.00	CRISIL A2+	
Long Term Loan	10.00	CRISIL A-/Stable	
Pre-Shipment Credit	7.00	CRISIL A2+	
Proposed Term Loan	19.00	CRISIL A- / Positive	

ICRA Ratings Limited			
Instrument Type	**Size of Issue(₹ in Cr.)**	**Rating Outlook**	**Rating Action**
Long term – Fund Based - Cash Credit	39.00	ICRA A- (Positive)	Reaffirmed the ratings and revised the Outlook from 'Stable' to 'Positive'
Long term – Fund based - Overdraft	5.00	ICRA A- (Positive)	
Long term/Short term – Non-Fund Based - Bank Guarantee	157.75	ICRA A- (Positive)/ ICRA A2+	

m) Address for correspondence

Shareholders may correspond with the Company's Registrar and Share Transfer Agent viz. MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) for any assistance relating to dematerialization of shares, share transfers, transmissions, change of address, change in bank details or any other query relating to shares at the below mentioned address:

MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited)
Address: C 101, 247 Park, LBS Rd, Surya Nagar, Gandhi Nagar, Vikhroli West, Mumbai – 400083.
Tel. No. +91-22-4918 6000
Fax No. +91-22-4918 6060
E-mail: mumbai@in.mpms.mufg.com

General correspondence:

Ms. Minal Bhate
Company Secretary and Compliance Officer
Paras Defence and Space Technologies Limited,
D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai – 400706
Tel.: +91 22 6919 9999
Fax: +91 22 6919 9990
E-mail: cs@parasdefence.com

n) Locations of Plants

(i) The Registered & Corporate office of the Company is located at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai, Maharashtra.

(ii) The Defence and Space Optics and Defence Electronics divisions are operated from D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai, Maharashtra

(iii) The factory premises for Heavy Engineering Division is operated from M-6, Addl. MIDC, Ambernath, Thane, Maharashtra.

(iv) Advance Electronics Business Unit is operated from 23, 2nd Sankey Square, Lower Palace Orchards, Bengaluru, Karnataka

(v) Centre of Excellence for Defence and Space Optics is operated from Yelahanka, Bengaluru.

9. OTHER DISCLOSURES

a) Materially Significant Related Party Transactions

During the year, the Company entered into contract/arrangement/transaction with Controp-Paras Technologies Private Limited (Associate Company), which is considered as material in accordance with the SEBI Listing Regulations as well as the policy of the Company on materiality of related party transactions, after obtaining the prior approval of the Board of Directors and shareholders. Details of the material transaction entered into with Controp-Paras Technologies Private Limited forms part of Notes to the Financial Statements.

None of the transactions with any of related parties were in conflict with the Company's interest.

As required under Regulation 23 of SEBI Listing Regulations, the Company has adopted a policy on dealing with materiality of Related Party Transactions which has been placed on the Company's website and can be accessed at the following link: https://parasdefence.com//investors

b) Details of Non-Compliance

No penalties / strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority for non-compliance of any laws on any matter related to capital markets, during the last three years.

c) Details of Vigil Mechanism/Whistle Blower Policy

The Company has a Board approved 'Whistle Blower Policy' for Directors and Employees to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. It also provides safeguard against victimization of employees, who avail the mechanism and for direct access to the Chairman of the Audit Committee. No personnel of the Company had been denied access to the Audit Committee. The Whistle Blower Policy is available at the weblink: https://parasdefence.com//investors

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all mandatory Corporate Governance requirements as stipulated in the SEBI Listing Regulations.

The Company strives to comply with the non-mandatory (discretionary) requirements as specified in Part E of Schedule II of SEBI Listing Regulations as far as possible.

i. **Office for non-executive Chairperson at Company's expense:** Mr. Sharad Virji Shah, Non-Executive Chairman is entitled to maintain an office as Chairman of the Company, at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.

ii. **Auditors Report:** There has been no qualification/ adverse remark by the Auditors in their Audit Report for the year.

e) Web Link of Policy on determining 'material' subsidiaries

The Company's policy on determining 'material' subsidiaries is available on the Company's website at https://parasdefence.com/investors

f) Web link of policy on dealing with related party transactions

The Company's policy on Related Party Transactions is available on the Company's website at https://parasdefence.com/investors

g) Commodity price risk, foreign exchange risk and hedging activities

The Company does not deal in commodities and accordingly the disclosure pursuant to SEBI Master Circular dated July 11, 2023 is not applicable

Please refer note no. 37 to the Financial Statements for the details on foreign exchange risks and measures to mitigate the same.

h) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI Listing Regulations

As on March 31, 2026, there are no outstanding funds pending utilization from the proceeds of preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI Listing Regulations.

i) Recommendation of Committees

All recommendations / submissions made by various Committees of the Board during the financial year 2025-26 were accepted by the Board.

j) Details of total fees paid by the listed entity and its subsidiaries, on a consolidated basis to the statutory auditors and all entities in the network firm/network entity of which the statutory auditor is a part

(Amount in Lakhs)

Particulars	By the Company	By Subsidiaries	Total Amount
Statutory Audit	41.00	13.7	54.7
Quarterly Review	18.00	6.65	24.65
Tax Audit	11.00	1	12
For Certification charges	0.20	-	0.2
For Reimbursement of Expenses			
Total	**70.20**	**21.35**	**91.55**

k) Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has implemented a Policy on the Whistle Blower and Anti-Sexual Harassment Policy, aligned with the POSH Act and other applicable laws. Internal Committees ("ICs") have been constituted in accordance with the requirements of the POSH Act.

The details of complaints received, disposed and pending, during FY 2025-26 are as follows:

Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on end of the financial year
Nil	Nil	Nil

l) Disclosure by listed entity and its subsidiaries of 'Loans and advances' in the nature of loans to firms/companies in which directors are interested by name and amount

During the Financial Year 2025-2026, the Company has given 'Loans and Advances' in the nature of loans to the Companies in which Directors are interested as per Note 6 and 13 of the Audited Standalone Financial Statements.

m) Details of Material Subsidiaries

Name of the Material Subsidiary	Date and Place of Incorporation	Name of the Statutory Auditors	Date of Appointment/ Reappointment of Statutory Auditor
Opel Technologies Pte. Ltd.	02-Jan-2019 Republic of Singapore	MGI N RAJAN ASSOCIATES	Appointment – 22.10.2022 Re-appointment –30.09.2025

n) Disclosures with respect to demat suspense account/ unclaimed suspense account: Not Applicable

9.1 CERTIFICATIONS

a) **Certificate from Secretarial Auditors**

M/s. DM & Associates, Company Secretaries LLP, Practicing Company Secretaries have certified that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors, by SEBI/Ministry of Corporate Affairs or any such other statutory authority(ies). The said certificate is enclosed to this report as Annexure - 2A.

9.2 Declaration on affirmation with the Code of Conduct

A declaration signed by Mr. Munjal Sharad Shah, Managing Director, stating that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct, in accordance with Regulation 26(3) read with Para D of Schedule V of the SEBI Listing Regulations is enclosed to this report as Annexure - 2B.

9.3 Certification By Managing Director and Chief Financial Officer

A certificate in terms of Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations signed by Mr. Munjal Sharad Shah, Managing Director and Harsh Dhirendra Bhansali, Chief Financial Officer of the Company is enclosed to this report as Annexure - 2C.

9.4 Disclosures of compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46(2) of SEBI Listing Regulations

Your Company has complied with all the mandatory requirements of the SEBI Listing Regulations including Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations and para (2) to (10) mentioned in part C of Schedule V of the SEBI Listing Regulations during the year under review. A Compliance certificate from M/s. DM & Associates Company Secretaries LLP, Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance for the year ended March 31, 2026 in terms of Part E of Schedule V of the SEBI Listing Regulations is enclosed to this report as Annexure - 2D.

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Sharad Virji Shah
Chairman and Non-Executive Director
DIN: 00622001

Munjal Sharad Shah
Managing Director
DIN: 01080863

Date: August 07, 2026

Place: Navi Mumbai

ANNEXURE - 2A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
D-112, TTC INDUSTRIAL AREA,
MIDC, NERUL NAVI MUMBAI
MH 400706 IN

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** having CIN L29253MH2009PLC193352 and having its Registered Office at D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai MH - 400706 IN (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director's Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR NO	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT
1	Mr. Sharad Virji Shah	00622001	16/06/2009
2	Mr. Munjal Sharad Shah	01080863	16/06/2009
3	Mrs. Shilpa Amit Mahajan	01087912	25/06/2018
4	Mr. Manmohan Handa	06942720	08/01/2019
5	Dr. Hina Amol Gokhale	08712659	01/04/2020
6	Mr. Suresh Katyal	08979402	05/01/2021

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Tribhuwneshwar Kaushik- Partner
Firm Name: DM & Associates Company Secretaries LLP
Firm Registration Number: L2017MH003500
Membership No.: FCS 10607
CP No.: 16207
UDIN: F010607H000912156

Place: Mumbai
Date : July 22, 2026

ANNEXURE - 2B

DECLARATION ON CODE OF CONDUCT

[Pursuant to Part D of Schedule V of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Paras Defence and Space Technologies Limited
D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706

I, Munjal Sharad Shah, Managing Director of Paras Defence and Space Technologies Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Board of Directors in terms of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2026.

Munjal Sharad Shah
Managing Director
DIN: 01080863

Date: April 06, 2026
Place: Navi Mumbai

ANNEXURE - 2C

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

[Regulation 17(8) read with Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors,
Paras Defence and Space Technologies Limited

We, Munjal Sharad Shah, Managing Director and Harsh Dhirendra Bhansali, Chief Financial Officer of Paras Defence and Space Technologies Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

    i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the audit committee that:

    (i) No significant changes in internal control over financial reporting during the year;

    (ii) No significant changes in accounting policies during the year and

    (iii) No instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Munjal Sharad Shah
Managing Director
DIN:01080863

Harsh Dhirendra Bhansali
Chief Financial Officer

Date: May 12, 2026
Place: Navi Mumbai

ANNEXURE - 2D

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE

[Secretarial Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended]

To,
The Members of
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

We have examined the compliance of conditions of corporate governance by PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED ("the Company") for the year ended 31st March, 2026, as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").

Management's Responsibility:

The Compliance of the conditions of Corporate Governance is the responsibility of the Management.

Auditors' Responsibility:

Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our engagement in accordance with the "Guidance Note on Corporate Governance Certificate" issued by the Institute of Company Secretaries of India. Our responsibility is to certify based on the work done.

Conclusion:

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use:

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For DM & Associates Company Secretaries LLP
Company Secretaries

Tribhuwneshwar B. Kaushik
Partner
Mem. No.: FCS 10607; COP No. 16207
UDIN: F010607H000912035

Place: Mumbai
Date: July 22, 2026

ANNEXURE - 3
ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

At Paras, sustainability is not an afterthought; it is embedded in the fabric of our business strategy. As the global landscape evolves, we continue to realign our operations to support environmental conservation, social equity, and economic resilience. This report highlights our measurable progress over the past year, reflecting our enduring commitment to generating long-term value for our shareholders while uplifting the communities we serve.

The activities undertaken for the Financial Year 2025-26 are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR Policy are available on the website of the Company - www.parasdefence.com.

2. Composition of CSR Committee:

Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Munjal Sharad Shah (Chairman)	Managing Director	3	3
Hina Amol Gokhale	Non-Executive Independent Director	3	3
Manmohan Handa	Non-Executive Independent Director	3	3

3. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: https://parasdefence.com/ .

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable – Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135 is ₹ 55,26,43,576/- (Rupees Fifty Five Crores Twenty Six Lakhs Forty Three Thousand Five Hundred and Seventy Six Only)

   (b) Two percent of average net profit of the company as per sub-section (5) of section 135 is ₹ 1,10,52,872/- (Rupees One Crore Ten Lakhs Fifty Two Thousand Eight Hundred and Seventy Two Only)

   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years -Nil

   (d) Amount required to be set-off for the financial year, if any – Nil

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)] - ₹ 1,10,52,872/- (Rupees One Crore Ten Lakhs Fifty Two Thousand Eight Hundred and Seventy Two Only)

**For 2024-25, the CSR obligation was ₹ 78,80,294/- and the Company spent ₹ 88,00,000/-. The excess amount spent by the Company has not been set off.*

6. (a) Amount spent on CSR Projects (other than Ongoing Project) – ₹ 1,23,50,000/-

   (b) Amount spent in Administrative overheads. Nil

   (c) Amount spent on Impact Assessment, if applicable. – Not Applicable

   (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. – ₹ 1,23,50,000/-

   (e) CSR amount spent or unspent for the Financial Year -

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 1,23,50,000/-	NIL				

(f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 1,10,52,872
(ii)	Total amount spent for the Financial Year	₹ 1,23,50,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 12,97,128
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹ 12,97,128

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY 2024-25							
2	FY 2023-24			NIL				
3	FY 2022-23							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year. - No

If Yes, enter the number of Capital assets created/ acquired – Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
			NIL				

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135. – Not Applicable

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Munjal Sharad Shah
Chairman of CSR Committee and Managing Director
DIN: 01080863

Sharad Virji Shah
Chairman and Non-Executive Director
DIN: 00622001

Date: August 07, 2026
Place: Navi Mumbai

ANNEXURE – 4

FORM AOC – 2

[Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at Arm's length basis: **Not Applicable**

2. Details of material contracts or arrangement or transactions at arm's length basis

Sr. No.	Particulars	Details
1.	Name(s) of the related party and nature of relationship	Opel Technologies Pte. Ltd.
2.	Nature of contracts/ arrangements/ transactions	Sale of goods or services/Advance to Suppliers
3.	Duration of the contracts / arrangements/transactions	Financial Year 2025-26
4.	Salient terms of the contracts or arrangements or transactions including the value, if any	Ordinary Course of Business and on Arm's length basis
5.	Value of transaction	₹ 17,91,44,620.91/-
6.	Investment in the Subsidiary	-
7.	Date(s) of approval by the Board, if any	Not applicable as the transactions entered into are at arm's length price and are in the ordinary course of business as provided under Section 188(1) of the Companies Act, 2013.
8.	Amount paid as advances, if any	Nil

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Sharad Virji Shah
Chairman and Non-Executive Director
DIN: 00622001

Munjal Sharad Shah
Managing Director
DIN: 01080863

Date: August 07, 2026
Place: Navi Mumbai

ANNEXURE – 5

DETAILS OF THE REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES AND COMPARATIVES

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Directors, Chief Financial Officer and Company Secretary in the Financial year 2025-26:

Name of Director(s) /Key Managerial Personnel (KMP)/SMP/Manager	Designation	Remuneration Of Director /KMP (amount in ₹)	Ratio of Remuneration of each Director to the median remuneration of employees	% increase in remuneration
Munjal Sharad Shah	Managing Director	84,00,000.00	23.20	0%
Shilpa Amit Mahajan	Whole-Time Director	32,00,000.00	8.84	-17%
Harsh Dhirendra Bhansali	Chief Financial Officer	22,00,000.00	6.08	-64%
Jajvalya Raghavan*	Company Secretary and Compliance Officer	20,89,258.00	5.77	-8%
Amit Navin Mahajan	Director - Technical and R&D	32,00,000.00	8.84	-47%
Anish Hemant Mehta	Director - Business Development	32,00,000.00	8.84	-42%
Ami Munjal Shah	Vice President - HR	60,00,000.00	16.57	0%
R. Rajagopalan	Sr Vice President Electronics	64,26,000.00	17.75	5%
K. Natarajan	Sr Vice President Electronics	49,20,000.00	13.59	5%
N. Saravanan	Sr Vice President Electronics	49,83,899.00	13.77	7%
Bharat Yelkur	Sr Vice President Optics	27,13,000.00	7.49	5%
Ramakantha D	Vice President Electronics	23,04,000.00	6.36	20%
G. S. Ravichandran	Sr Vice President Electronics	36,00,000.00	9.94	20%
K. Padmanabham	Sr Vice President Electronics	21,05,883.00	5.82	6%
Yellamanda Y	Vice President Optics	19,56,600.00	5.41	23%
S. Somashaker	Sr Manager Optics	21,00,000.00	5.80	17%
MV Rajashekhar	Sr Vice President Optics	27,00,000.00	7.46	NA

resigned w.e.f February 03, 2026

Notes:

a) **To derive median, only employees on the payroll of the Company are taken into consideration.**

b) **Mr. Sharad Virji Shah is Chairman and Non- Executive Director and is not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Committees. Hence ratio of his sitting fees to median remuneration of employee is not comparable. The details of sitting fees paid to Mr. Sharad Virji Shah is provided in the Corporate Governance Report, which is annexed as Annexure-2 to the Directors Report. The ratio of remuneration (sitting fees) of Mr. Sharad Virji Shah to median remuneration of employees is as follows:** 2.49

c) **The Independent Directors of the Company viz. Mr. Manmohan Handa, Mr. Suresh Katyal, and Dr. Hina Amol Gokhale are not entitled to any remuneration other than sitting fees for attending the meetings of the Board and Committees. Hence ratio of their sitting fees to median remuneration of employee is not comparable. The ratio of remuneration (sitting fees) of Independent Directors to median remuneration of employees is as follows:**

Mr. Manmohan Handa 2.49, Mr. Suresh Katyal 2.49 and Dr. Hina Amol Gokhale 2.49

d) **There was no increase in remuneration of Independent Directors during the financial year, they are entitled for sitting fees in proportion to number of meeting(s) attended by them.**

2. The percentage increase in the median remuneration of employees in the financial year: - 20.22%

3. The number of permanent employees on the rolls of Company: 617

4. Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:

The average percentage increase made in the salaries of employees other than the managerial Personnel was 28.82%
Note: The above increase includes increase in salary of the existing employees as well as additional manpower hired.

5. Affirmation that the Remuneration is as per the Remuneration Policy of the Company:

The remuneration for MD/KMP/rest of the employees is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Sharad Virji Shah
Chairman and Non-Executive Director
DIN: 00622001

Munjal Sharad Shah
Managing Director
DIN: 01080863

Date: August 07, 2026
Place: Navi Mumbai

ANNEXURE – 6

Management Discussion and Analysis

Economic Environment

Global Economic Review[1]

The global economy remained resilient in CY 2025, achieving a growth rate of 3.5% even as geopolitical dynamics and trade landscapes continued to evolve. While the macroeconomic environment underwent policy adjustments, overall growth momentum was sustained by steady global trade activity and a strong surge in technology-led exports, helping to offset the moderating performance in specific sectors. Developments in the Middle East led to a temporary shift toward more cautious market sentiment. This phase saw an upward movement in crude oil prices, which introduced renewed inflationary considerations and prompted corporations worldwide to realign their margin expectations. Geopolitical tensions introduce measurable economic realignments with government resource allocation tilting heavily toward enhanced defence outlays. While private consumption and broader capital investments enter a period of moderation, public sector defence spending remains fundamentally sustained to ensure national security readiness.

Emerging Markets and Developing Economies (EMDEs) served as a vital pillar of global economic expansion, recording an impressive growth rate of 4.5% in CY 2025. This steady expansion was propelled by robust domestic demand, strengthening industrial production, and stable export performance. Concurrently, advanced economies entered a phase of stabilisation, delivering a measured and steady growth rate of 1.9% for the year.

Global headline inflation remained well-contained at 4.1% in CY 2025, with advanced economies stabilising at 2.5% and Emerging Markets and Developing Economies (EMDEs) balancing at 5.2%. While supply chain realignments and trade transitions introduced periodic variations, aggregate global trade volumes remained fundamentally secure as sourcing networks successfully adjusted to evolving geopolitical realities.

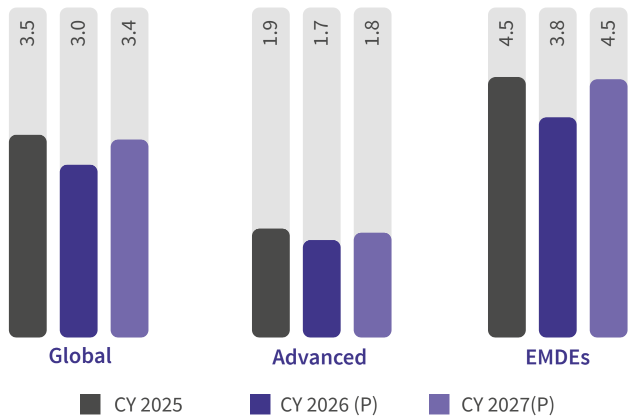
Outlook

The global economy points toward a phase of stable yet measured progression. Global GDP growth is projected to steady at 3.0% in CY 2026 and 3.4% in CY 2027, reflecting a gradual moderation in economic activity as financial conditions and geopolitical landscapes continue to mature. Emerging Markets and Developing Economies (EMDEs) are well-positioned to maintain stronger momentum, with growth anticipated to reach 3.8% in CY 2026 and 4.5% in CY 2027. This steady performance is firmly anchored by robust domestic consumption, expanding infrastructure investments, and supportive policy frameworks. Meanwhile, advanced economies are expected to transition through a more subdued growth trajectory, projected at 1.7% in CY 2026 and 1.8% in CY 2027.

While global inflation may experience near-term visibility due to supply-side variations, underlying price trends are forecast to gradually stabilize over the medium term. The forward trajectory will naturally remain interconnected with evolving trade conditions, commodity movements, and balanced fiscal strategies, highlighting the ongoing importance of strategic resilience in global supply chains.

Real GDP Growth Projection

(in %)



Source: World Economic Outlook, IMF July2026

P - Projected

Indian Economic Overview[2]

India's economy continued resilient growth in FY 2026, supported by healthy domestic demand, stable macroeconomic fundamentals and sustained public investment. Real GDP growth for the year stood at 7.7%, reinforcing India's position among the fastest-growing major economies globally[3]. Growth during the year was driven by continued momentum in consumption and investment activity. India's public administration and defence segment growth remained stable. On the spending front, the Union Budget FY 2026-27 has planned an 11.5% increase in capital expenditure with total effective spending, including funds passed to state governments. This signals a strong government commitment to building infrastructure and strategic assets, which bodes well for defence investment over the medium term. The macro environment points toward sustained government spending in strategic sectors, though shocks from elevated energy prices and supply chain disruptions stemming from the West Asia conflict.

Inflationary trends entered a more stable phase during the year, moderating to 3.7% as domestic fuel prices remained steady despite evolving global energy conditions. While international energy segments moved higher, these shifts did not materially affect the domestic pricing landscape. Concurrently, core inflation excluding precious metals maintained a balanced and comfortable trajectory, indicating that underlying price pressures are well-positioned to

[1]https://www.imf.org/-/media/files/publications/weo/2026/update/july/english/text.pdf

[2]https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/MAY2026601335EA80D74C2E8E6395683F8D9199.PDF

[3]MOSPI Provisional Estimates

remain contained going forward. India's external financing saw a notable boost, driven by strong growth in gross foreign direct investment (FDI) and improved net FDI figures. The country continues to hold high appeal for new, greenfield investment projects.

Outlook

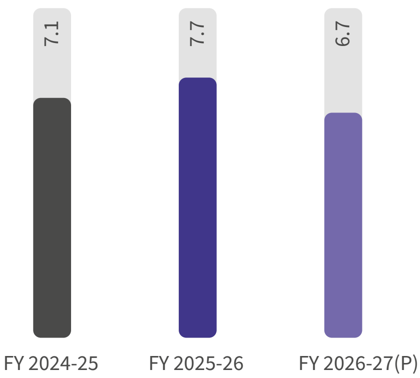
The Indian economy is projected to grow by 6.7% in FY 2026-27, driven by domestic consumption, investment, structural reforms, and public infrastructure spending[4]. CPI inflation is estimated at 4.6%, driven by the West Asia unrest-related energy price increase and potential below-normal monsoons. The Union Budget FY 2026-27 outlines a six-point investment strategy focusing on manufacturing, traditional industries, Micro, Small and Medium Enterprises (MSMEs), infrastructure, energy security, and urban economic zones. These investments are backed by an increase in central capital expenditure and a 22.1% rise in effective capital expenditure. A ₹2 lakh crore allocation for state-level infrastructure is also outlined in the Union Budget.

Externally, India's gross inward FDI grew by 18.1% to $88.3 billion in FY 2025-26, led by the technology, financial services, and manufacturing sectors. This external activity is accompanied by ongoing trade negotiations with the UK, EU, and US, as well as an alignment between rising global defence spending and India's focus on domestic defence manufacturing.

India's strong macroeconomic fundamentals, expanding infrastructure base, digital transformation, policy reforms and improving manufacturing competitiveness are expected to reinforce medium-term growth momentum and economic resilience amid an evolving global environment. At the same time, fluctuations in energy prices, trade flows and global financial conditions continue to shape the broader macroeconomic environment.

Indian GDP Growth Rate

(in %)



Source: MOSPI, https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR80907599DE5FD164918A49085C9D6270116.PDF

P - Projected

Industry Overview

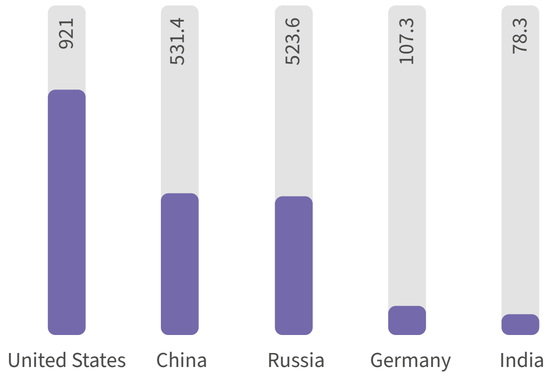
Global Defence Industry[5]

Global defence spending reached $2.63 trillion in 2025, up from $2.48 trillion in the previous year, which reflects a 2.5% increase in real terms. As a share of global GDP, military expenditure rose from an average of 1.89% to 2.01%. This highlights the structural and sustained nature of the upward trend instead of a temporary response to isolated events.

Growth across regions was uneven. The United States remained the world's largest defence spender at $921.0 billion, though lower American expenditure during the year moderated the overall global growth rate. Elsewhere, several regions recorded continued or accelerating increases. These were driven by a combination of active conflict, heightened threat perceptions, and long-term force modernisation programmes. Europe accounted for a notably larger share of global spending than in prior years, with the region's contribution to the global stage rising. The Middle East also saw significant expenditure growth, with some states in the region directing exceptionally high proportions of national output toward defence. CY 2025 numbers confirm that global defence spending has reached its highest recorded level, with the outlook pointing toward continued elevated expenditure across most regions in the near term.

Country-wise Defence Spending

Spending ($, Billions) as of CY 2025



Source: Global Defence Spending, IISS

Global Defence Market[6]

Market Size ($, Billions)

Source: The Business Research Company

P – Projected

Indian Defence Industry

India's defence infrastructure and modernisation are receiving a massive, highly strategic push in the Union Budget FY 2026–27, backed by a total defence allocation of ₹7.85 lakh crore. A key driver is the robust capital head allocation of over ₹2.19 lakh crore, with ₹1.85

[4] https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR80907599DE5FD164918A49085C9D6270116.PDF

[5] https://www.iiss.org/publications/the-military-balance/2026/the-military-balance-2026/global-defence-spending/

[6] https://www.thebusinessresearchcompany.com/report/defense-global-market-report

lakh crore strictly earmarked for advanced capital acquisitions like next-generation fighter aircraft, warships, submarines, and drones.

The country is shifting decisively toward self-reliance (Aatmanirbhar Bharat), reserving roughly 75% of this capital acquisition budget amounting to ₹1.39 lakh crore exclusively for procurement from domestic defence industries. Alongside technological upgrades, physical and strategic border infrastructure is getting an aggressive boost; the capital allocation for the Border Roads Organisation (BRO) has been hiked to ₹7,394 crore to fast-track critical, high-altitude tunnels, bridges, and strategic airfields. Additionally, ₹975 crore is dedicated to expanding an Optical Fibre Cable network to ensure secure, modern communication systems for the Armed Forces. Supplemented by a boosted ₹29,100 crore R&D allocation for the Defence Research and Development Organisation (DRDO) to nurture domestic deep tech and startup collaborations, India's defence outlook points toward a rapidly modernizing, deeply secure, and highly indigenized military infrastructure designed for long-term strategic resilience.[7]

Indian defence exports reached an all-time high of ₹38,424 crore in FY 2025-26, rising from ₹23,622 crore in the previous FY. This reflects a massive 62.66% growth rate, or an increase of ₹14,802 crore, and represents roughly a threefold expansion over the last five years. The sharp rise highlights the increasing global acceptance of domestic defence products and the sector's growing integration into international supply chains.

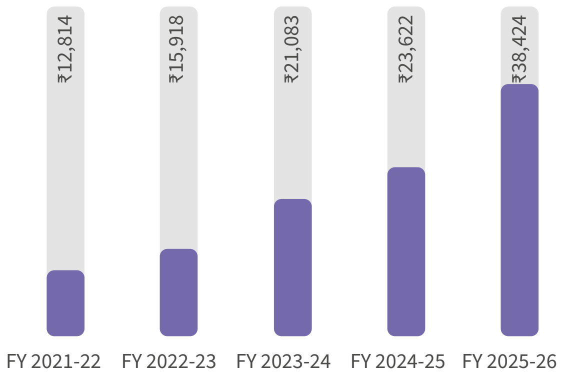
Growth across manufacturing segments was robust but uneven. Defence Public Sector Undertakings led the expansion with a surging 151% increase, contributing ₹21,071 crore to the export total compared to ₹8,389 crore in the prior year. Private sector firms also demonstrated a solid international presence, growing their export value by 14% to reach ₹17,353 crore, up from ₹15,233 crore previously. This brings the relative export contributions to 54.84% for public entities and 45.16% for private industry.

India, through its robust defence industry and exports, is expanding its global footprint and broadening its industrial base. Beyond operating as a supplier of systems and sub-systems, the nation now exports defence equipment to more than 85 countries. This reach is supported by an expanding network of suppliers, as the total number of defence exporters grew 13.3% during the year, rising to 145 from 128 in the previous period.[8]

Domestic defence manufacturing has achieved a major milestone in its trajectory toward becoming a global export hub. Policy focus on ease of doing business, streamlined regulatory approvals via a revamped online portal, and simplified standard operating procedures for authorisations continue to foster a globally competitive, performance-driven industrial environment.

India's Defence Export

(₹, Crore)



Source: PIB

₹ 1,09,556 Crore

India's Defence Production (FY 2025-26)

85+

Countries Exported

Source: Society of Indian Defence Manufacturers

Government Initiatives

Innovation for Defence Excellence (iDEX)

The scheme bridges the gap between cutting-edge R&D and formal procurement. Through competitive frameworks like the Defence India Start-up Challenge, eligible entities can secure financial grants ranging from ₹1.50 crore up to ₹10 crore for high-tier projects. Supported by a network of partner incubators providing mentorship and academic outreach, the initiative drives self-sufficiency by institutionalizing a culture of co-creation and streamlined technology adoption.

Defence Testing Infrastructure Scheme

The Defence Testing Infrastructure Scheme (DTIS) was launched by the Ministry of Defence to bolster domestic defence and aerospace manufacturing. With an outlay of ₹400 crore, the scheme aims to bridge critical gaps in the nation's testing capabilities, reducing reliance on foreign certification facilities and supporting the Aatmanirbhar Bharat initiative. The scheme facilitates the creation of six to eight greenfield testing facilities across India, with a particular focus on supporting MSMEs, startups, and private industry. Under the funding model, the government provides up to 75% of the project cost as Grant-in-Aid, while the remaining 25% is contributed by a Special Purpose Vehicle (SPV) consisting of private entities and state governments.

[7] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222601&reg=48&lang=2

[8] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2248124&reg=3&lang=2

[9] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2226469&reg=48&lang=2

Research, Development and Innovation Scheme (RDI)[9]

Approved by the Union Cabinet and formally launched in November 2025, the RDI Scheme carries a corpus of ₹1 lakh crore over six years, with ₹20,000 crore allocated in the Union Budget for FY 2025-26. It provides long-term, low or nil-interest financing to spur private sector investment in high-risk and high-impact research and innovation, including deep-tech startups.

FDI Liberalisation in Defence

The FDI policy for defence was liberalised to permit 74% foreign direct investment under the automatic route and up to 100% through the government route, alongside simplification of industrial licensing with a longer validity period. The liberalised FDI framework is designed to attract global original equipment manufacturers and defence technology firms to establish manufacturing presence in India, facilitating technology transfer and co-production arrangements.

In FY 2025-26, ₹1,11,544.83 crore, which is three-fourths of the total modernisation budget, has been allocated for procurement through domestic sources. This budgetary commitment functions as a structural demand guarantee for Indian defence manufacturers, ensuring a sustained pipeline of government orders that supports capacity building, long-term investment planning, and export competitiveness across the domestic industry.[10]

Strategic Partnership Model

The Strategic Partnership model introduced by the Ministry of Defence is designed to build large-scale indigenous manufacturing capability in complex defence platforms, including fighter aircraft, helicopters, submarines, and armoured fighting vehicles. Under this model, selected Indian private companies are positioned as system integrators and are required to develop a tiered ecosystem of domestic suppliers, including micro, small, and medium enterprises, defence public sector undertakings, and research institutions.

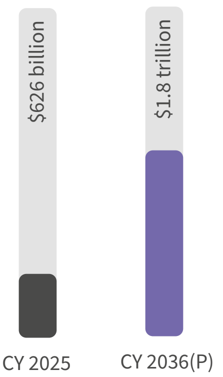
Global Space Sector[11]

The global space economy stood at $626 billion in CY 2025 and is on track to cross $ 1.8 trillion by CY 2036. The year 2025 marks a turning point for the sector, as it transitions from a period of rapid expansion toward a more structured and mature market. Defence and national sovereignty have emerged as the dominant market forces in CY 2025, a trend expected to persist well through the coming years. Capital flows remained concentrated in established, later-stage companies, as investors continued to exercise caution toward higher-risk, early-stage ventures.

Global Space Market Size Growth

Market Size

(in $)



Source: Nova Space, World Economic Forum

P – Projected

Growth Drivers

Reduction in Launch Costs

A primary driver of the space economy is the significant reduction in the cost of reaching orbit, largely due to the success of reusable launch vehicles. Lower launch costs have reduced the barriers to entry for startups and smaller nations, leading to a rise in space-based innovation. This has enabled more frequent launches and the deployment of larger, more complex satellite constellations, creating a cycle of increasing demand and further cost reductions.

Transition Toward In-Space Servicing, Assembly, and Manufacturing

As the number of active satellites grows, the market is shifting toward in-space servicing, assembly, and manufacturing. This includes life-extension missions for ageing satellites, orbital refuelling, and the assembly of large structures that are too big to be launched in a single rocket. Companies are exploring the manufacturing of high-quality fibre optics, protein crystals, and human tissues in space, where the absence of gravity allows for superior material properties.

Growing Government Investment in Sovereign Space Capabilities

The global geopolitical landscape is a major factor, with nations viewing space as critical infrastructure for national security and economic independence. This has led to increased investments in sovereign space capabilities, where countries develop their own launch sites and satellite constellations to ensure independent access to space. North America dominates the global space economy, driven by significant NASA and Department of Defence funding, while Asia-Pacific is expected to witness the fastest growth, supported by ambitious national space programmes in China and India.

[10] https://www.investindia.gov.in/sector/defence-manufacturing

[11] https://www.meticulousresearch.com/product/space-economy-market-6391

[12] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220433&reg=48&lang=2

Indian Space Sector

India's space economy has grown to an estimated $8.4 billion, with 399 start-ups now operating across launch vehicles, satellites, propulsion systems, and space-grade electronics. The expansion followed key policy decisions taken to open the space sector to private participation, with the establishment of the Indian National Space Promotion and Authorisation Centre serving as a single-window interface between private industry and government agencies, including the Indian Space Research Organisation (ISRO). This structural shift has unlocked a new phase of growth, drawing in commercial capital, domestic manufacturers, and technology-driven enterprises across the space value chain. The sector is expected to grow four to five times over the next eight to ten years, potentially reaching $40 to $45 billion. With institutional mechanisms in place, private investment is gaining momentum and a rapidly maturing start-up ecosystem. India is positioning itself as a significant and self-reliant contributor to the global space economy in the years ahead.[12]

Government Initiatives[13]

Indian National Space Promotion and Authorisation Centre (IN-SPACe)

The Government of India liberalised the Indian space sector and constituted the Indian National Space Promotion and Authorisation Centre, an autonomous, single-window, independent nodal agency under the Department of Space, to facilitate and promote the participation of private players and Non-Government Entities across the entire spectrum of space activities. By providing a clear regulatory and policy framework, IN-SPACe has removed procedural barriers that previously restricted private sector entry, creating a more open and predictable environment for commercial space operations and investment.

Transfer of Technology to Private Industry

The Government has undertaken the promotion and enabling of Transfer of Technology to Non-Government Entities, including the Transfer of Technology of the Small Satellite Launch Vehicle to industry. This initiative allows privately held companies to access, adopt, and commercialise technologies that were previously developed exclusively within government institutions such as ISRO.

Antariksh Venture Capital Fund

The Government has introduced financial support schemes for space start-ups and micro, small, and medium enterprises, and has set up a space sector-focused ₹1,000 crore Antariksh Venture Capital Fund. Access to early-stage and growth capital has historically been a constraint for deep-technology ventures in India. The Antariksh Fund directly addresses this gap by channelling dedicated capital toward space enterprises, while investor awareness campaigns further broaden the base of potential funders. Together, these measures are building the financial infrastructure needed to sustain a high-growth, innovation-driven space economy.

Upcoming Projects

Gaganyaan Programme

The Gaganyaan Programme aims to demonstrate India's indigenous capability to undertake human spaceflight to Low Earth Orbit in the short term, while laying the foundation for a sustained human space exploration programme over the long run. As part of this programme, two unmanned missions and one crewed mission have been approved by the Government of India, with the unmanned missions serving to verify the performance, safety, and reliability of critical systems before a crewed flight is attempted. Following the successful completion of the Gaganyaan programme, ISRO's next step will focus on achieving the capability for a sustained human presence in space. Activities associated with an Indian space station will serve as an extension of the Gaganyaan programme, with the station envisaged as a platform for conducting scientific and industrial research across fundamental, applied, and engineering sciences.

Company Overview

Paras Defence and Space Technologies Limited is a premier Indian defence and space engineering company, listed on the BSE and the National Stock Exchange. Headquartered in Navi Mumbai, with manufacturing and integration facilities at Nerul and Ambernath and sales and design offices across Bengaluru, Hyderabad, and New Delhi, the Company operates a fully integrated delivery model spanning design and research and development, precision manufacturing, system integration, and test and validation. With a team of professionals, including senior scientists and engineers, Paras has built one of the most specialised technical workforces in India's private defence and Space sector.

The Company's business is organised across two core verticals:

Optics and Optronics Systems

The Optics and Optronic Systems vertical encompasses IR Optics & Space Optics, high-resolution cameras for space and defence missions, hyperspectral imaging systems, submarine periscopes, airborne optical payloads, electro-optical and infrared systems, and free space optical communication systems.

Defence Engineering

The defence engineering vertical covers defence electronics, electromagnetic protection solutions, border defence systems, heavy engineering, inertial navigation systems, anti-drone technologies, and avionic suites for military aircraft platforms. Together, these

[13]https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2147733&reg=48&lang=2

Make in India Initiatives

The Government's Make in India initiative has fundamentally repositioned the role of the private sector in India's defence industrial base. Policies introduced have progressively eased industrial licensing requirements, removed a large number of parts, components, and sub-assemblies from the purview of licensing, and created a transparent procurement framework that allows private companies to compete on equal terms with Defence Public Sector Undertakings.

Opportunities

Heavy-Endurance Logistics Drones

Strategic focus on hydrogen-powered, high-payload drones caters to armed forces' requirement for high-altitude logistics. This high-payload capability allows the armed forces to reliably transport vital supplies, ammunition, and surveillance equipment to remote border outposts with reduced risk and operational cost.

Government Funded Prototype Development

The Make procedure under the Defence Procurement Procedure provides for up to 90% government funding for prototype development of indigenously designed equipment, significantly reducing the financial risk for private sector companies investing in new defence technologies.

verticals address a wide range of requirements across the Indian Army, Navy, Air Force, DRDO and major defence public sector undertakings, as well as international clients in Israel, Europe, South Korea, and other markets.

The Company also operates through a network of subsidiaries that extend its capabilities into adjacent high-growth domains. Paras Anti-Drone focuses on Anti-drone systems, RFMW Developments - radar systems, software-defined radios, and counter-unmanned aerial vehicle technologies. Paras Aerospace develops drones for military, industrial, and agricultural applications. Paras Heven Drones manufactures hydrogen-powered drones in collaboration with an Israeli partner. Paras Avionics addresses air-to-air technologies, while Quantico focuses on quantum communication and sensing. Paras Semiconductors is establishing an outsourced semiconductor assembly and testing facility for advanced packaging. This diversified subsidiary structure positions the Company to participate across multiple future technology domains while maintaining its core strengths in optical and defence engineering systems.

Financial Performance

Particulars	FY 2025-26	FY 2024-25	YoY Growth %
Revenue from operations	41,654	33,385	24.77
Other Income	1,814	1,186	52.95
Total Expenses	32,404	25,891	25.16
Costs of materials consumed	18,564	12,505	48.45
Purchase of stock in trade	1,174	2,159	-45.62
Change in inventory of finished goods, work-in-progress and stock in trade	487	483	0.83
Employee benefits expense	4,348	3,338	30.26
Finance costs	245	552	-55.62
Depreciation and Amortisation expense	1,528	1,354	12.85
Other expenses	6,058	5,500	10.15
Profit before tax	11,064	8,680	27.47
Tax expenses	2,746	2,174	26.31
Profit for the year	8,318	6,506	27.85
Total Comprehensive Income	8,329	6,467	28.79

Revenue from Operations

Revenue from operations increased by 24.77% to ₹41,654 Lakhs in FY 2025-26 from ₹33,385 Lakhs in FY 2024-25.

Other Income

Other income increased by 52.95% to ₹1,814 Lakhs in FY 2025-26 from ₹1,186 Lakhs in FY 2024-25.

Total Expenses

Total expenses increased by 25.16% to ₹32,404 Lakhs in FY 2025-26 from ₹25,891 Lakhs in FY 2024-25.

Cost of materials consumed

Cost of materials consumed increased by 48.45% to ₹18,564 Lakhs in FY 2025-26 from ₹12,505 Lakhs in FY 2024-25.

Purchases stock in trade

Purchases of stock in trade decreased by 45.62% to ₹1,174 Lakhs in FY 2025-26 from ₹2,159 Lakhs in FY 2024-25.

Change in inventories of finished goods, work-in-progress and stock in trade

Change in inventories of finished goods, work-in-progress and stock-in-trade stood at ₹487 Lakhs in FY 2025-26, compared with ₹483 Lakhs in FY 2024-25, representing a year-on-year increase of ₹4 Lakhs (0.83%).

Employee benefits expense

Employee benefits expense increased by 30.26% to ₹4,348 Lakhs in FY 2025-26 from ₹3,338 Lakhs in FY 2024-25.

Finance costs

Finance costs decreased by 55.62% year-on-year to ₹245 Lakhs in FY 2025-26, compared with ₹552 Lakhs in FY 2024-25.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 12.85% to ₹1,528 Lakhs in FY 2025-26 from ₹1,354 Lakhs in FY 2024-25.

Other expenses

Other expenses increased by 10.15% to ₹6,058 Lakhs in FY 2025-26 from ₹5,500 Lakhs in FY 2024-25.

Profit before Tax

Profit before tax increased by 27.47% to ₹11,064 Lakhs in FY 2025-26 from ₹ 8,680 Lakhs in FY 2024-25.

Tax Expenses

Tax expenses increased by 26.31% to ₹2,746 Lakhs in FY 2025-26 from ₹2,174 Lakhs in FY 2024-25.

Profit for the Year

Profit for the year increased by 27.85% to ₹8,318 Lakhs in FY 2025-26 from ₹6,506 Lakhs in FY 2024-25.

Total Comprehensive Income

Total comprehensive income increased by 28.79% to ₹8,329 Lakhs in FY 2025-26 from ₹6,467 Lakhs in FY 2024-25.

Cash flows

Net cash generated from operating activities increased to **₹3,078 Lakhs** in FY 2025-26 from **₹2,856 Lakhs** in FY 2024-25, primarily driven by improved operating performance.

Net cash used in investing activities decreased to **₹2,732 Lakhs** in FY 2025-26 from **₹7,814 Lakhs** in FY 2024-25, mainly due to lower investment outflows compared with the previous year.

Net cash used in financing activities amounted to **₹1,794 Lakhs** in FY 2025-26, compared with net cash generated of **₹7,802 Lakhs** in FY 2024-25, as the previous year included proceeds from the Qualified Institutional Placement (QIP), while the current year primarily reflected dividend payments, lease liability repayments and finance costs.

Consequently, cash and cash equivalents stood at **₹1,559 Lakhs** as at March 31, 2026, compared with **₹2,991 Lakhs** as at March 31, 2025.

Research and Development

Research and development is central to Paras Defence and Space Technologies Limited's long-term growth strategy, and the Company has consistently invested in building exclusive capabilities across its core technology domains. Paras operates a fully integrated design and research and development function that spans optronic system design, optical design, electronic hardware design, embedded system design, software development, electromagnetic design, radio frequency and microwave design, and antenna design. Wide range of in-house capability allows the Company to address complex defence and space requirements from concept through to production without dependence on external design agencies, reinforcing its position as a genuine Indigenously Designed, Developed, and Manufactured entity. Currently the company is engaged into development of cutting edge technologies such as Laser based anti-drone systems, Drone Cameras, Hyper Spectral Imaging Systems, etc.

Beyond these current programmes, the Company is actively investing in future technologies through its subsidiary Quantico, which is building capabilities in quantum communication and quantum sensing, areas where Paras's existing strength in optical and electronic system design provides a natural foundation. The Company's participation in key iDEX challenges, covering a synthetic aperture radar design programme for the Indian Air Force, smart anti-jamming systems for the Indian Army, and a mobile ground station for satellite applications, further demonstrates the depth and direction of its research and development pipeline.

Risk Management

Governed by a Board-approved charter, the Company’s integrated risk management system deploys a structured approach to identify, assess, and mitigate potential exposures. This comprehensive framework utilizes advanced methodologies and specialized tools to embed risk monitoring and reporting into daily operations, ensuring all critical threats are systematically managed. To maintain rigorous oversight, the Board and the Audit Committee receive periodic briefings on emerging risk profiles and corresponding mitigation strategies, enabling the Company to proactively address internal and external challenges with sound strategic judgment.

briefings on emerging risk profiles and corresponding mitigation strategies, enabling the Company to proactively address internal and external challenges with sound strategic judgment.

Human Resources

The Company maintains a robust framework of human resource policies designed to foster an equal, transparent, and secure workplace culture that aligns individual aspirations with organizational goals. Grounded in employee-friendly management practices, the Company invests deeply in talent acquisition, continuous skill development, and performance-driven compensation to drive long-term retention and positive employee relations. Exceptional contributions are systematically recognized and rewarded through an annual performance management system. Demonstrating this commitment to shared growth, the Company granted 3,13,300 stock options to employees in FY 25-26, directly incentivizing the workforce, motivating high performance, and offering a tangible opportunity for long-term wealth creation.

600+

Professionals

(including senior scientists and engineers)

Internal Control Systems

The Company has a strong system of internal controls commensurate with the nature, size and complexity of its business. Detailed policies, guidelines and procedures have been put in place for every business process. The internal control system is designed to provide reasonable assurance for the reliability of financial and other records for effective financial reporting and asset accountability. It also provides for strict compliance with all applicable statutory and regulatory compliance. There is a robust monitoring mechanism in place to monitor progress on customer agreement terms, pinpointing issues and taking appropriate corrective and preventive measures to achieve assured service levels. A team monitors costs relating to different projects from time to time, giving feedback for course correction if required. The audit committee reviews internal financial controls and systems of risk management with the help of internal auditors. Any deviations from normal practices are reported to the Board and timely remedial actions are taken.

Information Technology

The Company comprehends the significance of technology in business expansion and achievement of its goals to expand customer experience, improve security and ensure convenience of operations. The Company recognises the crucial significance of data security. It is equipped with a robust IT infrastructure and enterprise resource planning systems implemented at its manufacturing units. The IT infrastructure includes third-party solutions and applications managed internally. The Company employs strong IT disaster management systems such as data backup and retrieval mechanisms to ensure adequate data protection.

Cautionary Statement

This document includes statements about anticipated future events, financial performance and operational results, which are forward looking. Forward-looking statements inherently involve making assumptions and are subject to risks and uncertainties. There is a considerable risk that these assumptions, predictions and other forward-looking statements may not turn out to be accurate. Readers should be cautious not to rely excessively on these forward looking statements, as various factors could cause actual results and events to differ significantly from those projected.

ANNEXURE – 7

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Sr. No.	Particulars	Remarks
1.	**Conservation of energy**	
A.	The steps taken or impact on Conservation of Energy	Your Company is in the process of implementing automation and an organization-wide ERP system to optimize electricity consumption, improve process efficiency, and enable real-time MIS for effective energy monitoring. Further, the scope of the AS9100D certification, which previously covered electronics operations, has been expanded to include optics, enhancing operational efficiency and supporting energy conservation.
i.	Process Optimization and automation	
ii.	Optimization of Electrical Equipment	
iii.	Lighting	
iv.	Other key initiative for energy conservation	
B.	The steps taken by the Company for utilizing alternate source of energy	The Company continues to explore opportunities for the adoption of alternate and renewable energy sources, wherever technically feasible and commercially viable.
C.	The capital investment on energy conservation equipment	Capital investments in energy-efficient technologies and equipment are considered, wherever appropriate, based on business requirements
2.	**Technology Absorption**	
A.	The efforts made by the Company towards technology absorption	Your Company has undertaken significant initiatives towards technology absorption through its Joint Venture, Controp-Paras Technologies Private Limited, with Controp Precision Technologies Ltd ('Controp'), Israel, wherein technology transfer, technical training, and on-the-job knowledge sharing have enabled the Company to successfully manufacture Controp's products in India. Your Company has collaborated with DRDO for the transfer of technology (ToT) in areas such as Remote Controlled Weapon Systems (RCWS), Driver Night Sight, and Submarine Periscope, converting these technologies into indigenously developed products for supply to DRDO and other customers.
B.	The benefits derived like product improvement, cost reduction, product development or import substitution	The technology absorption initiatives have resulted in successful product development, enhancement of manufacturing capabilities, and import substitution by enabling indigenous production of advanced technologies. These capabilities also provide opportunities to cater to multiple applications and programs.
C.	In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)	Technology absorption through the Joint Venture with Controp has facilitated the localization and manufacturing of products in India through transfer of technology, training, and technical support.
D.	The expenditure incurred on Research and Development	The Company's R&D expenditure primarily comprises employee costs associated with its R&D team and investments towards development activities. The Company continues to undertake proactive R&D initiatives, including projects in the anti-drone domain. Paras Anti-Drone Technologies Private Limited, a subsidiary of the Company has also successfully participated in and won multiple iDEX challenges in this area. Additionally, various projects undertaken with DRDO involve significant R&D activities.

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

(Amount in ₹)

Particulars	2025-26	2024-25
Foreign Exchange Earnings in terms of actual inflows	59,22,57,835.67	39,62,17,690.50
Foreign Exchange Outgo in terms of actual outflows	84,08,31,798.26	115,52,72,452.26

For and on behalf of the Board of Directors
Paras Defence and Space Technologies Limited

Sharad Virji Shah
Chairman and Non-Executive Director
DIN: 00622001

Munjal Sharad Shah
Managing Director
DIN: 01080863

Date: August 07, 2026
Place: Navi Mumbai

ANNEXURE-8

Form No. MR-3
Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended March 31, 2026

To,
The Members,
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
D-112, TTC INDUSTRIAL AREA,
MIDC, NERUL NAVI MUMBAI
MH 400706 IN

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended March 31, 2026, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2026 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

3. The Depositories Act, 1996 and the Regulations and bye-laws framed there under;

4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

    c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

    d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

    e. The Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI') were not applicable to the Company under the Financial Year under report:

    a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021

    b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

    c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and

    d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

We report that we have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. For Income tax laws and compliance with applicable accounting standards we have relied on the Audit report issued by the Statutory Auditors. The following are the major head / group of Acts, Laws and Regulations as applicable to the Company:

a. Arms Act, 1959;

b. New labour codes - Code on Wages, 2019, Code on Social Security, 2020, Industrial Relations Code, 2020, Occupational Safety, Health and Working Conditions Code, 2020. These Codes have subsumed various erstwhile labour laws relating to wages, bonus, gratuity, provident fund, ESIC, compensation, working conditions, contract labour, etc and other related matters. In view of the transitional phase and pending full notification of Rules, the Company continues to comply with applicable provisions of the erstwhile laws to the extent relevant and is in the process of aligning its systems and processes with the requirements of the said codes;

c. Acts relating to consumer protection;

d. Acts and Rules prescribed under prevention and control of pollution;

e. Acts and Rules relating to environmental protection and energy conservation;

f. Acts and Rules relating to hazardous substances and chemicals;

g. Acts and Rules relating to electricity, fire, petroleum, motor vehicles, explosives, boilers etc.;

h. Acts relating to protection of IPR.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE);

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except for the following:

1. It was observed that the Company submitted the intimation regarding an investor/analyst meeting scheduled on August 22, 2025 one working day prior to the meeting instead of the minimum two working days' prior notice prescribed under Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Clause 15 of Para A of Part A of Schedule III thereto. The management represented that the meeting confirmation was received at short notice and the intimation was disseminated to the Stock Exchanges immediately thereafter.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and for meeting convened under shorter notice, if any, were in compliance with section 173(3) of the Companies Act, 2013 and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following specific events took place:

1. The Members of the Company through Postal Ballot concluded on June 07, 2025, approved the following:

   a. Sub-division of Equity Shares:

   Pursuant to the approval of the Members, the face value of the equity shares of the Company was sub-divided from ₹10/- each to ₹5/- each by sub-dividing every 1 (One) equity share of ₹10/- each into 2 (Two) equity shares of ₹5/- each.

   b. Alteration of Memorandum of Association:

   Consequent to the sub-division of equity shares, Clause V of the Memorandum of Association relating to the Authorised Share Capital of the Company was altered to reflect the revised face value of the equity shares and the corresponding number of authorised equity shares, without any change in the aggregate authorised share capital of the Company.

For **DM & Associates Company Secretaries LLP**
Company Secretaries
ICSI Unique Code L2017MH003500

Tribhuwneshwar B. Kaushik
Partner
FCS No.: 10607
CP No.: 16207
UDIN: F010607H000911947

Place: Mumbai
Date: July 22, 2026
Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

ANNEXURE - I

To,
The Members,
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED
D-112, TTC INDUSTRIAL AREA,
MIDC, NERUL NAVI MUMBAI
MH 400706 IN

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DM & Associates Company Secretaries LLP**
Company Secretaries
ICSI Unique Code L2017MH003500

Tribhuwneshwar B. Kaushik
Partner
FCS No.: 10607
CP No.: 16207
UDIN: F010607H000911947

Place: Mumbai
Date: July 22, 2026

Business Responsibility and Sustainability Reporting

FY 2025-26

SECTION A

GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the listed entity	L29253MH2009PLC193352
2.	Name of the listed entity	Paras Defence and Space Technologies Limited
3.	Year of incorporation	2009
4.	Registered office address	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706
5.	Corporate address	D-112, TTC Industrial Area, MIDC, Nerul, Navi Mumbai - 400706
6.	E-mail	cs@parasdefence.com
7.	Telephone	022-6919-9999
8.	Website	www.parasdefence.com
9.	Financial year for which reporting is being done	2025-26
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited
11.	Paid-up Capital	Rs. 40,29,36,650
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Minal Bhate, Company Secretary and Compliance Officer Email: cs@parasdefence.com Telephone: 022-6919-9919 (D)
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone Basis
14.	Name of assessment or assurance provider	Not Applicable
15.	Type of assessment or assurance obtained	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications	Optics and Optronics System	48
2	Design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications	Defence Engineering	52

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Optics and Optronics System	26700	48
2	Defence Engineering	25999	52

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of Plants	Number of Offices	Total
National	2	5	7
International	-	-	-

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	18 (including Union Territories)
International (No. of Countries)	9

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**
Exports constitute 15.30% of the total turnover of the entity

c. **A brief on types of customers**
The Company majorly serves government organizations such as the Defence Research and Development Organization (DRDO), the Indian Space Research Organization (ISRO), Defence Public Sector Undertakings (DPSUs), shipyards and ordnance factories. Additionally, the client base includes publicly listed companies like L&T, BEL, HAL, Tata as well as numerous private and international firms operating in the defence and space industry.

IV. Employees

20. Details as at the end of Financial Year

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No(B)	%(B/A)	No(C)	%(C/A)
	Employees					
1	Permanent (D)	358	267	74.58%	91	25.41%
2	Other than Permanent (E)	0	0	0	0	0
3	**Total employees (D + E)**	**358**	**267**	**74.58%**	**91**	**25.41%**
	Workers					
1	Permanent (F)	259	234	90.34%	25	9.65%
2	Other than Permanent (G)	0	0	0	0	0
3	**Total Workers (F + G)**	259	234	90.34%	25	9.65%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No(B)	%(B/A)	No(C)	%(C/A)
	Differently Abled Employees					
1	Permanent (D)	1	1	100%	-	-
2	Other than Permanent (E)	-	-	-	-	-
3	**Total differently abled employees (D + E)**	**1**	**1**	**100%**	**-**	**-**
	Differently Abled Workers					
1	Permanent (F)	-	-	-	-	-
2	Other than Permanent (G)	-	-	-	-	-
3	**Total Workers (F + G)**	**-**	**-**	**-**	**-**	**-**

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No(B)	%(B/A)
Board of Directors	6	2	33.33%
Key Management Personnel (KMP)	4	2	50%

22. Turnover rate for permanent employees and workers. (Disclose trends for the past 3 years)

	FY 2025-26 (Turnover rate in current FY)			FY 2024-25 (Turnover rate in previous FY)			FY 2023-24 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	8.09%	2.24%	10.33%	8%	1%	10%	10%	4%	8%
Permanent Workers	4.64%	0	4.64%	4%	0.18%	4%	0	0	0

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures.

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Opel Technologies Pte. Ltd.	Wholly Owned Subsidiary	100	No
2	Quantico Technologies Private Limited	Wholly Owned Subsidiary	100	No
3	Mechtech Thermal Private Limited	Subsidiary	70	No
4	Paras Semiconductors Private Limited	Subsidiary	70	No
5	Paras Avionics Private Limited	Subsidiary	60	No
6	Paras Aerospace Private Limited	Subsidiary	60	No
7	Paras Anti-Drone Technologies Private Limited	Subsidiary	55	No
8	Paras Heven Advanced Drones Private Limited	Subsidiary	51	No
9	Himanshi Thermal Solutions Private Limited	Associate	49	No
10	Krasny Paras Defence Technologies Private Limited	Associate	47.5	No
11	Controp-Paras Technologies Private Limited	Associate	30	No

VI. CSR Details

24. (i). **Whether CSR is applicable as per section 135 of Companies Act, 2013:** (Yes/No) - Yes

(ii). **Turnover (in Rs.). -** Rs. 41,654.41 Lakhs

(iii). **Net worth (in Rs.)** - Rs. 68,776 Lakhs

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, weblink can be accessed at: www.parasdefence.com	0	0	-	0	0	-
Investors (other than shareholders)		NA	NA	-	NA	NA	-
Shareholders		1	0	The complaint was resolved within the stipulated time	1	0	The complaint was resolved within the stipulated time
Employees and workers		0	0	-	0	0	-
Customers		0	0	-	0	0	-
Value Chain partners		0	0	-	0	0	-
Other (please specify)	No	0	0	-	0	0	-

26. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/ Positive)
1	Climate Change	Risk	Climate change may adversely impact the Company's operations, supply chain continuity, resource availability, and overall business resilience. Extreme weather events could affect manufacturing efficiency and operational stability. Additionally, evolving geopolitical and environmental conditions may necessitate higher investments in sustainable technologies and adaptive infrastructure.	The Company continuously assesses climate-related risks across its operational facilities and implements mitigation measures to reduce potential impacts. Energy-efficient machinery and systems are deployed across manufacturing units, with energy performance ratings being a key criterion during procurement. Preventive maintenance practices and resource optimization initiatives are also undertaken to improve operational efficiency and reduce environmental impact.	Negative
2	Corporate Governance	Opportunity	We have a highly experienced management team, with our promoters having over three decades of expertise in the design, development and manufacturing of a wide range of engineering products for the defence and space sectors. The presence of skilled professionals, including former experts from leading public sector defence organizations, further strengthens operational excellence and governance standards.	-	Positive
3	Strengthening employee welfare and work-life balance practices	Opportunity	Enhancing employee welfare measures, work-life balance initiatives, and skill development programs can improve employee satisfaction, motivation, and retention in a highly specialized technology-driven industry.	-	Positive

S. No.	Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of Risk, approach to adapt or mitigate	Financial Implications of the risk or the opportunity (Negative/ Positive)
4.	Product Design, Quality and Innovation	Opportunity	By prioritizing continuous improvement and keeping up with the latest technological advancements, businesses can develop innovative products that cater to changing customer demands. Adopting user-centric design, integrating sustainability practices and nurturing a culture of creativity and collaboration can result in a competitive edge, customer allegiance and market expansion.	-	Positive
5	Customer Satisfaction and Retention	Opportunity	Customers who are satisfied with our products and services tend to demonstrate loyalty and actively promote Paras's offerings within their networks. This positive customer behaviour can drive increased sales and help build a strong brand reputation. At the same time the Company caters to a diverse global clientele. Any undesirable customer experience could lead to customer attrition or reputational damage.	-	Positive
6	Make in India/ Defence Indigenization Push	Opportunity	Initiatives like 'Make in India', 'Atmanirbhar Bharat' and rising defence budgets are accelerating demand for indigenous defence manufacturing, where companies like Paras Defence import critical raw materials but add substantial value through domestic design, assembly, and system integration to deliver finished defence products.	-	Positive
7	Rapid technological changes and cybersecurity requirements	Risk	Defence and space technologies evolve rapidly, requiring continuous research and development (R&D) investment and cybersecurity preparedness	Continuous investment in research and development (R&D), employee training, intellectual property (IP) development, and secure digital infrastructure.	Negative in short term due to higher R&D expenditure; positive long term through innovation and competitiveness.

SECTION B

MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Policy and management processes

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

c. Web Link of the Policies, if available

P1

1. Code of Conduct – https://parasdefence.com/uploads/policies/1732691698code-of-conduct-for-board-of-directors-and-smps.pdf
2. Vigil Mechanism and Whistle Blower Policy – https://parasdefence.com/uploads/policies/1732691379vigil-mechanism-whistle-blower-policy.pdf
3. Anti-Bribery & Anti-Corruption – https://parasdefence.com/uploads/policies/1732691987policy-on-anti-corruption-and-anti-bribery.pdf
4. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) - https://parasdefence.com/uploads/policies/1732691606code-of-practices-and-procedures-for-fair-disclosure-of-upsi.pdf
5. Materiality Policy for Related Party Transactions - https://parasdefence.com/uploads/policies/1732691363materiality-policy-for-related-party-transactions.pdf
6. Policy for Determining Material Subsidiaries - https://parasdefence.com/uploads/policies/17326912631-policy-for-determining-material-subsidiaries.pdf
7. Corporate Social Responsibility Policy - https://parasdefence.com/uploads/policies/1732691651corporate-social-responsibility-policy.pdf

P2

1. Code of Conduct – https://parasdefence.com/uploads/policies/1732691698code-of-conduct-for-board-of-directors-and-smps.pdf
2. Policy on Environment, Health & Safety - https://parasdefence.com/uploads/policies/1732692015policy-on-environment-health-safety.pdf
3. Risk Management Policy - https://parasdefence.com/uploads/policies/1732691468risk-management-policy.pdf
4. Policy on Life Cycle Sustainability - https://parasdefence.com/uploads/policies/1732692060policy-on-life-cycle-sustainability.pdf

P3

1. Code of Conduct – https://parasdefence.com/uploads/policies/1732691698code-of-conduct-for-board-of-directors-and-smps.pdf
2. Policy on Employees Wellness - https://parasdefence.com/uploads/policies/1732691999policy-on-employees-wellness.pdf
3. Prohibition of child labour and prevention of forced labour at the workplace policy - https://parasdefence.com/uploads/policies/1732692079prohibition-of-child-labour-and-prevention-of-forced-labour-at-the-workplace-policy.pdf
4. Vigil Mechanism & Whistle Blower Policy - https://parasdefence.com/uploads/policies/1732691379vigil-mechanism-whistle-blower-policy.pdf
5. Whistle Blower and Anti-Sexual Harassment Policy - http://parasdefence.com/uploads/policies/1732691900whistle-blower-and-anti-sexual-harassment-policy.pdf
6. Policy on Freedom Association - https://parasdefence.com/uploads/policies/1732692031policy-on-freedom-association.pdf

P4

1. Code of Conduct – https://parasdefence.com/uploads/policies/1732691698code-of-conduct-for-board-of-directors-and-smps.pdf
2. Policy on Employees Wellness - https://parasdefence.com/uploads/policies/1732691999policy-on-employees-wellness.pdf
3. Prohibition of child labour and prevention of forced labour at the workplace policy - https://parasdefence.com/uploads/policies/1732692079prohibition-of-child-labour-and-prevention-of-forced-labour-at-the-workplace-policy.pdf
4. Vigil Mechanism & Whistle Blower Policy - https://parasdefence.com/uploads/policies/1732691379vigil-mechanism-whistle-blower-policy.pdf
5. Whistle Blower and Anti-Sexual Harassment Policy - http://parasdefence.com/uploads/policies/1732691900whistle-blower-and-anti-sexual-harassment-policy.pdf
6. Corporate Social Responsibility Policy - https://parasdefence.com/uploads/policies/1732691651corporate-social-responsibility-policy.pdf
7. Dividend Distribution Policy - https://parasdefence.com/uploads/policies/1732691770dividend-distribution-policy.pdf

P5

1. Policy on Human Right - https://parasdefence.com/uploads/policies/1732692046policy-on-human-right.pdf
2. Code of Conduct – https://parasdefence.com/uploads/policies/1732691698code-of-conduct-for-board-of-directors-and-smps.pdf
3. Vigil Mechanism & Whistle Blower Policy - https://parasdefence.com/uploads/policies/1732691379vigil-mechanism-whistle-blower-policy.pdf
4. Whistle Blower and Anti-Sexual Harassment Policy - http://parasdefence.com/uploads/policies/ 1732691900whistle-blower-and-anti-sexual-harassment-policy.pdf

P6

1. Policy on Environment, Health & Safety - https://parasdefence.com/uploads/policies/1732692015policy-on-environment-health-safety.pdf
2. Policy on Life Cycle Sustainability - https://parasdefence. com/uploads/policies/1732692060policy-on-life-cycle-sustainability.pdf

P7

1. Code of Conduct - https://parasdefence.com/uploads/policies/1732691634code-of-conduct-for-regulating-monitoring-and-reporting.pdf
2. Policy on Accountable Advocacy- https://parasdefence.com/uploads/policies/1732691965policy-on-accountable-advocacy.pdf
3. Policy on Anti-Corruption and Anti-Bribery - http://parasdefence.com/uploads/policies/1732691987policy-on-anti-corruption-and-anti-bribery.pdf
4. Policy on Life Cycle Sustainability - https://parasdefence.com/uploads/policies/1732692060policy-on-life-cycle-sustainability.pdf

P8

1. Corporate Social Responsibility Policy - https://parasdefence.com/uploads/policies/1732691651corporate-social-responsibility-policy.pdf
2. Code of Conduct - https://parasdefence.com/uploads/policies/1732691634code-of-conduct-for-regulating-monitoring-and-reporting.pdf

P9

1. Policy on Responsibility to the Customers and their Engagement -https://parasdefence.com/uploads/policies/1732692096policy-on-responsibility-to-the-customers-and-their-engagement.pdf

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO 45001:2018 • ISO 9001:2015 • ISO 9100: 2016 • ISO 14001: 2015 • AS 9100D • DRDO Registration Certificate • CVRDE Registration Certificate								
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company continues to strengthen its ESG framework through gradual integration of sustainable business practices into its operations. While formal long-term net-zero or science-based targets have not yet been established, the Company remains committed to improving operational efficiency, reducing environmental impact, enhancing employee well-being, and maintaining strong governance standards. The Company will continue to evaluate measurable ESG targets in line with business growth and stakeholder expectations.								
6.	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	The Company continued to make steady progress towards its ESG and sustainability commitments during the reporting period. Initiatives relating to resource optimization, employee health & safety, ethical business practices, and CSR activities were implemented across operations. Most commitments are ongoing in nature and are being pursued progressively as part of the Company's long-term sustainability approach.								
Governance, leadership and oversight										
7.	Statement by Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	At Paras Defence and Space Technologies Limited, we believe that sustainable growth and responsible business practices are fundamental to creating long-term value for all our stakeholders. As an organization operating in a strategically significant and technology-driven sector, we remain committed to conducting our business with the highest standards of ethics, integrity, transparency, and accountability while contributing positively to society and the environment. Environmental, Social, and Governance (ESG) principles are embedded in our business strategy and guide our decision-making across operations, innovation, and stakeholder engagement. During the year, we continued to strengthen our sustainability initiatives by enhancing resource efficiency, reinforcing governance frameworks, investing in employee well-being, and expanding our community development efforts. The evolving global business landscape presents a range of ESG-related opportunities and challenges, including climate change, resource optimization, workforce diversity, supply chain resilience, responsible innovation, and increasing regulatory expectations. Recognizing these priorities, we have undertaken initiatives to improve our environmental performance through energy-efficient technologies, optimized electricity and water consumption, responsible waste management, and the adoption of sustainable operational practices across our facilities. Our people remain at the heart of our success. We are committed to fostering a workplace that is safe, diverse, equitable, and inclusive, where every employee is empowered to innovate, collaborate, and grow. Through our Corporate Social Responsibility (CSR) initiatives, we continue to make meaningful contributions towards education, healthcare, skill development, and community welfare, reinforcing our commitment to inclusive and sustainable development. Strong corporate governance continues to be the cornerstone of our business. We remain focused on strengthening our compliance culture, enhancing risk management practices, improving transparency in disclosures, safeguarding data integrity, and maintaining meaningful engagement with all our stakeholders. We believe that robust governance is essential to building a resilient, future-ready organization. Looking ahead, we will continue to integrate ESG considerations across our value chain by establishing measurable sustainability objectives, strengthening ESG disclosures, advancing responsible business practices, and driving continuous improvement across our operations. Our objective is to align our growth ambitions with environmental stewardship and social responsibility while delivering sustainable value for customers, employees, shareholders, partners, and the communities we serve. At Paras Defence we sincerely appreciate our employees, customers, business partners, investors, and all stakeholders for their continued trust, confidence, and support. Together, we will continue to build a resilient, responsible, and sustainable enterprise that is well-positioned to create long-term value for generations to come. Munjal Sharad Shah Managing Director DIN: 01080863								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	The Board is responsible for implementation and overview of the Business Responsibility Policies.								
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The Board of Directors, along with the Board's Corporate Social Responsibility (CSR) Committee, is responsible for overseeing the Company's sustainability-related matters. The CSR Committee meets as required, and at least twice during the financial year, to review the Company's sustainability initiatives, CSR activities, and Business Responsibility and Sustainability Reporting (BRSR) performance.								

10. Details of Review of NGRBCs by the Company: Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The adequacy and effectiveness of the policies of the Company is reviewed by the concerned department/businesses heads, and by the Board of Directors and the CSR Committee of the Board in consultation with the concerned stakeholders, wherever required									Annually or on need basis								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company is in compliance with applicable statutory requirements relevant to the principles. The status of compliance with applicable statutory requirement is reviewed by the Committees of the Board.									Annually or on need basis								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

Sr. no	P1	P2	P3	P4	P5	P6	P7	P8	P9
All policies are evaluated by our internal team of experts. Third-party assessments and certifications are conducted whenever deemed necessary. As part of good governance practices, policies are reviewed and updated periodically by the respective department or business heads in consultation with relevant stakeholders, where applicable. The revised policies are then approved by the Management, the relevant Board Committees, or the Board of Directors, as applicable.									

12. If answer to question (1) above is No i.e. not all Principles are covered by a policy, reasons to be stated

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION C

PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1:

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of directors	7	**Executive and Non-Executive Directors** 1. Business and operational performance of the Company and update on key projects, industry changes and outlook 2. Environmental, social and governance (ESG) issues and advancements in technology 3. Business Ethics and Code of Conduct covering insider trading **Independent Directors** Familiarisation Programmes on: 1. Legal and Regulatory Compliance 2. Business / Function reviews during Board / Committee meetings 3. Financial Performance 4. Learning and Development Sessions	100%
Key Managerial personnel	5	1. Business and operational performance of the Company and update on key projects, industry changes and outlook 2. Environmental, social and governance (ESG) issues and advancements in technology 3. Business Ethics and Code of Conduct covering insider trading 4. Cybersecurity Awareness 5. Anti-Bribery Management System	100%
Employees other than BoD and KMPs	5	1. Business Ethics and Code of Conduct covering insider trading 2. Prevention of sexual harassment 3. Financial planning and implications of tax saving 4. Awareness sessions/Training Programs on Health 5. Anti-Bribery Management System	92%
Workers	2	1. Awareness sessions/Training Programs on Health 2. Industrial Safety training, Work Procedures, Processing standards and incident session.	88%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website)

Monetary					
Category	**NGRBC Principle**	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Amount (In INR)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding fee	-	-	-	-	-

Non-Monetary				
Category	**NGRBC Principle**	**Name of the regulatory/ enforcement agencies/ judicial institutions**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

S. No.	Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
1	NA	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy. - The Company has an anti-corruption and anti-bribery policy. The policy asserts on our zero-tolerance approach towards corruption and bribery. The policy also provides information and guidance on how to trace and deal with bribery and corruption issues. As a part of our training on the Code of Conduct, anti-bribery awareness sessions are also given to employees on Anti-Corruption and Anti-bribery topics. The weblink for this policy is

https://www.parasdefence.com/uploads/investors/files/Policy_on_Anti-Corruption_and_Anti-Bribery.pdf

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category	FY 2025-26	FY 2024-25
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

Category	FY 2025-26		FY 2024-25	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest:**

   There have been no cases with respect to corruption and conflicts of interest.

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

Particulars	FY 2025-26	FY 2024-25
Number of days of accounts payables	91 days	137 days

9. **Open-ness of business**

   Provide details of concentration of purchases with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY2025-26	FY2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0	0
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	0	0
	b. Number of dealers / distributors to whom sales are made	0	0
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	0	0
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	17.31%	1.73%
	b. Sales (Sales to related parties / Total Sales)	7.52%	8.96%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	68.94%	44.99%
	d. Investments (Investments in related parties / Total Investments made)	50.30%	4.74%

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

S. No.	Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	0	0	0

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

   Yes, the code of conduct for Board Members and Senior Management covers in detail the concern of conflict of interest. The Directors and Senior Management are required to annually provide declarations of compliance with the Code of Conduct. The code of conduct is uploaded on the website of the company and the link for the same is given below:

   https://www.parasdefence.com/uploads/investors/files/Code_of_Conduct_for_Board_of_Directors_and_SMPs.pdf

PRINCIPLE 2:

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Category	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	0.5	0.5	Paras has been operating in the optics, optronics systems, and defence engineering segments while focusing on minimizing the environmental and societal impact of its products. The company is committed to adopting sustainable and socially responsible practices across its operations and product development.
Capex	99.5	99.5	

a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

b. **If yes, what percentage of inputs were sourced sustainably?**

Yes, at Paras, we are dedicated to sustainable sourcing practices. We carefully consider various factors when selecting our major raw material suppliers. Over 60% of our inputs are sourced sustainably. The Company has relevant procedures to ensure responsible sourcing, supported by a Supplier Code of Conduct. This aims to foster sustainability among our vendors and promote responsible behaviour beyond our own manufacturing facilities.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The Company operates in the Defence and Space sectors, delivering advanced technology products and services. Given the nature of its business, product reclamation from customers is not undertaken. The Company has established robust processes, in compliance with applicable regulatory requirements, for the reuse, recycling, and environmentally sound disposal of end-of-life materials, including plastics, packaging waste, e-waste, hazardous waste, and other production-related waste. In addition, the Company complies with all applicable conditions, approvals, and procedures prescribed by the respective State Pollution Control Boards to ensure responsible waste management and environmental compliance.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable. The main products of the Company are Defence and space technology products for use in security applications. Once the products are sold, they would not be returned to the Company.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

S. No.	NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
1	0	0	0	0	0	0

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

S. No.	Name of Product / Service	Description of the risk / concern	Action Taken
Not Applicable			

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY2025-26	FY2024-25
Not Applicable.		

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY2025-26			FY2024-25		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable					
E-waste						
Hazardous waste						
Other waste						

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

S. No.	Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable		

PRINCIPLE 3:

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees.

Category	Total (A)	% of employees covered by									
		Health insurance		Accident Insurance		Maternity benefits		Paternity benefits (A)		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	267	267	100%	5	1.87%	0	0	10	3.74%	0	0
Female	91	91	100%	5	5.49%	8	8.79%	0	0	0	0
Total	**358**	**358**	**100%**	**10**	**2.79%**	**8**	**8.79%**	**10**	**3.74%**	**0**	**0**
Other than permanent Employees											
Male	0	0	0%	0	0%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**0**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**

Remarks: Numbers based on ESIC figures

b. Details of measures for the well-being of workers.

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance (ESIC)		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	234	234	100%	36	15.38%	0	0	13	5.55%	0	0
Female	25	25	100%	10	40%	0	0	0	0	0	0
Total	**259**	**259**	**100%**	**46**	**17.7%**	**0**	**0**	**13**	**5.55%**	**0**	**0**
Other than permanent Workers											
Male	0	0	0%	0	0%	0	0%	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	0	0%	0	0%
Total	**0**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**	**0**	**0%**

Remarks: Numbers based on ESIC figures

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

Particulars	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the company	0.35%	0.3%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2025-26			FY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	30.79%	14.74%	Y	22%	40%	Y
Gratuity	100%	100%	Y	100	100	Y
ESI	16.39%	7.45%	Y	15%	30%	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces:

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the Company has established the necessary infrastructure to ensure that its workplaces are accessible to differently abled employees, workers, and visitors. The accessibility features include, among others, barrier-free access to sites and building entrances, easy-to-operate doors, adequately illuminated and wide corridors, and other infrastructure designed to facilitate safe and convenient access. The Company remains committed to fostering an inclusive workplace by providing accessible facilities in line with applicable regulatory requirements and best practices.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. Equal Opportunity forms a part of our Policy on Employee Wellness. The link can be found here: https://www.parasdefence.com/investors.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	62.5%	87.5%	0	0
Total	81.25%	93.75%	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers Other than Permanent Workers Permanent Employees Other than Permanent Employees	The Company has adopted an Open Door culture which fosters transparency, open communication, and mutual trust across the organization. The policy encourages employees to freely communicate, provide feedback, and discuss matters of concern or importance without fear of retaliation. Employees may raise their grievances or concerns through multiple channels, including verbal communication, telephone, email, or written representations to their respective Heads of Department (HODs) or the Human Resources (HR) department. In addition, the Company has established a Vigil Mechanism and Whistle Blower Policy that enables employees and other stakeholders to report unethical practices, misconduct, fraud, or violations of the Company's Code of Conduct. The mechanism ensures that all concerns are addressed in a fair, confidential, and timely manner while providing adequate safeguards against victimization of whistle blowers.

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

Benefits	FY 2025-26			FY 2024-25		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association (s) or Union(B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association (s) or Union(D)	% (D / C)
Total Permanent Employees	358	0	0.00%	309	0	0.00%
- Male	267	0	0.00%	229	0	0.00%
- Female	91	0	0.00%	80	0	0.00%
Total Permanent Workers	259	0	0.00%	228	0	0.00%
- Male	234	0	0.00%	210	0	0.00%
- Female	25	0	0.00%	18	0	0.00%

Remarks: None of our employees or workers are members of any association(s) or unions.

8. **Details of training given to employees and workers:**

Category	FY2025-26					FY2024-25				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	267	69	25.84%	53	19.85%	229	136	59.38%	27	11.7%
Female	91	14	15.38%	13	14.28%	80	40	50%	25	31%
Total	**358**	**83**	**23.18%**	**66**	**18.43%**	**309**	**176**	**56.95%**	**52**	**16.82%**
Workers										
Male	234	58	24.78%	37	15.81%	210	127	60.47%	47	22.38%
Female	25	6	25%	6	24%	18	14	77.77%	11	61.11%
Total	**259**	**64**	**24.71%**	**43**	**16.60%**	**228**	**140**	**61.40%**	**58**	**25.43%**

9. **Details of performance and career development reviews of employees and worker:**

Category	FY2025-26			FY2024-25		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	267	226	84.64%	229	172	75.10%
Female	91	82	90.10%	80	64	80%
Total	**358**	**308**	**86.03%**	**309**	**236**	**76.37%**
Workers						
Male	234	207	88.46%	210	165	78.57%
Female	25	22	88%	18	16	88.88%
Total	**259**	**229**	**88.41%**	**228**	**181**	**79.38%**

10. a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, Recordable Incident Rate (RIR) Certification has granted ISO 45001:2018 certification to all our Company's Plants. This certification helps mitigate potential hazards for employees and visitors within our premises, promoting cost efficiency and reducing occupational incidents. The company places paramount importance on occupational health and safety management.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The Company conducts quarterly reviews of work-related hazards and risks to identify and assess safety concerns across its manufacturing processes while ensuring ongoing compliance with applicable health and safety requirements. Hazard identification is carried out for both routine and non-routine activities through established risk assessment and monitoring processes.

The Company regularly evaluates the effectiveness of its safety systems and controls to promote a safe and healthy work environment and minimize workplace incidents. Recommendations and directives issued by regulatory authorities and relevant industry forums concerning employee and worker health and safety are promptly reviewed and implemented, reflecting the Company's continued commitment to maintaining high standards of occupational health and safety.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, the eligible Employees/workers are covered under various statutory regulations as applicable to the Company.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2025-26	FY2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace. –

The Company has implemented a comprehensive framework of health, safety, and security measures to safeguard its employees, workers, and visitors. Key initiatives include:

- Establishment of designated Emergency Assembly Areas to ensure the safe congregation of personnel during emergencies.
- Installation of fire hydrant and automatic sprinkler systems to effectively mitigate fire-related risks.
- Provision and mandatory use of appropriate Personal Protective Equipment (PPE) for employees and workers, based on the nature of their work.
- Availability of safe drinking water and adequate sanitation facilities to promote hygiene, health, and well-being.
- Deployment of CCTV surveillance systems to strengthen physical security and enable continuous monitoring of the premises.
- Implementation of comprehensive Standard Operating Procedures (SOPs) to ensure safe, consistent, and efficient operations.
- Regular health and safety training programmes and mock emergency drills to enhance awareness, preparedness, and emergency response capabilities.
- Periodic safety inspections and audits to assess the effectiveness of existing safety controls, ensure regulatory compliance, and drive continual improvement in occupational health and safety performance.

13. Number of Complaints on the following made by employees and workers:

	FY2025-26			FY2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remark
Working Conditions	0	0	0	0	0	0
Health & Safety	0	0	0	0	0	0

14. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% (All our plants are ISO 45001:2018 certified through RIR Certification and regular ISO audits / reviews are conducted)
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Company conducts regular health and safety training programmes and mock emergency drills to enhance employee awareness, competency, and emergency preparedness. Standard Operating Procedures (SOPs) and safety protocols are periodically reviewed and updated based on incident investigations, risk assessments, and evolving operational requirements to ensure their continued effectiveness. The Company has obtained ISO 45001 certification across all its manufacturing facilities, reflecting its commitment to maintaining a robust Occupational Health and Safety Management System. Recommendations arising from internal reviews, regulatory inspections, and ISO 45001 audits are systematically evaluated and implemented to strengthen safety measures and enhance risk management throughout the product life cycle. The Management accords the highest priority to ISO 45001 audits and closely monitors the timely closure of all observations and improvement opportunities identified by the auditors, thereby fostering a culture of continual improvement in occupational health and safety performance.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes, the eligible Employees/workers are covered under various statutory regulations applicable to the company.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Paras ensures that all relevant statutory payments concerning transactions undertaken by it, are deducted and deposited according to regulatory standards. This procedure undergoes scrutiny in both internal and external audits. The Company anticipates its partners in the value chain, to follow business responsibility principles and maintain transparency and accounting values.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Particulars	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

The Company does not currently provide a formal transition assistance program to facilitate continued employability or support career transitions resulting from retirement or termination of employment. However, the Company remains committed to employee well-being and regularly reviews its HR policies, programs, and benefits to ensure they align with the evolving needs of its workforce. The Company will continue to evaluate opportunities to enhance employee support initiatives as part of its ongoing commitment to a positive and supportive work environment.

5. Details on assessment of value chain partners:

Category	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Ongoing
Working Conditions	Ongoing

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Based on the assessments conducted during the reporting period, the Company has not identified any significant risks or concerns relating to the health and safety practices or working conditions of its value chain partners. The Company continues to engage with and monitor its value chain partners to encourage compliance with applicable health, safety, and labour standards, while promoting a safe, healthy, and responsible working environment throughout its supply chain.

PRINCIPLE 4:

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Stakeholder engagement is integral to the Company's approach to understanding the social, environmental, and economic context in which it operates and to fostering transparent, collaborative, and long-term relationships. The Company identifies and prioritizes its key stakeholders—including employees, customers, investors, suppliers, business partners, regulators, local communities, and other relevant groups—based on factors such as their influence on the Company's operations, the Company's impact on them, legitimacy of interests, and diversity of perspectives. Through structured engagement mechanisms and established communication channels, the Company ensures that stakeholders receive timely and relevant information and are provided with appropriate platforms to share their views and feedback. Stakeholder inputs are reviewed on a regular basis and are considered in the Company's materiality assessment, risk management processes, and strategic decision-making, enabling the Company to address evolving stakeholder expectations, create long-term value, and support sustainable business growth.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

S. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Employees	No	Email (internal communication), Notices and Communication Mechanisms	Continuous	1. Safe & Inclusive Workplace 2. Employee Well-being 3. Training & Development 4. Recognition & Rewards 5. Policy Awareness 6. Employee Engagement 7. Grievance Redressal
2	Shareholders/ Investors	No	Emails, Newspaper, Advertisement, website of the Company and Stock Exchanges and General Meetings	Quarterly and Event specific as per Statutory Requirement	1. Current performance 2. Initiatives and Projects 3. Regular Investor Engagement 4. Transparent Communication and Grievance Redressal
3	Suppliers and Distributors	No	Vendor assessment and review, Training workshop, Supplier audits, official communication channels: Website, Email and Phone calls	Ongoing	1. Ease of Doing Business 2. Ethical Business Conduct & Social Practices 3. Risk Management 4. Business Opportunities 5. Supplier Transparency 6. Value Chain Efficiency 7. Payments Management 8. Purchase Price Optimization.
4	Community	No	CSR initiatives	Annual and on need basis	1. Execution of CSR Projects such as animal welfare, conserving water resources, and promoting health and education. 2. Conducting important events such as Blood Donation Camps

S. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
5	Government and Regulatory Bodies	No	Compliance Reports, Regulatory audits/ inspections	Quarterly, Half Yearly, Annually and on need basis	1. Ensuring Compliances with applicable laws 2. Inspections 3. Approvals 4. Assessments
6	Customers	No	Customer meets, website, Phone calls, emails and meetings	Frequently and as and when required	1. Consistent Customer Engagement 2. Timely Query and Complaint Resolution 3. Information on New Products and Services 4. Addressing Technical and Operational Issues 5. Commitment to Positive Customer Experience

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Company maintains regular and structured engagement with its key stakeholders, including investors, customers, employees, channel partners, analysts, and regulators, to ensure that its strategic priorities remain aligned with stakeholder expectations. Engagement is carried out through various channels, including meetings, emails, conference calls, Annual General Meetings (AGMs), surveys, and grievance redressal mechanisms, enabling the Company to gather valuable feedback on business performance, customer experience, and stakeholder concerns.

The insights gained from these interactions are reviewed by senior management and relevant Board Committees and are integrated into the Company's decision-making processes. Dedicated committees, including the Corporate Social Responsibility (CSR) Committee and the Stakeholders' Relationship Committee, oversee the implementation of social responsibility initiatives, stakeholder engagement, and compliance with applicable statutory and regulatory requirements. This governance framework reinforces the Company's commitment to transparency, accountability, and the creation of sustainable long-term value for all stakeholders

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

The Company engages with local communities to understand their needs and incorporates their feedback into the planning and implementation of its CSR initiatives. Regular interactions with employees, the HR team, and business leaders also help shape employee well-being programs and promote sustainable practices, including the conservation of water, electricity, and fuel.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

The Company engages with vulnerable and marginalized stakeholder groups, particularly local communities, through its CSR initiatives aimed at improving livelihoods and promoting inclusive development. It also keeps stakeholders informed about relevant technologies, safety practices, and industry developments. Stakeholder engagement helps identify material issues, supports informed decision-making, and strengthens risk management. Key initiatives include volunteering activities, CSR programs focused on animal welfare, water conservation, health and education, and contributions toward environmental sustainability.

PRINCIPLE 5:

Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY2025-26			FY2024-25		
	Total (A)	No. of employees / workers covered (B)	%(B / A)	Total(C)	No. of employees / workers covered (D)	%(D / C)
Employees						
Permanent	358	358	100%	309	309	100.00%
Other than permanent	0	0	0	0	0	0.0%
Total Employees	**358**	**358**	**100%**	**309**	**309**	**100.00%**
Workers						
Permanent	259	259	100%	228	228	100%
Other than permanent	0	0	0	0	0	0
Total Workers	**259**	**259**	**100%**	**228**	**228**	**100%**

2. **Details of minimum wages paid to employees, in the following format:**

Category	FY2025-26					FY2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	358	9	2.51%	342	95.53%	309	8	2.58%	301	97.41%
Male	267	6	2.24%	256	95.88%	229	6	2.62%	223	97.37%
Female	91	3	3.29%	86	94.50%	80	2	2.5%	78	97.5%
Other than Permanent						0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Workers										
Permanent	259	34	13.12%	199	76.83%	228	25	10.96%	203	89.03%
Male	234	23	9.82%	188	80.34%	210	25	11.90%	185	88.09%
Female	25	11	44%	11	44%	18	0	0.00%	18	100%
Other than Permanent						0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

3. a. **Details of remuneration/salary/wages, in the following format: Median remuneration/wages:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (Rs. in lakhs)	Number	Median remuneration/ salary/ wages of respective category (Rs. in lakhs)
Board of Directors (BoD)	2	7 Lakhs	1	2.5 Lakhs
Key Managerial Personnel	2	1 Lakhs	1	2 Lakhs
Employees other than BoD and KMP	267	5.28 Lakhs	91	5.04 Lakhs
Workers	234	4.08 Lakhs	25	1.82 Lakhs

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

Particulars	Current Financial Year	Previous Financial Year
Gross wages paid to females as % of total wages	18.46%	17.00%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the HR Head and the Executive Directors of the Company are responsible for addressing any human rights impacts or issues that may be caused by or linked to the Company's operations and activities, in accordance with the Company's Human Rights Policy. (https://www.parasdefence.com/uploads/investors/files/Policy_on_Human_Right.pdf)

5. Describe the internal mechanisms in place to redress grievances related to human rights issues. –

The Company has established a robust grievance redressal mechanism to address employee concerns in a fair, transparent, and timely manner. Employees may report grievances, including human rights-related concerns, to their reporting manager or the Human Resources (HR) Department. Upon receipt of a grievance, appropriate action is taken, including investigation by a designated committee where required, to ensure effective resolution.

The Company has also constituted an Internal Committee in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to receive, investigate, and redress complaints of sexual harassment in a confidential and impartial manner.

In addition, the Company's Vigil Mechanism, including the Whistle Blower Policy, enables employees and other stakeholders to confidentially report unethical conduct, suspected fraud, violations of the Company's Code of Conduct, or actual or potential human rights concerns, without fear of retaliation.

Employees also have access to an HR support system to address queries and concerns relating to compensation and benefits, payroll, taxation, leave, policies, and other employment-related matters, ensuring transparent, efficient, and responsive grievance resolution.

6. Number of Complaints on the following made by employees and workers:

	FY2025-26			FY2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Pending resolution at the end of year	Filed during the year	Remarks
Sexual Harassment	0	0	0	0	0	0
Discrimination at workplace	0	0	0	0	0	0
Child Labour	0	0	0	0	0	0
Forced Labour/Involuntary Labour	0	0	0	0	0	0
Wages	0	0	0	0	0	0
Other human rights related issues	0	0	0	0	0	0

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	Current Financial Year	Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has established mechanisms to ensure that complainants in discrimination, harassment, and human rights-related cases are protected from retaliation or any adverse consequences. Under the Board-approved Vigil Mechanism and Whistle Blower Policy, employees and stakeholders can report concerns confidentially, including directly to the Chairman of the Audit Committee. The policy includes safeguards against victimization, ensuring complaints are handled fairly, confidentially, and without prejudice to the complainant.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, all our business agreements and contracts require the counterparty to comply with applicable regulatory requirements, which also include human rights.

10. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	0

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

We confirm that no such incidents have occurred.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

As the Company has not received any major human rights grievances/complaints, there was no need to modify/introduce any business process.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

Not applicable, as no human rights due - diligence was conducted during the year.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the company actively promotes an inclusive accessibility framework.

4. Details on assessment of value chain partners:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	0

Remarks: The company has a zero-tolerance policy against the matters mentioned herein and regularly conveys to all its value chain partners about the same.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No such incident occurred to date.

PRINCIPLE 6:

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	0.00	0.00
Total fuel consumption (B)	0.00	0.00
Energy consumption through other sources (C)	0.00	0.00
Total energy consumed from renewable sources (A+B+C)	**0.00**	**0.00**
From non-renewable sources (In Gigajoules)		
Total electricity consumption (D)	11,740.85	10,836.27
Total fuel consumption (E)	134.71	131.78
Energy consumption through other sources (F)	0.00	0.00
Total energy consumed from non-renewable sources (D+E+F)	**11,875.56**	**10,968.05**
Total energy consumed (A+B+C+D+E+F)	**11,875.56**	**10,968.05**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees Lakhs)	0.29 GJ / Lakh	0.33 GJ / Lakh
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	5.82 GJ/ Lakh $	6.67GJ/ Lakh $
Energy intensity in terms of physical output	0.18 GJ / No. of units produced	0.37 GJ / No. of units produced
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

*Figures of the previous year have been restated

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii)Groundwater	0	0
(iii)Third party water	11,705	13,492
(iv)Seawater / desalinated water	0	0
(v) Others	0	75
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**11,705**	**13,567**
Total volume of water consumption (in kilolitres)	**11,705**	**13,567**
Water intensity per rupee of turnover (Water consumed / turnover)	0.28 KL / Lakh	0.41 KL / Lakh
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	5.74 KL / Lakh $	8.25 KL / Lakh $
Water intensity in terms of physical output	0.17 KL / No. of units produced	0.46 KL / No. of units produced
Water intensity (optional) – the relevant metric may be selected by the entity.		-

*Figures of the previous year have been restated

Note: Here, “Others” refers to Bisleri water purchased for human consumption.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

4. **Provide the following details related to water discharged: Water discharge by destination and level of treatment (in kilolitres)**

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Water discharge by destination and level of treatment (in kilolitres)	The domestic wastewater is being disposed of, as per regulatory norms.	
(i) To Surface water		
- No treatment		
With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
With treatment – please specify level of treatment		
(v) Others		
- No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Remarks: The Company does not discharge untreated water.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. – No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

No. While the Company has not implemented a formal Zero Liquid Discharge mechanism, it follows responsible water management practices. Water is used conservatively and efficiently, with a focus on minimizing waste. All discharged water undergo proper treatment to ensure that all chemically reactive residues, if any are neutralized.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	Current Financial Year	Previous Financial Year
NOx	Not Available		
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Remarks: The Company is in the process of developing systems to centrally collect and consolidate relevant data. Once established, the data will be reported in future disclosures.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) in MTCO2E & its intensity, in the following format:**

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	TCO_2e	9.35	9.15
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	TCO_2e	2,335.12	2,470.51
Total Scope 1 and Scope 2 emission intensity per rupee of turnover	TCO_2e / rupee of turnover	0.0563 TCO_2e / Lakh	0.0743 TCO_2e / Lakh
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	TCO_2e / rupee of turnover	1.49 TCO_2e / Lakh $	1.51 TCO_2e / Lakh $

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 and Scope 2 emission intensity in terms of physical output	TCO_2e / rupee of turnover	0.0349 TCO_2e / No. of units produced	0.0842 TCO_2e / No. of units produced
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	TCO_2e / rupee of turnover	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No.

8. **Does the entity have any project related to reducing Green House Gas emission?**

If Yes, then provide details.. Yes, the Company promotes the use of energy-efficient equipment across its manufacturing facilities as part of its efforts to enhance operational efficiency and reduce environmental impact. The maintenance team is responsible for monitoring the performance of such equipment and overseeing its effective implementation. Furthermore, energy efficiency, including energy ratings and related technical specifications, is a key criterion considered during the procurement and selection of equipment.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	NA	
E-waste**(B)**		
Bio-medical waste **(C)**		
Construction and demolition waste **(D)**		
Battery waste **(E)**		
Radioactive waste **(F)**		
Other Hazardous waste. Please specify, if any. **(G)**		
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	5.53 MT	4.45 MT
Total (A + B + C + D + E + F + G + H)	**5.53 MT**	**4.45 MT**
Waste intensity per rupee of turnover (Total Waste Generated / Revenue from operations)	0.00014 MT / Lakh	0.00013 MT / Lakh
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Waste Generated / Revenue from operations adjusted for PPP)	0.00281 MT / Lakh $	0.00271 MT / Lakh $
Waste intensity in terms of physical output	0.0022 MT / No. of units produced	0.0020 MT / No. of units produced
Waste intensity (optional) the relevant metric may be selected by the entity		-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste - Plastic		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
Category of waste - E-Waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
Category of waste - Bio-medical waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
Category of waste - Construction and demolition waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
Category of waste - Battery waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		

Parameter	FY 2025-26	FY 2024-25
Category of waste - Radioactive waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
Category of waste - Other Hazardous waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
Category of waste - Other Non-Hazardous waste		
(i) Recycled	NA	
(ii) Re-used		
(iii) Other recovery operations		
Total		
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste - Plastic		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - E-Waste		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - Bio-medical Waste		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - Construction and demolition waste		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - Battery		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - Radioactive		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - Other Hazardous waste. Please specify, if any		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		
Category of waste - Other Non-hazardous waste generated		
(i) Incineration	NA	
(ii) Landfilling		
(iii) Other disposal operations		
Total		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

At Paras, the primary type of manufacturing waste consists of residue material like aluminium and mild steel. These are sold off for further reuse and recycling. E-waste is handed over to authorized recyclers. Additionally, waste bins are placed at key locations across all sites to support proper disposal of other waste type.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

Remarks: Not Applicable as no operations/ offices are located in/around ecologically sensitive areas

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

S. No.	Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable						

Remarks: No Environmental Impact Assessments of projects were undertaken during the reporting period of FY 2025-26

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
NIL				

Remarks: The Company is compliant with all applicable environmental law/ regulations/ guidelines in India.

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

i. **Name of the area -** Not Applicable

ii. **Nature of operations -** Not Applicable

iii. **Water withdrawal, and consumption in the following format:**

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**0**	**0**
Total volume of water consumption (in kilolitres)	**0**	**0**
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000 KL / Lakh	0.0000 KL / Lakh
Water intensity (optional) – the relevant metric may be selected by the entity.KL / of	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	0	0
With treatment – please specify level of treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
With treatment – please specify level of treatment	0	0

Parameter	Current Financial Year 2025-26	Previous Financial Year 2024-25
(v) Others		
- No treatment	0	0
With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	**0**	**0**

Remarks: None of our plants/facilities are located in water stress areas.

Note- Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. – No

2. Please provide details of total Scope 3 emissions (MTCO2E) & its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Remarks: The process of computation will be initiated, and the particulars will be made available in due time.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable, as the Company does not have any operations/offices in/around ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Deployment of energy-efficient equipment across all manufacturing units and office	The Company ensures the installation of energy-efficient equipment across its manufacturing facilities. The maintenance team is responsible for overseeing the implementation and performance of such equipment. In addition, energy efficiency considerations, including energy ratings and related technical specifications, are key factors in the procurement and selection of equipment.	Overall energy consumption has reduced.
2	EV Charging Point	An EV charging station has been inaugurated within the Company's premises to promote sustainable transportation and support efforts towards reducing the carbon footprint. This initiative reflects the Company's commitment to adopting environmentally responsible practices and encouraging cleaner mobility solutions.	The EV charging station on an average is used for approx. 7 hours daily.

5. Does the entity have a business continuity and disaster management plan?

The Company has implemented a Business Continuity and Disaster Management Plan to enhance organizational resilience and minimize the impact of disruptions and emergencies. The framework includes emergency preparedness measures, defined response procedures, and business continuity strategies to ensure critical operations continue with minimal disruption. Employees are provided with relevant information and training to effectively respond to emergencies and understand their roles and responsibilities during such events.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not Applicable

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

PRINCIPLE 7:

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   We are affiliated with 4 trade and industry chambers/associations.

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. NO	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Society of Indian Defence Manufacturers	National
2	Engineering Export Promotion Council of India	National
3	Federation of Indian Export Organisation	National
4	Authorised Economic Operator	International

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

S. NO	Name of authority	Brief of the case	Corrective action taken
1	There have been no action or issues related to anti-competitive conduct and no adverse orders from any authority during the FY 2025-26.		

Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
1	The Company is not currently engaged in public policy advocacy.				

PRINCIPLE 8:

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current Financial year.

S. No.	Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
1	During FY 2025-26, we have not undertaken any projects that require Social Impact Assessments (SIA).			Not applicable		

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
1	During FY 2025-26, we have not undertaken any projects that require Rehabilitation and Resettlement (R&R).			Not applicable		

3. Describe the mechanisms to receive and redress grievances of the community.

The Company periodically undertakes formal and informal sessions with the community. In these sessions, the Company works on undertaking queries, feedback and grievances. In addition, during the CSR programmes conducted by the Company, the company representatives are in constant contact with the community, to note and provide resolution for any grievances.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Category	Current Financial Year	Previous Financial Year
Directly sourced from MSMEs/ small producers	88.96%	41.99%
Sourced directly from within India	95.78%	97.65%

5. Job creation in smaller towns- Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost. (Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Location	Current Financial Year	Previous Financial Year
Rural	0	0
Semi-urban	0	0
Urban	21.36%	21.95%
Metropolitan	78.64%	78.04%

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

S. No.	Details of negative social impact identified	Corrective action taken
Not Applicable		

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In INR)
1	Maharashtra	NA	Rs. 48,50,000
2	Gujarat	NA	Rs. 30,00,000
3	Gujarat	Kutch	Rs. 20,00,000
4	Gujarat	NA	Rs. 25,00,000

3. a. **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

   No, we do not have a policy on this as yet.

   b. **From which marginalized /vulnerable groups do you procure?**

   Not Applicable

   c. **What percentage of total procurement (by value) does it constitute?**

   Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property-related disputes wherein usage of traditional knowledge is involved.**

S. No.	Name of authority	Brief of the Case	Corrective action taken
Not Applicable			

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Health Care, Sanitation and providing Drinking Water	6000+	100
2	Environmental Sustainability and Animal Welfare	700+Cows	100
3	Promotion of education and social welfare	2000+	100

PRINCIPLE 9:

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   To ensure customer satisfaction and service excellence, the Company has set up a dedicated contact point for receiving and addressing customer complaints and feedback via dedicated email address- business@parasdefence.com. Upon receiving any complaint or feedback, we engage with the customers at various authorized levels and ensure that necessary corrective actions are taken in time.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Applicable
Safe and responsible usage	100%
Recycling and/or safe disposal	Not Applicable

3. **Number of consumer complaints in respect of the following:**

	FY 2025-26			FY 2024-25		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

CSR Project	Number	Reasons for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, the Company has a framework/ policy on cyber security and risks related to data privacy. Cyber Security Policy of the Company is classified as document for internal circulation. All these policies are reviewed annually by competent personnel in the Information Security Function. All the approved and enforced policies are made available to all employees and business partners

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Not Applicable

7. **Provide the following information relating to data breaches**

   a. **Number of instances of data breaches along-with impact** – Nil

   b. **Percentage of data breaches involving personally identifiable information of customers** – 0%

   c. **Impact, if any, of the data breaches** – Not Applicable

Leadership Indicators

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   All information relating to products and solutions offered by Paras is available on the Company's website- www.parasdefence.com

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   The Company has set up clear systems to ensure customers always have access to detailed information about our products and services. Our technical team stays in regular contact with customers, and we run training focused on the safe and effective use of our products. Product details are available on the website: www.parasdefence.com.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Not Applicable owing to the nature of the business.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, the Company adheres to all applicable regulations pertaining to product information and labeling. Safety instructions, including the Do's and Don'ts are provided with all critical products to ensure proper handling. Regular interactions with customer are maintained to ensure satisfaction and to obtain feedback on products and services. Based on the feedback received, the Company undertakes necessary actions to improve its offerings and address customer expectations.

Standalone

Financial Statements

Independent Auditor's Report

TO THE MEMBERS OF
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2026, the Statement of Standalone Profit and Loss (including Other Comprehensive Income), the Statement of Standalone Changes in Equity and the Statement of Standalone Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, 2026 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 Standalone 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 Standalone 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 Standalone 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 Standalone Financial Statements.

Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the year ended March 31, 2026. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Standalone Financial Statements section of our report, including in relation to that matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Standalone Financial Statements.

Key Audit Matter	How our audit addressed the key audit matter
1) Revenue:	
During the year, the Company's revenue from operation has been increased by 24.77%. Revenue is recognized when control of the underlying products have been transferred along with satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues. Significant Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with IND AS115 'Revenue from contracts with customers', resulting into recognition of revenue in incorrect period. Refer Note No. 1.3 (J) and 25 to the Standalone Financial Statements.	We assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following: • Assessing the process related to invoicing and measurement as well as other relevant process supporting the accounting of revenue. • Performed sample tests of individual sales transaction and traced to sales invoices, sales orders, shipping documents and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales orders; • Verifying the completeness of disclosure in the Standalone Financial Statements as per Ind AS 115.

Key Audit Matter	How our audit addressed the key audit matter
2) Inventories	
As of March 31, 2026, inventories appear in the Standalone Financial Statements for an amount of Rs. 14,986.17 Lakhs constitutes 16.30% of the total assets of the Company. Inventories are valued at the lower of cost and net realizable value The Company may recognize an inventory allowance if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased. We considered this matter as key audit matter due to the: • Significance of the inventories balance. • Complexities involve in determining quality of inventories and quantities on hand due to the number, weight, diversity of inventory, storage, Valuation procedure including of obsolete inventories. Refer note no. 1.3 (F) and 9 to the Standalone Financial Statements.	Our audit procedure included, among others: • Reviewing the Company's process and procedure for physical verification of the Inventories, identification of non-moving and obsolete items and accounting for the same. • Obtaining the physical inventory count reports of the Management as per verification plan and discussing with the Management about the Control checks performed by them • Assessing the methods used to value inventories and ensuring the consistency of accounting methods. • Testing, by sampling, the effectiveness of the controls set up by Management to prevent or detect possible errors in valuation of inventories. • Analyzing the company's assessment of net realizable value and calculations for stock obsolescence. • Verifying the completeness of disclosure in the Standalone Financial Statements as per Ind AS 2. Obtaining representation letter from the management as per SA 580 (revised) – Written representations.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Standalone 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 Standalone 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 Standalone 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 Standalone 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.

Management responsibilities for the Standalone 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and the Statement of changes in equity of the Company in accordance with the Ind AS and the other accounting principles generally accepted in India.

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

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

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

Auditors' Responsibility for the Standalone Financial Statements

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone 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 Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

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

   d. In our opinion, the aforesaid Standalone 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 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 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 Standalone Financial Statements 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:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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 and as represented by the management:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements as referred to in Note No. 33 to the Standalone Financial Statements;

   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 its knowledge and belief, as disclosed in the notes to the Standalone 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 its knowledge and belief, as disclosed in the notes to the Standalone 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) above, contain any material misstatement.

   v. Dividend paid during the year by the Company is in compliance of section 123 of the Act.

   vi. Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the company has preserved the audit trail as per the statutory requirements for record retention.

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

Rupesh Shah
Partner
Membership No. 117964
UDIN No.: 26117964HJLSDK1285

Navi Mumbai
Date: May 13, 2026

Annexure "A" to 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 DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2026)

i. In respect of its Property, Plant and Equipment and Intangible Assets:

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 has maintained proper records showing full particulars of intangible assets on the basis of available information.

b. As explained to us, the Company has physically verified certain property, plant and equipment, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification as compared with the available records.

c. According to the information and explanations provided to us and the records examined by us and based on the examination of the registered sale deed/ conveyance deed (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), we report that, the title deeds, comprising the immovable properties of land and buildings which are freehold, are held in the name of the Company, as at the balance sheet date.

d. According to information and explanations given to us and books of account and records produced before us, Company has not revalued its Property, Plant and Equipment or Intangible Assets or both during the year.

e. According to information and explanations and representation made 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(45 of 1988) and rules made thereunder.

ii. a. As explained to us and on the basis of the records produced before us, in our opinion, physical verification of the inventories, except for inventories with job workers for which confirmation have been received from such job worker, have been conducted at reasonable intervals by the management and having regard to the size and nature of business of the Company and nature of its inventory, the coverage and procedures of such verification by the management is appropriate. As explained to us and on the basis of the records produced before 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. As per the information and explanations given to us and examination of books of account and other records produced before us, in our opinion quarterly returns or statements filed by the Company with the banks pursuant to terms of sanction letters for working capital limits secured by current assets are in agreement with the books of account of the Company.

iii. With respect to investments made in or any guarantee or security provided or any loans or advances in the nature of loans, secured or unsecured, granted during the year by the Company to Companies, Firms, Limited Liability Partnerships or any other parties:

a. As per the information and explanations given to us and books of account and records produced before us, during the year Company has not provided any security or has not granted any advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other entities. However, the details of Loans granted and guarantees provided are as under:

(₹ In Lakhs)

Particulars	Loans	Guarantee
Aggregate amount guarantee granted during the year		
- Subsidiaries	3,426.00	2,731.00
- Employees	28.69	-
- Others	900.00	-
Balance outstanding as at balance sheet date in respect of above cases including given in earlier years		
- Subsidiaries	764.45	3,241.00
- Employees	21.60	-
- Others	322.90	-

b. In our opinion and according to information and explanations given to us and on the basis of our audit procedures, during the year, the investments made, the guarantee given and the terms and conditions of all loans are, *prima facie*, not prejudicial to the Company's interest.

c. According to the books of account and other records examined by us, in respect of loans granted by the Company where the schedule of repayment of principal and payment of interest has been stipulated, the repayments or receipts are generally regular.

d. According to the books of account and other records examined by us, in respect of the loans, there is no amount overdue for more than ninety days.

e. In our opinion and according to the information and explanations given to us and the books of account and other records examined by us, loans granted which have fallen due during the year have not been renewed or extended and no fresh loans have been granted to settle the over dues of existing loans given to the same parties.

f. In our opinion and according to the information and explanations given to us and other records examined by us, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.

iv. In our opinion and according to the information and explanations provided to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, in respect of making investments, granting loans or guarantees or providing securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit 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 clause (v) of the paragraph 3 of the Order are not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148 (1) of the Act, as applicable and are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

a. The Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, cess and any other statutory dues with the appropriate authorities. 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, 2026 for a period of more than six months from the date they became payable.

b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2026 on account of disputes are given below:

Name of the Statutes	Nature of the Dues	Period to which it relates	Amounts (Rs. in Lakhs)*	Forum where the dispute is pending
Goods and Services Tax	Goods and Services Tax Act, 2017	2018-19	9.47	Joint Commissioner
Goods and Services Tax	Goods and Services Tax Act, 2017	2017-18	5.05	Appellate Authority of Maharashtra
Income Tax	The Income Tax Act, 1961	2007-08, 2009-10 to 2015-16	74.04	Commissioner
Income Tax	The Income Tax Act, 1961	2017-18	75.62	CIT Appeal
		Total	**164.18**	

*Net of Deposits

viii. According to the information and explanations given to us and representation 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 explanation given to us and books of account and other records examined by us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b. In our opinion, and according to the information and explanations given to us, the Company has not been declared willful 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, the Company has not obtained any term loan during the year. Therefore, provisions of clause (ix)(c) of paragraph 3 of the Order are not applicable to the Company.

d. According to the information and explanations given to us, and based the procedures performed by us, and on an overall examination of the Standalone 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 and on an overall examination of the Standalone Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or associate Company.

f. According to the information and explanations given to us and procedures performed by us, during the year, the Company has not raised any loan on the pledge of securities held in its subsidiaries or associate Company. Therefore, provisions of 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) and hence provision of clause x(a) of paragraph 3 of the Order are not applicable to the Company.

b. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible); Therefore, the provisions of clause (x)(b) of paragraph 3 of the Order are not applicable to the Company.

xi. a. Based on our audit procedures performed for the purpose of reporting the true and fair view of the Standalone 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.

xii. In our opinion, 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 the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and their details have been disclosed in the Standalone Financial Statements etc., as required by the applicable accounting standards.

xiv. a. In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

b. We have considered the internal audit reports of the Company issued till date, for the period under audit.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

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

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).

xvii. In our opinion, and according to the information and explanations provided 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 the statutory auditors during the year. Therefore, provisions of clause (xviii) of paragraph 3 of the Order are not applicable to the Company.

xix. According to the information and explanations 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 Standalone

Financial Statements, our knowledge of the Board of Directors and 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 audit report that Company is not capable of meeting its liabilities existing at 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 audit report and we neither give any guarantee nor any assurance that all 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. With respect to CSR contribution under section 135 of the Act:

a. According to the information and explanations given to us and on the basis of our audit procedures, the Company has fully spent the required amount towards CSR and there is no unspent amount that were required to be transferred to a Fund specified in Schedule VII in compliance with second proviso to sub-section (5) of section 135 of the Act

b. According to the information and explanations given to us, the Company does not have any ongoing projects. Therefore, the provisions of clause (xx) (b) of paragraph 3 of the Order are not applicable to the Company.

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

Rupesh Shah
Partner
Membership No. 117964
UDIN No.: 26117964HJLSDK1285

Navi Mumbai
Date: May 13, 2026

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 DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Standalone Financial Statements for the year ended March 31, 2026)

Report on the Internal Financial Controls with reference to Standalone 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 Standalone Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** ('the Company') as of March 31, 2026 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the Internal Control with reference to the Standalone 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 Standalone 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 Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Control with reference to Standalone Financial Statements

A Company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2026, based on the criteria for internal financial 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 the ICAI.

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

Rupesh Shah
Partner
Membership No. 117964
UDIN No.: 26117964HJLSDK1285

Navi Mumbai
Date: May 13, 2026

Standalone Balance Sheet

as at March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2026		As at March 31, 2025	
I. ASSETS					
1) Non Current Assets					
(a) Property, Plant and Equipment	2	16,509.77		15,811.00	
(b) Capital Work in Progress	2	847.83		656.81	
(c) Investment Property	3	1,517.39		1,610.15	
(d) Intangible Assets	4	318.39		346.99	
(e) Financial Assets					
i) Investments	5	6,597.59		3,919.33	
ii) Loans	6	217.54		343.97	
iii) Other Financial Assets	7	1,391.37		738.88	
(f) Other Non Current Assets	8	1,813.68	**29,213.56**	1,562.57	**24,989.70**
2) Current Assets					
(a) Inventories	9	14,986.17		14,546.25	
(b) Financial Assets					
i) Trade Receivables	10	32,712.26		28,183.31	
ii) Cash and Cash Equivalents	11	1,559.37		2,990.91	
iii) Bank Balances other than (ii) above	12	8,572.13		7,446.74	
iv) Loans	13	891.41		1,816.44	
v) Other Financial Assets	14	1,050.20		262.02	
(c) Other Current Assets	15	2,927.22	**62,698.76**	2,162.20	**57,407.87**
(d) Assets held for Sale	40	-	-	699.20	699.20
TOTAL ASSETS			**91,912.32**		**83,096.77**
II. EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share Capital	16	4,029.37		4,029.37	
(b) Other Equity	17	68,330.56	**72,359.93**	60,317.49	**64,346.86**
LIABILITIES					
1) Non Current Liabilities					
(a) Financial Liabilities					
(i) Lease Liabilities	18	-		40.42	
(b) Provisions	19	625.61		406.55	
(c) Deferred Tax Liabilities (Net)	20	1,849.35	**2,474.96**	1,892.25	**2,339.22**
2) Current Liabilities					
(a) Financial Liabilities					
(i) Lease Liability	18	44.66		52.76	
(ii) Trade Payables	21				
(A) Total Outstanding dues of Micro enterprises and small enterprises		579.76		1,978.86	
(B) Total Outstanding dues of creditors other than Micro enterprises and small enterprises		4,094.96		3,210.14	
iii) Other Financial Liabilities	22	657.91		626.11	
(b) Other Current Liabilities	23	10,584.36		9,146.60	
(c) Provisions	24	25.00		25.00	
(d) Current Tax Liabilities (Net)		1,090.78	**17,077.43**	1,371.22	**16,410.69**
TOTAL EQUITY AND LIABILITIES			**91,912.32**		**83,096.77**
Material Accounting Policies	1				
Notes to the Standalone Financial Statements	2 to 48				

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

RUPESH SHAH
Partner
Membership No. 117964

Date: May 13, 2026

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Statement of Standalone Profit and Loss

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

	Particulars	Note No.	For the Year ended March 31, 2026	For the Year ended March 31, 2025
1	**Revenue From Operations**	25	41,654.41	33,385.41
2	**Other Income**	26	1,814.38	1,185.63
3	**Total Income (1+2)**		**43,468.79**	**34,571.04**
4	**Expenses**			
	Cost of Materials Consumed		18,563.80	12,504.76
	Purchase of Stock in Trade		1,174.33	2,159.10
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	27	487.05	482.67
	Employee Benefits Expense	28	4,348.45	3,337.67
	Finance Costs	29	245.46	551.90
	Depreciation and Amortisation Expense	30	1,528.36	1,354.32
	Other Expenses	31	6,058.42	5,499.79
	Total Expenses		**32,405.87**	**25,890.21**
5	**Profit Before Exceptional Items and Tax (3-4)**		**11,062.92**	**8,680.83**
6	**Exceptional Items**		-	-
7	**Profit Before Tax (5-6)**		**11,062.92**	**8,680.83**
8	**Tax Expenses :**			
	Current Tax		2,888.73	2,269.94
	Deferred Tax	20	(100.68)	(96.03)
	Income Tax for Earlier Years		(42.08)	-
			2,745.97	**2,173.91**
9	**Profit for the Year (7-8)**		**8,316.95**	**6,506.92**
10	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurement (Income) / Loss on Defined Benefit Plans		(15.41)	52.01
	Tax Effect on above		3.88	(13.09)
	(ii) Items that will be reclassified to Profit or Loss		-	-
	Total Other Comprehensive Income (Net of Tax)		**(11.53)**	**38.92**
	Total Comprehensive Income for the Year (9-10)		**8,328.48**	**6,468.00**
11	**Earnings per Equity Share of Rs. 5/- each**	32		
	Basic (Rs.)		10.32	8.21
	Diluted (Rs.)		10.32	8.21
	Material Accounting Policies	1		
	Notes to the Standalone Financial Statements	2 to 48		

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

RUPESH SHAH
Partner
Membership No. 117964

Date: May 13, 2026

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Statement of Standalone Changes in Equity

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	Balance as at April 01, 2024	Changes during the Year	Balance as at March 31, 2025	Changes during the year	Balance as at March 31, 2026
Equity Share Capital	3,900.00	129.37	4,029.37	-	4,029.37

B. OTHER EQUITY

Particulars	Reserves and Surplus					Revaluation Reserve	Item of Other Comprehensive Income	Total
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based payments		Remeasurements of Defined Benefit Plans	
Balance as at April 01, 2024	**(808.36)**	**17,764.39**	**11.92**	**19,611.53**	**-**	**4,183.09**	**2.27**	**40,764.84**
Issue of Equity Share Capital (Qualified Institutional Placement - QIP) (Refer Note No. 16.7)	-	13,388.80	-	-	-	-	-	13,388.80
Expenses related to issue of Equity Share Capital (QIP) (Net of Taxes)	-	(293.75)	-	-	-	-	-	(293.75)
Reversal of Deferred Tax (IPO related Expenses)	-	(35.39)	-	-	-	-	-	(35.39)
Share based Payments	-	-	-	-	24.99	-	-	24.99
Total Comprehensive Income for the year	-	-	-	6,506.92	-	-	(38.92)	6,468.00
Balance as at March 31, 2025	**(808.36)**	**30,824.05**	**11.92**	**26,118.45**	**24.99**	**4,183.09**	**(36.65)**	**60,317.49**
Balance as at April 01, 2025	**(808.36)**	**30,824.05**	**11.92**	**26,118.45**	**24.99**	**4,183.09**	**(36.65)**	**60,317.49**
Reversal of Deferred Tax (IPO & QIP related Expenses)	-	(53.90)	-	-	-	-	-	(53.90)
Share based Payments (Refer Note No. 28)	-	-	-	-	141.43	-	-	141.43
Dividend Paid	-	-	-	(402.94)	-	-	-	(402.94)
Total Comprehensive Income for the year	-	-	-	8,316.95	-	-	11.53	8,328.48
Balance as at March 31, 2026	**(808.36)**	**30,770.15**	**11.92**	**34,032.46**	**166.42**	**4,183.09**	**(25.12)**	**68,330.56**

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

RUPESH SHAH
Partner
Membership No. 117964

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Date: May 13, 2026

Statement of Standalone Cash Flow

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the Year ended March 31, 2026		For the Year ended March 31, 2025	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax as per the Statement of Profit and Loss		**11,062.92**		**8,680.83**
ADJUSTED FOR :				
Depreciation and Amortisation Expense	1,528.36		1,354.32	
Interest Income	(944.40)		(622.24)	
Dividend Income	-		(1.75)	
Finance Costs	245.46		551.90	
(Profit) / Loss on Discard / sale of Property, Plant and Equipment (Net)	(0.51)		14.45	
Bad Debts / Advances written off (Net)	-		125.61	
Liabilities Written Back (Net)	(171.59)		-	
Provision for Expected Credit Loss	517.81		363.31	
Provision for Doubtful Advances	19.15		-	
Profit on sale of Investment	-		(149.00)	
Gain on Financial Instruments measured at fair value through profit or loss	(498.10)		(189.69)	
Employee Share Based Payment Expenses	141.43		24.99	
Unrealised Loss on Foreign Currency Transactions (net)	61.39	899.00	18.28	1,490.18
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**11,961.92**		**10,171.01**
ADJUSTMENTS FOR :				
Trade and Other Receivables	(6,678.19)		(10,581.74)	
Inventories	(439.92)		(464.96)	
Trade and Other Payables	1,571.91	(5,546.20)	5,551.94	(5,494.76)
CASH GENERATED FROM OPERATIONS		**6,415.72**		**4,676.25**
Direct Taxes Paid (Including Interest)		(3,337.25)		(1,820.03)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**3,078.47**		**2,856.22**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment, Intangible assets, Capital Work-in-Progress		(2,853.95)		(2,959.96)
Sale of Property, Plant and Equipment		291.73		14.14
Investment in Subsidiary Companies		(0.51)		-
Investment in Associate Company		(0.49)		-
Sale of Investment in Subsidiary Company		649.20		10.00
Amount received against Sale of Investment in Subsidiary Company		-		50.00
Purchase of Non - Current Investment		-		(0.10)
Sale of Non - Current Investment		-		725.00
Purchase of Compulsary Convertible Preference Shares		-		(1,000.01)
Inter Corporate Deposits given to Subsidiary Companies		(3,426.00)		(2,061.57)
Inter Corporate Deposits repaid by Subsidiary Companies		1,394.50		2,151.12
Inter Corporate Deposits given to Associate Company		-		(11.70)
Inter Corporate Deposits repaid by Associated Company		-		11.70
Inter- Corporate Deposit given to Others		(1,700.00)		(1,585.15)
Inter- Corporate Deposits Repaid by Others		2,665.00		800.15
Interest Income		815.21		572.97
Dividend Income		-		1.75
Temporary deposits/Balances of IPO/ QIP Proceeds/Utilised		(566.19)		(4,532.30)
NET CASH USED IN INVESTING ACTIVITIES		**(2,731.50)**		**(7,813.96)**

Statement of Standalone Cash Flow

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the Year ended March 31, 2026		For the Year ended March 31, 2025	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from Issue of Equity Shares (QIP) (Net of Expenses)		-		13,150.36
Proceed from Non Current Borrowings		-		61.29
Repayment of Non Current Borrowings		-		(93.81)
Repayment of Lease Liabilities		(48.52)		(26.43)
Current Borrowings (Net)		-		(3,356.28)
Finance Costs		(133.07)		(419.59)
Margin Money (Net)		(1,209.10)		(1,513.17)
Dividend Paid to Company's shareholders		(402.94)		-
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		**(1,793.63)**		**7,802.37**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,446.66)		2,844.63
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,990.91		146.76
Effect of Exchange rate on Cash and Cash Equivalents		15.12		(0.48)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 11.1)		**1,559.37**		**2,990.91**

Changes in Liabilities arising from financing activities on account of Non-Current and Current Borrowings

Particulars	March 31, 2026	March 31, 2025
OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	-	**3,388.80**
Add : Changes from Cash Flow from Financing Activities (Net)	-	(3,388.80)
CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	-	-

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

(ii) Figures in brackets indicate Outflows.

(iii) The figures for the corresponding previous periods/ year have been regrouped/rearranged wherever necessary, to make them comparable.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

RUPESH SHAH
Partner
Membership No. 117964

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Date: May 13, 2026

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

1.1 Corporate Information

Paras Defence and Space Technologies Limited (the 'Company') is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is situated at D-112, TTC industrial area, Nerul, Navi Mumbai- 400706. The company is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. The shares of the company are publicly traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India.

The Standalone Financial Statements of the Company for the year ended March 31, 2026 were approved and adopted by board of directors in their meeting held on May 13, 2026.

1.2 Basis of preparation

The Standalone 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, read together with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

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

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).
- Employee's Defined Benefit Plans measured per actuarial valuation.
- Employee stock option plan measured at fair value.

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

1.3 Material Accounting policies

(A) Property, Plant and Equipment :

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In case of Property, Plant and Equipment, the Company has availed the fair value as deemed cost on the date of transition i.e. April 01, 2016.

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

Property, Plant and Equipment are eliminated from Standalone 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.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on property, plant and equipment is provided on straight line method for the year for which the assets have been used as under:

(a) Depreciation on assets is provided over the useful life of assets as prescribed under schedule II of Companies Act, 2013 except Mobile phones where 3 years have been taken

(b) Leasehold land is amortised over the period of lease.

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

(B) Intangible Assets and Amortisation:

Intangible Assets are stated at cost, net of accumulated amortization and impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. In case of Intangible Assets, the Company has availed the fair value as deemed cost on the date of transition i.e. April 01, 2016.The period of amortisation is as under :

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Asset	Period of amortisation
Computer Software	6 Years
Technical Know how	6 Years

(C) Investment Property:

Investment property is held for long term rental income and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes, trade discounts and rebates. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the statement of profit and loss when the changes arises.

Though the Company measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of de-recognition.

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

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

(E) Taxes on Income:

Tax expense represents the sum of current tax (including income tax for earlier years) 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.

(F) 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. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. The Cost of Work in Progress and Finished Goods is determined on absorption costing methods.

(G) 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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.

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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.

(H) 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 Standalone 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 Standalone 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.

(I) Investment in Subsidiaries and Associates:

The Company has elected to recognize its investments in subsidiaries and associate at cost in accordance with the option available in Ind AS 27, 'Separate Standalone Financial Statements'.

(J) Revenue Recognition and Other Income:

Sales of goods and services:

The Company derives revenues primarily from sale of products comprising of Defence & Space Applications

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. Generally, control is transferred upon shipment of goods to the customer or when the goods 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.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

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

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

Contract Balances - Trade Receivables

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

Contract liabilities

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Other Income:

Incentives on exports and other Government incentives related to operations are recognised in the statement of profit and loss after due consideration of certainty of utilization/receipt of such incentives.

Interest Income:

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

Dividend Income:

Dividend Income is recognised when the right to receive the payment is established.

Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included as other income in the statement of profit or loss.

(K) 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.

(L) 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, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined based on Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

(M) Share based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share options are determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of options likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations.

(N) 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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 Standalone Financial Statements. Contingent assets are not recognised in financial statement. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

(O) Offsetting financial instruments:

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

1.4 Key accounting estimates and judgements

The preparation of the Company's Standalone 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) Depreciation/amortisation and useful lives of property plant and equipment/intangible assets:

Property, plant and equipment/intangible assets are depreciated/amortised over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives as specified in Schedule II to the Companies Act, 2013 and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes, whichever is more appropriate. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

b) Provisions:

Provisions and liabilities are recognized in the period 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.

c) Defined benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, expected rate of return on assets and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

d) 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 Standalone 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.

e) Recoverability of trade receivables:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

f) 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

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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.

1.5 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. The Company has reviewed these amendments and determined that there is no material impact on the financial statements.

a) Ind AS 1, Presentation of Financial Statements

The amendment refines the criteria for classifying liabilities as current or non-current. It clarifies that a right to defer settlement of a liability for at least 12 months after the reporting period must exist at the end of the reporting period and have substance. The amendment also introduces explicit guidance on how compliance with covenants affects the classification of liabilities.

The amendments are effective for annual reporting periods beginning on or after April 01, 2025.

b) Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments

The amendment to Ind AS 7 requires entities to disclose qualitative and quantitative information regarding the characteristics, carrying amounts, and payment term ranges of supplier finance arrangements. Concurrently, Ind AS 107 has been amended to incorporate supplier finance arrangements as a key factor when evaluating and disclosing liquidity risk concentrations.

The amendments are effective for annual reporting periods beginning on or after April 01, 2025.

c) Ind AS 21, The Effects of Changes in Foreign Exchange Rates

The MCA notified amendments to Ind AS 21 to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments require disclosures that enable users of financial statements to understand how a lack of currency exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments are effective for annual reporting periods beginning on or after April 01, 2025.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 2 Property, Plant and Equipment

Particulars	Leasehold-Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Right of Use Assets (Building)	Right of Use Assets (Improvement)	Total
Balance as at April 01, 2024	**5,415.59**	**2,623.96**	**11,778.37**	**616.76**	**421.80**	**408.15**	**168.92**	**126.84**	**-**	**21,560.39**
Additions for the year	-	26.21	1,174.52	93.89	63.05	106.64	26.23	-	17.97	1,508.51
Disposals / Adjustment	-	-	3.60	46.29	13.06	9.32	5.05	-	-	77.32
Transferred to Investment Properties	-	161.30	-	-	-	-	-	-	-	161.30
Balance as at March 31, 2025	**5,415.59**	**2,488.87**	**12,949.29**	**664.36**	**471.79**	**505.47**	**190.10**	**126.84**	**17.97**	**22,830.28**
Additions for the year	-	124.31	1,574.91	106.53	324.76	150.18	69.22	-	-	2,349.91
Disposals / Adjustment	-	-	520.43	-	41.22	4.63	-	-	-	566.28
Balance as at March 31, 2026	**5,415.59**	**2,613.18**	**14,003.77**	**770.89**	**755.33**	**651.02**	**259.32**	**126.84**	**17.97**	**24,613.91**
Depreciation										
Balance as at April 01, 2024	**601.63**	**589.78**	**3,910.15**	**202.98**	**314.67**	**188.80**	**110.19**	**8.80**	**-**	**5,927.00**
Depreciation for the Year	81.17	99.45	824.25	54.52	33.98	68.34	30.99	42.16	0.08	1,234.94
Disposals / Adjustment	-	-	0.39	28.20	8.73	7.87	4.81	-	-	50.00
Transferred to Investment Properties	-	92.66	-	-	-	-	-	-	-	92.66
Balance as at March 31, 2025	**682.80**	**596.57**	**4,734.01**	**229.30**	**339.92**	**249.27**	**136.37**	**50.96**	**0.08**	**7,019.28**
Depreciation for the Year	81.17	95.57	909.26	64.60	45.06	90.50	33.19	42.28	3.41	1,365.04
Disposals / Adjustment	-	-	239.16	-	37.30	3.72	-	-	-	280.18
Balance as at March 31, 2026	**763.97**	**692.14**	**5,404.11**	**293.90**	**347.68**	**336.05**	**169.56**	**93.24**	**3.49**	**8,104.14**
Net Carrying Value										
Balance as at March 31, 2025	**4,732.79**	**1,892.30**	**8,215.28**	**435.06**	**131.87**	**256.20**	**53.73**	**75.88**	**17.89**	**15,811.00**
Balance as at March 31, 2026	**4,651.62**	**1,921.04**	**8,599.66**	**476.99**	**407.65**	**314.97**	**89.76**	**33.60**	**14.48**	**16,509.77**

2.1 Property, Plant and Equipment include assets pledged / hypothecation as security.

2.2 Vehicles having carrying value of Rs. 17.70 lakhs (March 31, 2025 : Rs. 33.92 lakhs), are registered in the name of the Directors or erstwhile Directors of the Company or of entities that have since been amalgamated with the Company in pursuance to the scheme of amalgamation.

2.3 Refer Note No. 34 (B) for contractual commitments for the acquisition of Property, Plant and Equipment.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 2 Property, Plant and Equipment (Contd..)

2.4 Capital Work in Progress includes

Particulars	As at March 31, 2026	As at March 31, 2025
Building under Construction	133.36	37.24
Plant and Machinery	533.63	462.84
Furniture and Fixtures	10.93	44.40
Office Equipment	148.70	91.85
Computer	21.21	20.48
TOTAL	**847.83**	**656.81**

2.5 Capital Work In Progress ageing schedule as at March 31, 2026 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress	435.98	411.85	-	-	847.83
Project temporarily suspended	-	-	-	-	-
TOTAL	**435.98**	**411.85**	**-**	**-**	**847.83**

Capital Work In Progress ageing schedule as at March 31, 2025 is as follows:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress	537.60	71.93	-	47.28	656.81
Project temporarily suspended	-	-	-	-	-
TOTAL	**537.60**	**71.93**	**-**	**47.28**	**656.81**

2.6 The company is having capital work in progress, whose completion is overdue or exceeded its cost compared to its original plan.

Capital Work In Progress as at March 31, 2026

Particulars	To be completed in				
	Upto 1 year	1-2 year	2-3 year	More than 3 years	Total
LAB Set Up	635.06	-	-	-	635.06
TOTAL	**635.06**	**-**	**-**	**-**	**635.06**

Capital Work In Progress as at March 31, 2025

Particulars	To be completed in				
	Upto 1 year	1-2 year	2-3 year	More than 3 years	Total
Syrus Pro -1100 - Optics Machine	47.28	-	-	-	47.28
TOTAL	**47.28**	**-**	**-**	**-**	**47.28**

2.7 Building includes cost of shares in Co-operative society of Rs. 750 (March 31, 2025 Rs. 750).

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 3 Investment property

Particulars	Land	Buildings	Total
Costs			
As at April 01, 2024	**377.82**	**1,835.34**	**2,213.16**
Additions for the year	-	24.10	24.10
Transferred from property, plant and equipment	-	161.30	161.30
As at March 31, 2025	**377.82**	**2,020.74**	**2,398.56**
Additions for the year	-	-	-
As at March 31, 2026	**377.82**	**2,020.74**	**2,398.56**
Depreciation			
As at April 01, 2024	**-**	**602.08**	**602.08**
Transferred from property, plant and equipment	-	92.66	92.66
Depreciation for the Year	-	93.67	93.67
As at March 31, 2025	**-**	**788.41**	**788.41**
Depreciation for the Year	-	92.76	92.76
As at March 31, 2026	**-**	**881.17**	**881.17**
Net Carrying Value			
Balance as at March 31, 2025	**377.82**	**1,232.33**	**1,610.15**
Balance as at March 31, 2026	**377.82**	**1,139.57**	**1,517.39**

3.1 The Company's Investment Properties as at March 31, 2026 consist of Land and Building

3.2 Loss from Investment Properties generating Rental Income

Particulars	As at March 31, 2026	As at March 31, 2025
Rental Income derived from investment properties	42.00	38.70
Direct Expenses	(0.33)	(0.68)
Income arising from investment properties before depreciation	41.67	38.02
Depreciation	(92.76)	(93.67)
Loss from Investment properties (Net)	**(51.09)**	**(55.65)**

3.3 Leasing arrangements

The future rental income in respect of above lease arrangements are as under:

Particulars	As at March 31, 2026	As at March 31, 2025
Within one year	42.00	28.50
Later than one year but not later than five years	71.70	19.20
Total	**113.70**	**47.70**

3.4 Fair Value

The Fair Values of the properties are Rs. 1625.21 Lakhs (March 31, 2025: 1,625.21 Lakhs). This valuation is based on the valuations performed by an Registered Valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts or local brokers and sales comparison method in which the sales instances of the similar properties or properties with similar attributes in the same region are traced and the market rates are derived by using the experience and expertise of the Valuer. The fair value measurement for the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.

3.5 The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance and enhancement.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 4 Intangible Assets

Particulars	Computer Software*	Process Technology / Technical know-How*	TOTAL
Balance as at April 01, 2024	**117.25**	**309.14**	**426.39**
Additions for the year	286.10	-	286.10
Disposals / Adjustment	1.90	-	1.90
Balance as at March 31, 2025	**401.45**	**309.14**	**710.59**
Additions for the year	47.08	-	47.08
Disposals / Adjustment	10.25	-	10.25
Balance as at March 31, 2026	**438.28**	**309.14**	**747.42**
Amortisation			
Balance as at April 01, 2024	**31.85**	**306.67**	**338.52**
Amortisation charge for the Year	23.28	2.43	25.71
Disposals / Adjustment	0.63	-	0.63
Balance as at March 31, 2025	**54.50**	**309.10**	**363.60**
Amortisation charge for the Year	70.54	0.02	70.56
Disposals / Adjustment	5.13	-	5.13
Balance as at March 31, 2026	**119.91**	**309.12**	**429.03**
Net Carrying Amount			
Balance As at March 31, 2025	**346.95**	**0.04**	**346.99**
Balance as at March 31, 2026	**318.37**	**0.02**	**318.39**

* Other than self generated

Note: 5 Non Current Investment

Particulars	Number of Shares		Face Value	As at	As at
	March 31, 2026	March 31, 2025		March 31, 2026	March 31, 2025
(Unquoted, Fully Paid Up)					
A. Investment in Equity Instruments					
i) Subsidiary Companies (Carried at Cost)					
Paras Aerospace Private Limited*	6,06,000	6,06,000	10	60.60	60.60
Paras Anti- Drone Technologies Private Limited*	5,55,500	5,55,500	10	55.55	55.55
OPEL Technologies PTE Ltd	100	100	SGD 1	0.05	0.05
Mechtech Thermal Private Limited*	70,000	70,000	10	7.00	7.00
Quantico Technologies Private Limited*	1,00,000	1,00,000	10	10.00	10.00
Paras Heven Advanced Drones Private Limited	5,100	-	10	0.51	-
ii) Associate Companies (Carried at Cost)					
Krasny Paras Defence Technologies Private Limited	5,22,500	5,22,500	10	52.25	52.25
Controp Paras Technologies Private Limited	3,000	3,000	10	0.30	0.30
Himanshi Thermal Solutions Private Limited	4,900	-	10	0.49	-
iii) Others (Carried at fair value through Profit & Loss)					
NKGSB Co- Operative Bank Limited	2,51,000	2,51,000	10	25.10	25.10
Highlander Aviation Limited	87,953	87,953	NIS 0.01	1,343.68	1,045.52
FFS Industries Private Limited	9,80,000	9,80,000	10	805.36	710.50
B. Investment in 12% Non Cummulative Optionally Convertible Preference Shares					
Subsidiary Companies (Carried at Cost)					
Paras Anti- Drone Technologies Private Limited#	2,53,74,782	95,24,511	10	2,537.48	952.45
Mechtech Thermal Private Limited#	59,41,278	-	10	594.13	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 5 Non Current Investment (Contd..)

Particulars	Number of Shares		Face Value	As at	As at
	March 31, 2026	March 31, 2025		March 31, 2026	March 31, 2025
C. Investment in 0.01% Compulsary Convertible Preference Shares					
(Carried at fair value through Profit & Loss)					
Logic Fruit Technologies Private Limited	1,800	1,800	10	1,105.09	1,000.01
Total				**6,597.59**	**3,919.33**

* Includes shares held by nominee shareholder of the Company

Intercorporate deposit given converted into 12% Optionally Convertible Preference Shares

Particulars	As at March 31, 2026	As at March 31, 2025
Aggregate Amount of Unquoted Investments	6,597.59	3,919.33
Aggregate Amount of Quoted Investments and Market Value	-	-
Investment Carried at fair value through Profit and Loss	3,279.23	2,781.13
Investment Carried at Cost	3,318.36	1,138.20

Note: 6 Non-current Financial Assets- Loans

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured, Considered Good)		
Intercorporate Deposits given to Subsidiary Company (Refer Note No. 6.1 and 34)	213.45	342.00
Loans to Employees	4.09	1.97
Total	**217.54**	**343.97**

6.1 Above Intercorporate deposits are given for Working Capital Requirements

Note: 7 Non-current Financial Assets- Others

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed Deposits with Banks- Uncumbered	111.38	-
Fixed Deposits with Banks held as Margin Money	1,277.40	738.88
Interest Receivables	2.59	-
Total	**1,391.37**	**738.88**

Note: 8 Other Non-current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Advances	1,637.08	1,325.65
Prepaid Expenses	68.69	129.59
Security Deposits	107.91	107.33
Total	**1,813.68**	**1,562.57**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 9 Inventories

Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials	6,918.73	6,691.32
Raw Materials In Transit	529.08	51.85
Work-in-Progress	7,158.05	7,638.89
Finished Goods	0.65	6.86
Stores, Spares and Consumables	379.66	156.26
Stores, Spares and Consumables In Transit	-	1.07
Total	**14,986.17**	**14,546.25**

9.1 For basis of valuation Refer Accounting Policy Note No. 1.3(F).

9.2 For Inventories hypothecated as security.

Note: 10 Trade Receivables

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured)		
Considered Good	34,200.94	29,050.46
Significant Increase in Credit Risk	837.74	941.46
	35,038.68	**29,991.92**
Less: Provision for Expected Credit Loss	2,326.42	1,808.61
Total	**32,712.26**	**28,183.31**

10.1 For Hypothecated as security

10.2 Trade Receivables Ageing Schedule as at March 31, 2026 and March 31, 2025 are as below :-

As at March 31, 2026

Particulars	Not due	Outstanding for 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	7,232.98	11,216.37	7,365.40	5,592.80	109.11	2,684.28	34,200.94
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	6.92	147.90	682.92	837.74
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	-	-	-	-	-	-	-
Sub Total	**7,232.98**	**11,216.37**	**7,365.40**	**5,599.72**	**257.01**	**3,367.20**	**35,038.68**
ECL %	**2.07**	**2.46**	**2.43**	**9.03**	**18.02**	**34.74**	
Less: Provision for Expected Credit Loss	**149.51**	**276.43**	**178.94**	**505.43**	**46.31**	**1,169.80**	**2,326.42**
Total	**7,083.47**	**10,939.94**	**7,186.46**	**5,094.29**	**210.70**	**2,197.40**	**32,712.26**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 10 Trade Receivables (Contd..)

As at March 31, 2025

Particulars	Not due	Outstanding for 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	3,228.06	9,527.91	10,047.91	2,217.23	4,029.35	-	29,050.46
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	128.54	145.39	667.53	941.46
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	-	-	-	-	-	-	-
Sub Total	**3,228.06**	**9,527.91**	**10,047.91**	**2,345.77**	**4,174.74**	**667.53**	**29,991.92**
ECL %	**1.89**	**2.85**	**3.14**	**11.05**	**17.47**	**25.74**	
Less: Provision for Expected Credit Loss	**61.15**	**271.69**	**315.22**	**259.30**	**729.40**	**171.84**	**1,808.61**
Total	**3,166.91**	**9,256.22**	**9,732.69**	**2,086.47**	**3,445.34**	**495.69**	**28,183.31**

10.3 The average credit period on sales of products / services is 0-120 days. No interest is charged on any overdue trade receivables.

Note: 11 Cash and Cash Equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Cash and Cash Equivalents		
Balances with Banks in Current/ Cash Credit Accounts	1,534.55	2,979.04
Cash in hand	24.82	11.87
Total	**1,559.37**	**2,990.91**

11.1 For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following:

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks in Current/ Cash Credit Accounts	1,534.55	2,979.04
Cash on hand	24.82	11.87
Total	**1,559.37**	**2,990.91**

Note: 12 Bank Balances Other Than Cash And Cash Equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Unpaid Dividend Account	0.35	-
Balances with Bank in Monitoring Agency & Escrow Account	-	45.85
Fixed Deposits with Banks		
- Uncumbered	4,986.92	3,986.61
- Temporary deposits of QIP Proceeds	-	500.00
- Fixed Deposits with Banks Pledged as Margin Money	3,584.86	2,914.28
Total	**8,572.13**	**7,446.74**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 13 Loans

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured, Considered Good)		
Intercorporate Deposits		
- Subsidiary Companies (Refer Note No. 13.1 and 34)	551.00	630.00
- Others (Refer Note No. 13.1)	322.90	1,165.00
Loans to Employees	17.51	21.44
Total	**891.41**	**1,816.44**

13.1 Above Intercorporate deposits are given for Working Capital Requirements

Note: 14 Other Current Financial Assets

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured, Considered Good)		
Unbilled Revenue	-	97.77
Interest Receivables#	151.26	90.94
Security Deposits	857.74	28.96
Other Receivables		
Considered Good	41.20	44.35
Considered Doubtful	4.09	-
	45.29	**44.35**
Less: Provision for Doubtful Advances	4.09	-
	41.20	**44.35**
Total	**1,050.20**	**262.02**

Rs. 41.48 Lakhs receivables from Related Parties (Refer Note No. 34)

Note: 15 Other Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to Supplier		
Related Party (Refer Note No. 34)#	311.19	-
Others		
- Considered Good	2,184.30	1,903.08
- Considered Doubtful	15.06	-
	2,510.55	**1,903.08**
Less: Provision for Doubtful Advances	15.06	-
	2,495.49	**1,903.08**
Balances with Government Authorities	158.82	1.10
Export Incentive Receivables	4.03	2.62
Prepaid Expenses	262.59	249.12
Others *	6.29	6.28
Total	**2,927.22**	**2,162.20**

Advance given to Defspace Technologies Private Limited (Related Party)

* Others includes Export scripts in hand and advance for expenses

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 16 Equity Share Capital

Particulars	As at March 31, 2026	As at March 31, 2025
Authorised		
12,10,00,000 (March 31, 2025 : 12,10,00,000) Equity Shares of Rs.5/- each. (Refer Note No. 16.6)	6,050.00	6,050.00
Issued, Subscribed and Paid up		
8,05,87,330 (March 31, 2025 : 8,05,87,330) Equity Shares of Rs.5/- each fully paid up (Refer Note 16.6)	4,029.37	4,029.37
Total	**4,029.37**	**4,029.37**

16.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	8,05,87,330	4,029.37	7,80,00,122	3,900.00
Add: Issue of Equity Shares (QIP) (Refer Note No. 16.7)	-	-	25,87,208	129.37
Shares outstanding at the end of the year	**8,05,87,330**	**4,029.37**	**8,05,87,330**	**4,029.37**

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

Name of Shareholders	As at March 31, 2026		As at March 31, 2025	
	No of Shares held	Percentage held	No of Shares held	Percentage held
Mr. Munjal Sharad Shah	1,97,16,274	24.47%	1,97,16,274	24.47%
Mr. Sharad Virji Shah	1,24,37,180	15.43%	1,45,49,680	18.05%

16.3 Details of shares held by promoters and promoter group in the Company.

Name of Shareholders	As at March 31, 2026		As at March 31, 2025		% Change during the year
	No of Shares held	Percentage held	No of Shares held	Percentage held	
Mr. Munjal Sharad Shah	1,97,16,274	24.47%	1,97,16,274	24.47%	0.00%
Mr. Sharad Virji Shah	1,24,37,180	15.43%	1,45,49,680	18.05%	-2.62%
Mrs. Ami Munjal Shah	20,26,016	2.51%	20,26,016	2.51%	0.00%
Mr. Anish Hemant Mehta	23,44,442	2.91%	28,41,260	3.53%	-0.62%
Mrs. Kaajal Harsh Bhansali	23,44,662	2.91%	28,41,260	3.53%	-0.62%
Ms. Anushka Munjal Shah	20,00,000	2.48%	20,00,000	2.48%	0.00%
Ms. Jiwanshi Munjal Shah	20,00,000	2.48%	20,00,000	2.48%	0.00%
Mrs. Niranjana Sharad Shah	10	0.00%	10	0.00%	0.00%

16.4 Rights of Equity Shareholders

The Company has only one class of equity shares having a face value of Rs. 5/- 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 shareholders.

16.5 During the previous year, the Board of Directors and Shareholders of the Company have approved the "Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024" ("Paras Defence ESOP 2024") for the employees of the Company, its subsidiary companies and/or associate companies, group companies (present and future) comprising of equity shares of the Company, not exceeding 15,90,000 equity shares, in one or more tranches. As at March 31, 2026, the Company has granted 3,13,300 (as of March 31, 2025: 1,56,900) options in 3 different tranches to the eligible employees. (Refer Note no. 39)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 16 Equity Share Capital (Contd..)

16.6 During the year, the Board of director and shareholders of the Company approved the subdivision/split of companies existing one (1) equity shares having face value of Rs. 10/- each into two (2) equity shares having face value of Rs. 5 /- each. According the authorised, issued , subscribed and paid up share capital has been reclassified to reflect the revise face value per share.

16.7 During the previous year, the Company made Qualified Institutional Placement (QIP), whereby 25,87,208 Equity Shares of the face value of Re. 5/- each were allotted to the Qualified Institutional Buyers at a premium of Rs. 517.50 /- per share aggregating to Rs. 13,518 Lakhs for QIP related expenses, funding Working Capital requirements and general corporate purposes. As at March 31, 2026, The Company has utilised the entire amount for the purpose for which it was raised.

16.8 Dividend paid and proposed

Particulars	As at March 31, 2026	As at March 31, 2025
Proposed Dividend*		
Dividend proposed for the year ended on March 31, 2025 at Rs. 0.50 per share (face value of Rs. 5/- per share) (Refer Note no. 16.6)	-	402.94
Dividend proposed for the year ended on March 31, 2026 at Rs. 1 per share (face value of Rs. 5/- per share)	805.87	-
Dividends paid:		
Final Dividend for the year ended March 31, 2025: Rs. 0.50 per share (face value of Rs. 5/- per share)	402.94	-

*Proposed Dividends on equity shares are subject to approval at the annual general meeting and not recognised as a liability as at 31st March.

Note: 17 Other Equity

Particulars	As at March 31, 2026		As at March 31, 2025	
Capital Reserve				
Balance as per last Balance Sheet		(808.36)		(808.36)
Securities Premium				
Balance as per last Balance Sheet	30,824.05		17,764.39	
Add: Issue of Equity Share Capital (QIP) (Refer Note No. 16.7)	-		13,388.80	
Less: Expenses related to issue of Equity Share Capital (QIP) (Net of Taxes)*	-		(293.75)	
Less: Reversal of Deferred Tax (IPO related Expenses)	(35.39)		(35.39)	
Less: Reversal of Deferred Tax (QIP related Expenses)	(18.51)		-	
		30,770.15		**30,824.05**
Revaluation Reserve				
Balance as per last Balance Sheet		4,183.09		4,183.09
General Reserve				
Balance as per last Balance Sheet		11.92		11.92
Retained Earnings				
Balance as per last Balance Sheet	26,118.45		19,611.53	
Add: Profit after tax for the Year	8,316.95		6,506.92	
Less: Dividend Paid	(402.94)		-	
		34,032.46		**26,118.45**
Share Based Payments				
Balance as per last Balance Sheet	24.99		-	
Add: Share Based Payments (Refer Note No. 28)	141.43		24.99	24.99
		166.42		
Other Comprehensive Income (OCI)				
Balance as per last Balance Sheet	(36.65)		2.27	
Add: Movement in OCI (Net) during the Year	11.53		(38.92)	
		(25.12)		**(36.65)**
Total		**68,330.56**		**60,317.49**

*Include Rs. NIL (March 31, 2025 : Rs. 25 Lakhs) paid to auditor .

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 17 Other Equity (Contd..)

Note 17.1 Nature And Purpose Of Reserves

Capital Reserves

The Capital Reserve was created pursuant to the scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Private Limited. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

Securities Premium

Securities Premium was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

Revaluation Reserve

Revaluation Reserve was created for revaluation of Land and Building. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

The General Reserve shall be utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings

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

Share Based Payments

Share based payment reserve is created against Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024 and will be utilised against excercise of the option by the employees on issuance of the Equity Shares.

Other Comprehensive Income

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan.

Note: 18 Lease Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Lease Liabilities:		
Non-current	-	40.42
Current	44.66	52.76
Total	**44.66**	**93.18**

18.1 The balance sheet shows the following amounts relating to leases:

Particulars	As at March 31, 2026	As at March 31, 2025
Right-of-use assets (included in PPE):		
Office Premises	33.60	75.88
Total	**33.60**	**75.88**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 18 Lease Liabilities (Contd..)

18.2 Amounts recognized in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Depreciation charge of right-of-use assets			
Office Premises	2	42.28	42.16
Total		**42.28**	**42.16**

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Interest expense (included in finance costs)	29	6.01	9.80
Expense relating to short-term leases (included in other expenses)*	31	58.78	68.06

* Short term leases, the Company recognised the lease payments as a operational expenses on a straight line basis over the lease term.

The cash outflow (Including interest) for the leases for the year ended March 31, 2026 was Rs. 54. 53 Lakhs (March 31, 2025 : Rs. 36.23 Lakhs)

18.3 The following is the movement in lease liabilities during the year :

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance	93.18	119.61
Addition during the year	-	-
Finance cost accrued during the year	6.01	9.80
Payment of lease liabilities (Including interest)	54.53	36.23
Closing Balance	**44.66**	**93.18**

18.4 The following is the contractual maturity profile of lease liabilities:

Particulars	As at March 31, 2026	As at March 31, 2025
Less than one year	46.31	58.77
One year to five years	-	42.08
More than five years	-	-
Closing Balance	**46.31**	**100.85**

18.5 Lease liabilities carry an effective interest rate of 9.25% p.a. The lease terms is for a period 5 years.

Note: 19 Non-Current Provision

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Gratuity (Refer Note No. 28.1)	625.61	406.55
Total	**625.61**	**406.55**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 20 Income Tax

20.1 Current Tax Liability (Net)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance at the beginning of the year	1,371.22	843.04
Current Tax for the year	2,888.73	2,269.94
Add: Tax Paid	(3,127.09)	(1,741.76)
Income tax of the earlier year	(42.08)	-
Total Current Tax Liability (Net)	**1,090.78**	**1,371.22**

20.2 Current Tax

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Current Tax	2,888.73	2,269.94
Income Tax for Earlier Years	(42.08)	-
Total	**2,846.65**	**2,269.94**

20.3 The major components of Tax Expense for the year ended March 31, 2026 & March 31, 2025 are as follows:

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Recognised in the Standalone Statement of Profit and Loss		
Current Tax (Refer Note No. 20.2)	2,846.65	2,269.94
Deferred Tax:-Relating to origination and reversal of temporary differences	(100.68)	(96.03)
Total	**2,745.97**	**2,173.91**

20.4 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended March 31, 2026 & March 31, 2025:

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Accounting Profit Before Tax	11,062.92	8,680.83
Applicable tax rate (in %)	25.17%	25.17%
Computed Tax Expenses	2,784.32	2,184.79
Tax effect on account of:		
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	0.37	-
Expenses not allowed under Income Tax Act	87.72	(3.61)
Deduction allowed under Income Tax Act	(84.36)	(7.27)
Income Tax for Earlier Years	(42.08)	-
Income tax Expenses recognised in the Standalone Statement of Profit and Loss	**2,745.97**	**2,173.91**

20.5 Deferred Tax Liabilities / (Assets) relates to the following :

Particulars	Balance Sheet		Statement of Profit and Loss and Other Equity	
	As at March 31, 2026	As at March 31, 2025	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property	2,356.39	2,385.80	(29.41)	(33.48)
Financial Instrument-assets	(208.38)	(198.60)	(9.78)	(75.71)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 20 Income Tax (Contd..)

Particulars	Balance Sheet		Statement of Profit and Loss and Other Equity	
	As at March 31, 2026	As at March 31, 2025	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Lease Liabilities	(11.24)	(23.45)	12.21	6.65
IPO issue expenses	-	(35.38)	35.38	35.38
QIP issue expenses	(55.53)	(74.05)	18.52	(74.05)
Items disallowed as per Income Tax Act, 1961	(231.89)	(162.07)	(69.82)	(6.58)
Deferred Tax Liabilities / (Assets)	**1,849.35**	**1,892.25**	**(42.90)**	**(147.79)**

20.6 Reconciliation of Deferred Tax Liabilities (Net):

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance at the beginning of the year	1,892.25	2,040.04
Deferred Tax Income recognised in the Standalone Statement of Profit and Loss	(100.68)	(96.03)
Deferred Tax Income recognised in OCI	3.88	(13.09)
Deferred Tax Expenses/(Income) recognised in Securities Premium	53.90	(38.67)
Closing Balance at the end of the year	**1,849.35**	**1,892.25**

Note: 21 Trade Payables

Particulars	As at March 31, 2026	As at March 31, 2025
Micro, Small and Medium Enterprises	592.76	2,109.58
Others	4,081.96	3,079.42
Total	**4,674.72**	**5,189.00**

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

Micro, Small and Medium Enterprises (MSME) 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 :

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	592.76	2,109.58
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	30.22	24.05
(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	30.22	24.05
(vi) The amount of Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 21 Trade Payables (Contd..)

21.2 Trade Payables Ageing Schedules are as follows:

As at March 31, 2026

Particulars	Not due	Outstanding from due date of payment as at March 31, 2026				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	335.00	172.45	85.31	-	-	592.76
Others	2,164.03	1,650.56	84.91	27.65	154.81	4,081.96
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	**2,499.03**	**1,823.01**	**170.22**	**27.65**	**154.81**	**4,674.72**

As at March 31, 2025

Particulars	Not due	Outstanding from due date of payment as at March 31, 2025				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	1,785.12	317.93	6.53	-	-	2,109.58
Others	882.10	1,507.95	535.27	143.73	10.37	3,079.42
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	**2,667.22**	**1,825.88**	**541.80**	**143.73**	**10.37**	**5,189.00**

Note: 22 Other Current Financial Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Interest Accrued and due	30.22	123.98
Interest Accrued but not due	1.06	5.07
Creditors for Capital Goods	105.55	60.06
Security Deposit	17.10	23.45
Unclaimed Dividend#	0.35	-
Other Payables *	503.63	413.55
Total	**657.91**	**626.11**

The figure does not include any amount due on outstanding to be credited to investor Education and Protection Fund

* Other Payables mainly includes outstanding liability for expenses and payable to employees.

Note: 23 Other Current Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Advances from Customers	10,455.78	8,515.18
Statutory Liabilities	127.99	167.94
Unearned Revenue	-	413.48
Advance against Assets held for Sale	-	50.00
Others	0.59	-
Total	**10,584.36**	**9,146.60**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 24 Current Provision

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Gratuity (Refer Note No. 28.1)	25.00	25.00
Total	**25.00**	**25.00**

Note: 25 Revenue From Operations

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Sale of Products	39,635.44	33,157.09
Sale of Services / Job Work Income	1,991.39	222.75
Other Operating revenue	27.58	5.57
Total	**41,654.41**	**33,385.41**

25.1 Revenue Disaggregation by type of Products and Services as follows :

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Optics and Optronic Systems	19,910.70	17,737.00
Defence Engineering	21,743.71	15,648.41
Total	**41,654.41**	**33,385.41**

25.2 Revenue disaggregation by geography is as follows:

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
India	35,281.96	29,297.80
Outside India	6,372.45	4,087.61
Total	**41,654.41**	**33,385.41**

25.3 Contract balances

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Trade Receivables (Refer Note no. 10)	32,712.26	28,183.31
Contract Assets/ Unbilled Revenue (Refer Note No. 14)	-	97.77
Contract Liabilities (Refer Note No. 23)	10,455.78	8,515.18
Unearned Revenue (Refer Note No. 23)	-	413.48
Total	**43,168.04**	**37,209.74**

25.4 The amount of Rs. 1,476.20 lakhs (March 31,2025 : Rs. 1,882.27 Lakhs) is the revenue recognised from contract liabilities. Increase/ (decrease) in contract liability is mainly on account of advance receipt from customers and revenue recognized during the year.

25.5 Reconciliation of Revenue from Operations with Contract Price:

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Contract Price	41,801.77	33,385.41
Reduction towards variable considerations components *	147.36	-
Total	**41,654.41**	**33,385.41**

*Reduction towards variable considerations comprises components of volume discounts

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 25 Revenue From Operations (Contd..)

25.6 Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2026 amounts to Rs.NIL (March 31,2025 : Rs. 5,462.02 Lakhs).

Note: 26 Other Income

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Dividend Income from Non Current Investment	-	1.75
Interest Income from Financial assets measured at amortised cost		
- Fixed Deposits with Banks	586.92	299.24
- Interest on loans	349.99	316.33
- Others	7.49	6.67
Lease Rent	95.60	87.50
Export Incentives	23.27	28.30
Gain on Financial Instruments measured at fair value through profit or loss	498.10	189.69
Profit on sale of Investment	-	149.00
Accounts Written Back (Net)	171.59	-
Profit on sale/ discard of Property, Plant and Equipment	0.51	-
Corporate Guarantee Commission (Refer Note No. 34)	17.43	28.26
Miscellaneous Income	63.48	78.89
Total	**1,814.38**	**1,185.63**

Note: 27 Changes in Inventories of Finished Goods and Work-In-Progress

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Closing Inventories		
Finished Goods	0.65	6.86
Work-in-Progress	7,158.05	7,638.89
	7,158.70	**7,645.75**
Opening Inventories		
Finished Goods	6.86	16.01
Finished Goods-in Transit	-	0.86
Work-in-Progress	7,638.89	8,111.55
	7,645.75	**8,128.42**
Decrease in Inventories	**487.05**	**482.67**

Note: 28 Employee Benefits Expenses

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Salaries, Wages and Allowances	3,757.20	3,081.86
Contribution to Provident and Other Funds	304.32	107.33
Employee Share Based Payment (Refer note no. 39)	141.43	24.99
Welfare and Other Amenities	145.50	123.49
Total	**4,348.45**	**3,337.67**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 28 Employee Benefits Expenses (Contd..)

28.1 As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Ind AS are given below :

(a) Contribution to Defined Contribution Plan, recognised as expense for the year are as under

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Employer's Contribution to Provident Fund and ESIC	58.27	42.48

(b) Defined Benefit Plan - Funded

The employees' Gratuity Fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	Gratuity (Funded)	
	As at March 31, 2026	As at March 31, 2025
Actuarial Assumptions		
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	9.00%
Discount rate	6.89%	6.59%
Withdrawal Rate	15.00%	15.00%

Particulars	Gratuity (Funded)	
	As at March 31, 2026	As at March 31, 2025
Movement in present value of Defined Benefit Obligation		
Defined Benefit Obligations at the beginning of the year	456.40	348.52
Current Service Cost	48.36	41.39
Interest Cost	30.08	25.06
Past service Cost- Incurred during the period*	167.68	-
Actuarial (Gain) / Loss	(15.03)	51.57
Benefits Paid	(10.83)	(10.14)
Defined Benefit Obligations at the end of the year	**676.66**	**456.40**
Movement in present value of plan assets		
Fair value at the beginning of the year	24.85	31.94
Employer Contribution	10.00	1.20
Interest Income	1.64	2.30
Benefits Paid	(10.83)	(10.15)
Return on Plan Assets, Excluding Interest Income	0.39	(0.44)
Fair value at the end of the year	**26.05**	**24.85**
Expense recognised in the Statement of Profit and Loss		
Current Service Cost	48.36	41.39
Interest on Defined Benefit Obligations	28.44	22.76
Past service Cost- Incurred during the period	167.68	-
Total included in "Remuneration and Benefits to Employees"	**244.48**	**64.15**
Amount recognised in Other Comprehensive Income		
Components of Actuarial (gain)/loss on obligations		
Due to changes in financial assumptions	(8.61)	11.68
Due to changes in demographic assumptions	-	(7.58)
Due to experience adjustments	(6.80)	47.91
Total	**(15.41)**	**52.01**

*Effective from November 21, 2025, the Government of India has consolidated 29 existing labour legislations into a united framework comprising four Labour Codes. On the basis of best available information, the Company has assessed the one-time incremental impact of Rs. 167.68 Lakhs and included in gratuity expenses as Past service cost in accordance with Ind AS 19. The company continues to monitor the finalisation of Central / State Government Rules and clarifications as gets available from the Government on the other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 28 Employee Benefits Expenses (Contd..)

(c) **Fair Value of assets**

Particulars	Gratuity (Funded)	
	As at March 31, 2026	As at March 31, 2025
Life Insurance Corporation of India	26.05	24.85

(d) **Net Liability recognised in balance sheet**

Particulars	Gratuity (Funded)	
	As at March 31, 2026	As at March 31, 2025
Present Value of Obligations at the end of the year	676.66	456.40
Less : Fair Value of Plan Assets at the end of the year	26.05	24.85
Net Liability recognised in balance sheet	650.61	431.55

(e) The estimate of rate of escalation in Salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

28.2 Sensitivity Analysis

Particulars	Effect on Gratuity Obligation Increase / (Decrease)	
	As at March 31, 2026	As at March 31, 2025
Discount Rate + 100 basis points	(25.72)	(18.38)
Discount Rate - 100 basis points	28.44	20.32
Salary Escalation Rate + 100 basis points	28.83	16.59
Salary Escalation Rate - 100 basis points	(27.09)	(15.50)
Withdrawal Rate+100 basis points	(3.52)	(2.26)
Withdrawal Rate-100 basis points	3.79	2.45

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the Projected Unit Credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

28.3 Expected payments towards contributions to Gratuity in future years :

Year Ended	Expected Payment
March 31, 2027	175.44
March 31, 2028	102.64
March 31, 2029	65.50
March 31, 2030	66.40
March 31, 2031	59.61
March 31, 2032 to March 31, 2036	242.72
March 31, 2037 and above	246.61

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 28 Employee Benefits Expenses (Contd..)

28.4 Risk exposures

These plans typically expose the company to actuarial risks as Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate and Mortality / Disability.

Salary Risk

Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Discount rate

In case the yield on the government bonds drops in the future period then it may result in increase in the liability.

Employee Turnover rate/Withdrawal rate

If the actual withdrawal rate in the future turns out to be more or less than expected then it may result in increase in the liability.

Mortality / Disability

Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

Details of Asset-Liability Matching Strategy:-

Gratuity benefits liabilities of the company are Funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which are regulated by IRDA. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

28.5 The average duration of the defined benefit plan obligation at the end of the reporting period is 5.00 years (March 31, 2025 : 5.00 years).

Note: 29 Finance Costs

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Interest Expenses on Financial Liabilities measured at amortised cost	61.47	296.03
Interest on Lease Liability	6.01	9.80
Other Borrowing Costs (Refer Note No. 29.1)	177.98	246.07
Total	**245.46**	**551.90**

29.1 Above includes Interest of Rs. 110.23 Lakhs (March 31, 2025: Rs. 130.74 Lakhs) on late payment of Advance Tax.

Note: 30 Depreciation and Amortisation Expenses

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	1,365.04	1,234.94
Depreciation of Investment Property (Refer Note No. 3)	92.76	93.67
Amortisation of Intangible Assets (Refer Note No. 4)	70.56	25.71
Total	**1,528.36**	**1,354.32**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 31 Other Expenses

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
MANUFACTURING EXPENSES		
Consumables, Stores and Spares Consumed	609.09	529.90
Power and Fuel	425.05	392.57
Labour Charges	208.26	255.22
Repairs and Maintenance - Others	309.70	178.90
Job Processing charges	531.24	666.76
Design and Development Charges	154.70	53.73
Other Manufacturing Expenses	569.23	264.52
	2,807.27	**2,341.60**
SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Business Promotion	208.48	327.09
Packing & Forwarding Expenses	44.45	30.03
Freight Outward	54.11	55.72
Others	14.61	11.75
	321.65	**424.59**
ADMINISTRATIVE EXPENSES		
Insurance	78.72	54.55
Rent	58.78	68.06
Rates and Taxes	135.37	93.58
Printing and Stationery	24.51	20.99
Communication Expenses	10.66	12.74
Travelling and Conveyance	779.31	702.97
Legal and Professional Charges	256.14	105.81
Payment to Auditors (Refer Note No. 31.1)	70.20	72.05
Security Expenses	36.23	34.23
Office Expenses	200.76	129.84
Director Sitting fees	36.00	24.00
Postages and Courier	42.64	41.81
Miscellaneous Expenses	97.01	121.92
	1,826.33	**1,482.55**
OTHER EXPENSES		
Bank Charges	183.88	227.85
Bad Debts / Advances written off (Net)	-	125.61
Provision for Expected Credit Loss	517.81	363.31
Provision for Doubtful Advances	19.15	-
Donation	125.37	38.15
Corporate Social Responsibility Expenditure (Refer Note No. 35)	123.50	88.00
Loss on sale/ discard of Property, Plant and Equipment	-	14.45
Loss on Foreign Currency Fluctuations (Net)	12.14	60.39
Late Delivery charges	121.32	333.29
	1,103.17	**1,251.05**
Total	**6,058.42**	**5,499.79**

31.1 Break-up of Payment to Auditors :

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Payment to Auditors as :		
For Statutory Audit	41.00	41.00
For Quarterly Review Fees	18.00	18.00
For Tax Audit	11.00	11.00
For Certification charges	0.20	1.20
For Other Service *	-	0.85
Total	**70.20**	**72.05**

* Reimbursement of expenses.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 32 Earnings Per Share

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Basic Earnings Per Share		
Profit for the year	8,316.95	6,506.92
Weighted average number of Equity Shares (Nos.)	8,05,87,330	7,92,47,652
Basic Earnings Per Share of Rs.5/- each	10.32	8.21
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	8,335.65	6,525.62
Weighted average number of Equity Shares (Nos.)	8,05,87,330	7,92,47,652
Add : Potential number of Equity Shares	44,629	-
No. of shares used for calculation of Diluted EPS	8,06,31,959	7,92,47,652
Diluted Earnings Per Share of Rs.5/- each	10.32*	8.21*

* As the Diluted Earning Per Share is anti-dilutive, Basic Earning per share has been considered as Diluted earning per share.

Note: 33 Contingent Liabilities and commitments

Particulars	As at March 31, 2026	As at March 31, 2025
A Contingent Liabilities (to the extend not provided for)		
Claims against the Company not acknowledged as debts		
I Disputed Liabilities in Appeal (No Cash outflow is expected in the near future)		
INCOME TAX	149.67	74.04
Goods and Service Tax	15.16	15.16
II GUARANTEES		
Guarantees given by the Company's Bankers	22,239.04	24,219.71
(Bank guarantees are provided under contractual / legal obligation)		
Corporate Guarantee given by the Company	3,241.00	1,010.00
B Capital Commitments :		
Estimated amount of contracts to be executed on capital account not provided for	1,043.29	1,403.64

C Management is of the view that the above litigation will not impact significantly the financial position of the company.

Note: 34 Related Party Disclosures :

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

List of Related Parties :

I Subsidiaries

- i Paras Aerospace Private Limited
- ii Paras Green UAV Private Limited (Formerly Known as Paras Green Optics Private Limited) (till March 27, 2025)
- iii Paras Anti- Drone Technologies Private Limited
- iv OPEL Technologies PTE Ltd
- v Ayatti Innovative Private Limited (till March 30, 2026)
- vi Quantico Technologies Private Limited
- vii Mechtech Thermal Private Limited
- viii Paras Heven Advanced Drones Private Limited (w.e.f October 15, 2025)

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 34 Related Party Disclosures : (Contd..)

II Associates

i Krasny Paras Defence Technologies Private Limited

ii Controp Paras Technologies Private Limited

iii Himanshi Thermal Solutions Private Limited (w.e.f February 19, 2026)

III Key Managerial Personnel

i Mr. Sharad Shah (Non-Executive Director)

ii Mr. Munjal Sharad Shah (Managing Director)

iii Mrs. Shilpa Amit Mahajan (Whole-time Director)

iv Mr. Harsh Bhansali (Chief Financial Officer)

v Ms. Jajvalya Raghavan (Company Secretary) (till February 03, 2026)

IV Key Managerial Personnel Relatives

i Mrs. Ami Munjal Shah

ii Mrs. Niranjana Shah

iii Mrs. Kaajal Bhansali

iv Mr. Anish Mehta

v Mr. Amit Mahajan

vi Ms. Anushka Munjal Shah (w.e.f June 01, 2025)

V Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year :

i Defspace Technologies Private Limited

ii Paras Green UAV Private Limited (Formerly Known as Paras Green Optics Private Limited) (till March 28, 2025)

A. Transactions with Related Parties :

Nature of Transactions	Name of the Related Parties	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Transactions with Subsidiaries:			
Investment Made	Paras Heven Advanced Drones Private Limited	0.51	-
Lease Rent Deposits Received	Paras Aerospace Private Limited	-	2.25
	Mechtech Thermal Private Limited	-	9.00
	Paras Anti-Drone Technologies Private Limited	-	3.45
Lease deposit Refund	Paras Aerospace Private Limited	0.75	-
	Ayatti Innovative Private Limited	4.70	-
Income - Lease Rent	Paras Anti- Drone Technologies Private Limited	13.80	5.40
	Paras Aerospace Private Limited	10.75	12.00
	Ayatti Innovative Private Limited	1.20	22.80
	Quantico Technologies Private Limited	1.20	1.20
	Mechtech Thermal Private Limited	57.60	36.00
	Paras Heven Advanced Drones Private Limited	0.55	-
Sale of Products	OPEL Technologies PTE Ltd	1,791.45	2,989.43
	Mechtech Thermal Private Limited	0.08	0.80
	Paras Anti- Drone Technologies Private Limited	174.86	-
Purchase of Goods	Paras Anti-Drone Technologies Private Limited	23.90	6.65
	Mechtech Thermal Private Limited	40.89	10.53
	OPEL Technologies PTE Ltd	20.46	5.63
Corporate Guarantee given	Paras Anti- Drone Technologies Private Limited	2,731.00	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 34 Related Party Disclosures : (Contd..)

Nature of Transactions	Name of the Related Parties	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Corporate Guarantee Income	Paras Anti- Drone Technologies Private Limited	15.60	5.10
	Paras Aerospace Private Limited	-	20.61
Loan Given	Ayatti Innovative Private Limited	49.90	106.50
	Paras Aerospace Private Limited	583.95	451.50
	Paras Anti- Drone Technologies Private Limited	2,373.50	1,017.57
	Mechtech Thermal Private Limited	396.65	485.00
	Quantico Technologies Private Limited	19.00	1.00
	Paras Heven Advanced Drones Private Limited	3.00	-
Loan Repaid	Ayatti Innovative Private Limited	126.50	56.50
	Paras Anti- Drone Technologies Private Limited	818.50	131.12
	Mechtech Thermal Private Limited	47.00	165.00
	Paras Aerospace Private Limited	402.50	1,798.50
Loan Converted to OCPS	Paras Anti- Drone Technologies Private Limited	1,555.00	916.44
	Mechtech Thermal Private Limited	561.15	-
Interest converted into OCPS	Paras Anti- Drone Technologies Private Limited	30.03	36.01
	Mechtech Thermal Private Limited	32.98	-
Interest on Loan Given	Ayatti Innovative Private Limited	24.39	19.06
	Paras Aerospace Private Limited	56.05	212.21
	Paras Anti- Drone Technologies Private Limited	45.01	45.16
	Mechtech Thermal Private Limited	40.85	28.06
	Quantico Technologies Private Limited	1.32	0.01
	Paras Heven Advanced Drones Private Limited	0.01	-
Advance return from suppliers (on cancellation of contract)	OPEL Technologies PTE Ltd	21.00	-
LD Charges	OPEL Technologies PTE Ltd	10.13	65.92
Transactions with Associates:			
Investment Made	Himanshi Thermal Solutions Private Limited	0.49	-
Lease Rent Deposit Repaid	Krasny Paras Defence Technologies Private Limited	-	0.75
Income - Lease Rent	Controp Paras Technologies Private Limited	1.20	1.20
Sale of Products	Controp Paras Technologies Private Limited	1,165.29	-
Loan Given	Controp Paras Technologies Private Limited	-	11.70
Loan Repaid	Controp Paras Technologies Private Limited	-	11.70
Interest on Loan Given	Controp Paras Technologies Private Limited	-	0.29
Advance Received	Controp Paras Technologies Private Limited	550.77	2,937.80
Transactions with other Related Parties:			
Lease Rent Deposits Received	Paras Green UAV Private Limited	-	0.90
Income - Lease Rent		-	3.20
Corporate Guarantee given		-	500.00
Corporate Guarantee Income		-	2.55
Loan Given		-	20.15
Loan repaid		-	20.15
Interest on Loan Given		-	0.73
Director Sitting Fees	Mr. Sharad Shah	9.00	6.00
Managerial Remuneration	Mr. Munjal Sharad Shah	84.00	84.00
	Mrs. Shilpa Amit Mahajan	32.00	38.70
	Mr. Harsh Bhansali	22.00	60.73
	Ms. Jajvalya Raghavan	20.89	22.77
Salary to relatives	Mrs. Kaajal Bhansali	16.00	36.00
	Mrs. Ami Munjal Shah	60.00	60.00
	Mr. Amit Mahajan	32.00	60.73
	Mr. Anish Mehta	32.00	55.10
	Ms. Anushka Munjal Shah	10.00	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 34 Related Party Disclosures : (Contd..)

Nature of Transactions	Name of the Related Parties	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Rent Expense	Mr. Munjal Sharad Shah	-	4.00
Income - Lease Rent	Defspace Technologies Private Limited	3.00	3.00
Purchase of Goods		3,331.62	230.87
Sale of Goods		2.93	-
Sale of Property, plant and equipement		52.75	-
Advance to Supplier		311.19	-
Loans Repaid		-	280.00
Interest on Loan Given		-	4.78

B. Balances with Related Parties:

Name of the Related Parties	As at March 31, 2026	As at March 31, 2025
Balances with Subsidiary Companies:		
Investment		
Paras Aerospace Private Limited	60.60	60.60
Paras Anti- Drone Technologies Private Limited	55.55	55.55
OPEL Technologies PTE Ltd	0.05	0.05
Mechtech Thermal Private Limited	7.00	7.00
Quantico Technologies Private Limited	10.00	10.00
Paras Heven Advanced Drones Private Limited	0.51	-
Assets held for Sale		
Ayatti Innovative Private Limited	-	699.20
Investment in OCPS		
Paras Anti- Drone Technologies Private Limited	2,537.48	952.45
Mechtech Thermal Private Limited	594.13	-
Interest receivables		
Paras Aerospace Private Limited	40.84	37.64
Ayatti Innovative Private Limited	-	13.14
Mechtech Thermal Private Limited	2.03	19.54
Quantico Technologies Private Limited	1.19	-
Paras Heven Advanced Drones Private Limited	0.01	-
Trade Receivables		
OPEL Technologies PTE Ltd	443.78	1,268.63
Trade Payable		
Paras Anti-Drone Technologies Private Limited	-	7.85
Advance to Supplier		
OPEL Technologies PTE Ltd	-	39.02
Security Deposits (Current Financial Liabilities)		
Ayatti Innovative Private Limited	-	5.00
Quantico Technologies Private Limited	0.30	0.30
Paras Aerospace Private Limited	2.25	3.00
Mechtech Thermal Private Limited	9.00	9.00
Paras Anti-Drone Technologies Private Limited	3.45	3.45
Intercorporate Deposits Given		
Ayatti Innovative Private Limited	-	199.50
Paras Aerospace Private Limited	632.95	451.50
Mechtech Thermal Private Limited	108.50	320.00
Quantico Technologies Private Limited	20.00	1.00
Paras Heven Advanced Drones Private Limited	3.00	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 34 Related Party Disclosures : (Contd..)

Name of the Related Parties	As at March 31, 2026	As at March 31, 2025
Corporate Guarantee Given		
Paras Anti- Drone Technologies Private Limited	3,241.00	510.00
Balances with Associate Companies:		
Investment		
Krasny Paras Defence Technologies Private Limited	52.25	52.25
Controp Paras Technologies Private Limited	0.30	0.30
Himanshi Thermal Solutions Private Limited	0.49	-
Security Deposits (Current Financial Liabilities)		
Controp Paras Technologies Private Limited	0.30	0.30
Trade Receivable		
Controp Paras Technologies Private Limited	1,235.94	-
Advance from Customer		
Controp Paras Technologies Private Limited	3,349.47	2,934.91
Balance with other Related Parties:		
Other Payables (Salary Payable)		
Mr. Munjal Sharad Shah	4.79	3.28
Mrs. Ami Munjal Shah	1.66	3.48
Mrs. Shilpa Mahajan	2.06	8.89
Mr. Harsh Bhansali	1.18	4.37
Mrs. Kaajal Bhansali	1.00	8.98
Mr. Amit Mahajan	1.84	11.32
Mr. Anish Mehta	1.83	7.87
Ms. Jajvalya Raghavan	-	1.68
Ms. Anushka Munjal Shah	1.00	-
Trade Payable		
Defspace Technologies Private Limited	8.94	-
Advance to Supplier		
Defspace Technologies Private Limited	311.19	226.81
Security Deposits (Current Financial Liabilities)		
Defspace Technologies Private Limited	0.50	0.50
Paras Green UAV Private Limited	-	0.90
Corporate Guarantee Given		
Paras Green UAV Private Limited	-	500.00

C. Compensation to Key Management Personnel of the Company

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Nature of transaction		
Short-term employee benefits	158.89	206.20
Post-employment benefits	(7.73)	6.94
Total compensation to Key Management Personnel	**151.16**	**213.14**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 34 Related Party Disclosures : (Contd..)

D. The details of loans given by the Company are as under:

Name of the Company	Mechtech Thermal Private Limited	Quantico Technologies Private Limited	Paras Aerospace Private Limited	Paras Anti- Drone Technologies Private Limited	Paras Heven Advanced Drones Private Limited
Outstanding as at March 31, 2026	108.50	20.00	632.95	-	3.00
Maximum amount outstanding during the year	561.15	20.00	763.50	1,073.50	3.00
Outstanding as at March 31, 2025	320.00	1.00	451.50	-	-
Maximum amount outstanding during the year	485.00	1.00	2,083.50	1,047.57	-

Note: The above inter corporate deposites given carries the interest rate of 12% p.a

Note: 35 Expenditure related to Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 read with Schedule VII.

a. CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is Rs. 110.53 lakhs (March 31, 2025 : Rs 78.80 Lakhs)

b. Expenditure incurred related to Corporate Social Responsibility is Rs. 123.50 Lakhs (March 31, 2025: Rs 88.00 Lakhs)

c. Amount shortfall Rs. NIL (March 31, 2025: Rs NIL)

Details of Expenditure incurred towards CSR given below:

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Environmental Sustainability and Animal Welfare	20.00	30.00
Health Care, Sanitation and providing Drinking Water	43.50	43.00
Promoting Education	58.44	13.00
Reducing inequalities faced by socially and economically backward groups	1.56	2.00
TOTAL	**123.50**	**88.00**

Note : 36 Fair Values

36.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial assets and liabilities that are recognised in the Standalone Financial Statements.

a) Financial Assets / Liabilities measured at Fair Value:-

Particulars	As at March 31, 2026	As at March 31, 2025
Financial Assets designated at Fair Value through profit and loss:-		
- Investments	3,279.23	2,781.13

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note : 36 Fair Values (Contd..)

b) Financial Assets / Liabilities designated at Amortised Cost:-

Particulars	As at March 31, 2026		As at March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets :				
Financial Assets designated at Amortised Cost:-				
- Trade Receivables	32,712.26	32,712.26	28,183.31	28,183.31
- Cash and cash equivalents	1,559.37	1,559.37	2,990.91	2,990.91
- Bank Balance other than Cash and Cash Equivalents	8,572.13	8,572.13	7,446.74	7,446.74
- Loans	1,108.95	1,108.95	2,160.41	2,160.41
- Others	2,441.57	2,441.57	1,000.90	1,000.90
Total	**46,394.28**	**46,394.28**	**41,782.27**	**41,782.27**
Financial Liabilities :				
Financial Liabilities designated at Amortised Cost:-				
- Lease liabilities	44.66	44.66	93.18	93.18
- Trade Payable	4,674.72	4,674.72	5,189.00	5,189.00
- Other Financial Liabilities	657.91	657.91	626.11	626.11
Total	**5,377.29**	**5,377.29**	**5,908.29**	**5,908.29**

36.2 Fair Valuation techniques used to determine Fair Value

The Company maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the Fair Values:

i) Fair Value of Cash and Cash Equivalents, Other Bank Balances, Trade Receivable, Trade Payables, Current loan, and other Current Financial Assets and Liabilities are approximate at their carrying amounts largely due to the short-term maturities of these instruments.

ii) The fair values of non-current loan and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.

iii) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

36.3 Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:-

i) **Level 1 :-** Quoted prices / published Net Assets Value (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the Balance Sheet date and financial instruments like mutual funds for which Net Assets Value is published by mutual fund operators at the Balance Sheet date.

ii) **Level 2 :-** Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note : 36 Fair Values (Contd..)

iii) **Level 3 :-** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides hierarchy of the fair value measurement of Company's asset and liabilities, grouped into Level 1 (Quoted prices in active markets), Level 2 (Significant observable inputs) and Level 3 (Significant unobservable inputs) as described below:

Particulars	As at March 31, 2026		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 25.10
Investment in Equity Shares	-	-	2,149.04
Investment in 0.01% Compulsary Convertible Preference Shares	-	-	1,105.09

Particulars	As at March 31, 2025		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 25.00
Investment in Equity Shares	-	-	1,756.02
Investment in 0.01% Compulsary Convertible Preference Shares	-	-	1,000.01

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2026 and March 31, 2025

Particulars	As at March 31, 2026	Valuation Technique	Significant Inputs Used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares	1,343.68	Market approach-Comparable Company Method & Comparable Transaction Method(Based on professional valuer's certificate)	Comparable transaction multiples, valuation multiple and discount
- Investment in unlisted equity shares	805.36	Income Approch (Discounted Cash flow) (Based on professional valuer's certificate)	Discount rate, projected cash flows and terminal growth rate
- Investment in 0.01% Compulsary Convertible Preference Shares	1,105.09	Income Approch (Discounted Cash flow) (Based on professional valuer's certificate)	Discount rate, projected cash flows and terminal growth rate

Particulars	As at March 31, 2025	Valuation Technique	Significant Inputs Used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares	1,045.52	Market approach-Comparable Transactions Multiple Method ('Based on professional valuer's certificate)	Comparable transaction multiples, valuation multiple and discount
- Investment in unlisted equity shares	710.50	Market approach- Recent Precedant Transaction	Recent Transaction Price
- Investment in 0.01% Compulsary Convertible Preference Shares	1,000.01	Income Approch (Discounted Cash flow)(Based on professional valuer's certificate)	Discount rate, projected cash flows and terminal growth rate

since the investments under level 3 of the fair value hierarchy as at March 31, 2026 and March 31, 2025 category are not material, therefore the disclosure for the same is not given.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note:37 Financial Risk Management - Objective And Policies

The Company is exposed to market risk, credit risk, liquidity risk and competition and price risk. Risk management is carried out by the company under policies approved by the Board of Directors. This Risk management plan defines how risks associated with the Company will be identified, analysed and managed. It outlines how risk management activities will be performed, recorded and monitored by the Company. The basic objective of risk management plan is to implement an integrated risk management approach to ensure all significant areas of risks are identified, understood and effectively managed to promote a shared vision of risk management and encourage discussion on risks at all levels of the organization to provide a clear understanding of risk / benefit trade-offs, to deploy appropriate risk management methodologies and tools for use in identifying, assessing, managing and reporting on risks and to determine the appropriate balance between cost and control of risk and deploy appropriate resources to manage/optimize key risks. Activities are developed to provide feedback to management and other interested parties (e.g. Audit committee, Board etc.). The results of these activities ensure that risk management plan is effective in the long term.

37.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans, borrowings, deposits and investments.

The sensitivity analysis relate to the position as at March 31, 2026 and March 31, 2025

(a) Foreign Currency Exchange Risk and Sensitivity

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities and its Investment. 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, GBP, Euro and AED 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 March 31, 2026	Currency	Amount in FC	Amount in INR
Investment	USD	14,19,561	1,343.68
Trade Receivable	USD	25,46,647	2,410.51
Trade Receivable	EURO	30,900	33.68
Trade Payable	USD	26,16,775	2,476.89
Trade Payable	EURO	70,548	76.90
Trade Payable	GBP	80,690	101.37
Trade Payable	AED	2,52,234	65.00

Unhedged Foreign currency exposure As at March 31, 2025	Currency	Amount in FC	Amount in INR
Investment	USD	12,21,667	1,045.52
Trade Receivable	USD	18,19,344	1,557.02
Trade Receivable	EURO	97,560	90.07
Trade Payable	USD	28,17,431	2,411.20
Trade Payable	EURO	2,652	2.45
Trade Payable	GBP	40,779	45.16
Trade Payable	AED	6,65,142	154.99

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note:37 Financial Risk Management - Objective And Policies (Contd..)

Foreign Currency Sensitivity

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

Particulars	2025-26		2024-25	
	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)
USD	25.55	(25.55)	3.83	(3.83)
EURO	(0.86)	0.86	1.75	(1.75)
GBP	(2.03)	2.03	(0.90)	0.90
AED	(1.30)	1.30	(3.10)	3.10
Increase/(Decrease) in Profit Before Tax	**21.35**	**(21.35)**	**1.58**	**(1.58)**

37.2 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and other financial instruments.

a) Trade Receivables:-

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings with the Company for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored.The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non performance by any of the counterparties.

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 Company has used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix taken into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due.

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	35,038.68	2,326.42	29,991.92	1,808.61

The following table summarizes the changes in the Provisions made for the receivables:

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balances	1,808.61	1,445.30
Provided during the year	517.81	363.31
Closing Balances	**2,326.42**	**1,808.61**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note:37 Financial Risk Management - Objective And Policies (Contd..)

b) 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.

For other financial instruments, the finance department assesses and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

37.3 Liquidity Risk :

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on short term borrowings and operating cash flows in the form of working capital to meet its need for fund. The Company does not breach any covenants wherever applicable on any of its borrowing facilities. The Company has access to a sufficient variety of sources of funding as per requirements.

The below table summaries the maturity profile of the Company's financial liability :

Particulars	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
March 31, 2026					
Lease Liabilities	-	44.66	-	-	44.66
Trade Payable	-	4,674.72	-	-	4,674.72
Other Financial Liabilities	-	657.91	-	-	657.91
Total	**-**	**5,377.29**	**-**	**-**	**5,377.29**
March 31, 2025					
Lease Liabilities	-	52.76	40.42	-	93.18
Trade Payable	-	5,189.00	-	-	5,189.00
Other Financial Liabilities	-	626.11	-	-	626.11
Total	**-**	**5,867.87**	**40.42**	**-**	**5,908.29**

37.4 Competition and Price Risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Note:38 Capital Risk Management

For the purpose of Company's capital management, capital includes issued capital, all other equity reserves and net debts. The primary objective of the Company's capital management is to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company monitors capital using gearing ratio, which is net debt divided by total capital (equity plus net debt). Net debt are non current debts plus current debts as reduced by cash and cash equivalents. Equity comprises all components including other comprehensive income.

Particulars	March 31, 2026	March 31, 2025
Total Debt	-	-
Less: Cash and cash equivalent	1,559.37	2,990.91
Net Debt	**(1,559.37)**	**(2,990.91)**
Equity	72,359.93	64,346.86
Total Capital (Equity + Net Debt)	**70,800.56**	**61,355.95**
Gearing ratio	NA	NA

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 39 Employee share based payment:

39.1 The Company offers equity based option plan to its employees through the Company's stock option plan.

39.2 Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024" ("Paras Defence ESOP 2024")

During the pevious year, the Board of Directors and Shareholders of the Company have approved the "Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024" ("Paras Defence ESOP 2024") for the employees of the Company, its subsidiary companies and/or associate companies, group companies (present and future) comprising of equity shares of the Company, not exceeding 15,90,000 equity shares of face value of Rs. 5/- each, in one or more tranches. The specific Employees to whom the Options are granted and their Eligibility Criteria are determined by the Nomination and Remuneration Committee. As on March 31, 2026, the Company has granted 3,13,300 (March 31, 2025: 1,56,900) options in 3 different tranches to the eligible employees.

Particulars	Paras Defence ESOP 2024	
	As at March 31, 2026	As at March 31, 2025
Options as at April 01, 2025	1,56,900	-
Options granted during the year	1,56,400	1,56,900
Options forfeited during the year	-	-
Options exercised during the year	-	-
Options outstanding as at March 31, 2026	**3,13,300**	**1,56,900**
Number of option exercisable at the end of the year	-	-

The fair values of options has been determined at the date of grant of the options. This fair value, adjusted by the Company's estimate of the number of options that will eventually vest, is expensed over the vesting period.

The fair values were calculated using the Black-Scholes Model for tenure based options. The inputs to the model include the share price at date of grant, exercise price, expected life, expected volatility, expected dividends and the risk free rate of interest. Expected volatility has been calculated using historical return on share price.

Basic features about the ESOS granted

Particulars	Paras Defence ESOP 2024
Date of Shareholder's Approval	September 20, 2024
Total Number of Options approved	1590000
Vesting Requirements	Time based and tranche based vesting, at the end of 3rd, 4th and 5th year from the date of grant.
The pricing Formula	The Exercise price shall be decided by Nomination and remuneration committee from time to time as on the date of grant.
Maximum Term of options granted	5 years from the date of vesting of options.
Method of Settlements	Equity Settled
Sources of Shares	Primary issuance of shares
Method of Accounting	Fair Value Method

Accordingly, the assumptions used in the calculations of original grant date fair value of the options granted are set out below:

Paras Defence ESOP 2024	As on March 31, 2026		
	Grant Date		
	13-03-2026	13-03-2026	13-03-2026
Number of Options	39,100	39,100	78,200
Exercise Price	Rs. 650.00	Rs. 650.00	Rs. 650.00
Share Price at the date of grant	Rs. 668.80	Rs. 668.80	Rs. 668.80
Vesting Period on completion of year			
3rd Year	100%		
4th Year		100%	
5th Year			100%

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 39 Employee share based payment: (Contd..)

Paras Defence ESOP 2024	As on March 31, 2026		
	Grant Date		
	13-03-2026	13-03-2026	13-03-2026
Expected Volatility	51.40%	51.40%	51.40%
Expected option life	8.01 Year	9.01 Year	10.01 Year
Expected dividends	0.08%	0.08%	0.08%
Risk free interest rate	6.82%	6.87%	6.93%
Fair value per option granted	Rs. 438.27	Rs. 459.46	Rs. 478.50

Paras Defence ESOP 2024	As on March 31, 2025		
	Grant Date		
	22-01-2025	22-01-2025	22-01-2025
Number of Options	39,226	39,224	78,450
Exercise Price	Rs. 500.00	Rs. 500.00	Rs. 500.00
Share Price at the date of grant	Rs. 530.10	Rs. 530.10	Rs. 530.10
Vesting Period on completion of year			
3rd Year	100%		
4th Year		100%	
5th Year			100%
Expected Volatility	43.14% p.a.	43.14% p.a.	43.14% p.a.
Expected option life	8.01 Year	9.01 Year	10.01 Year
Expected dividends	0.0% p.a.	0.0% p.a.	0.0% p.a.
Risk free interest rate	6.64% p.a.	6.67% p.a.	6.66% p.a.
Fair value per option granted	Rs. 325.39	Rs. 342.43	Rs. 357.52

The Company has recognized total expenses of Rs. 141.43 Lakhs (Previous year Rs. 24.99 Lakhs) related to above equity settled share-based payment transactions for the year ended March31, 2026.

Note: 40 Assets held for Sale

Description of the assets held for sale	As at March 31, 2026	As at March 31, 2025
Investment in Equity Instruments of Subsidiary company		
Ayatti Innovative Private Limited	-	699.20
Total	**-**	**699.20**

On March 30, 2026, the company has completed the divestment of 58.02% equity stake (through share sale) in its subsidiary Ayatti Innovative Private Limited ('Ayatti'). Consequently, Ayatti ceased to be a subsidiary of the Company.

Note: 41 Group Information

Name	Principal Place of Business	% Equity interest	
		As at March 31, 2026	As at March 31, 2025
A Indian subsidiaries and Associates			
Subsidiaries:			
Paras Aerospace Private Limited	India	60.00%	60.00%
Paras Anti-Drone Technologies Private Limited	India	55.00%	55.00%
Quantico Technologies Private Limited	India	100.00%	100.00%
Mechtech Thermal Private Limited	India	70.00%	70.00%

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 41 Group Information (Contd..)

Name	Principal Place of Business	% Equity interest As at March 31, 2026	% Equity interest As at March 31, 2025
Paras Heven Advanced Drones Private Limited	India	51.00%	-
Ayatti Innovative Private Limited	India	-	58.02%
Associates:			
Krasny Paras Defence Technologies Private Limited	India	47.50%	47.50%
Controp Paras Technologies Private Limited	India	30.00%	30.00%
Himanshi Thermal Solutions Private Limited	India	49.00%	-
B Overseas Subsidiary			
OPEL Technologies PTE Ltd	Singapore	100.00%	100.00%

* On March 30, 2026, the company has completed the divestment of 58.02% equity stake (through share sale) in its subsidiary Ayatti Innovative Private Limited ('Ayatti'). Consequently, Ayatti ceased to be a subsidiary of the Company.

Note: 42 Provisions

Disclosures as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":-

Movement in provisions:-

Nature of provision	Provision for Expected Credit loss/ credit impaired on Trade Receivables	Provision for Doubtful advances	Total
As at April 01, 2024	**1,445.30**	**7.80**	**1,453.10**
Provision during the Year	363.31	-	363.31
Provision Reversed during the Year	-	(7.80)	(7.80)
As at March 31, 2025	**1,808.61**	**-**	**1,808.61**
Provision during the Year	517.81	19.15	536.96
Provision Reversed during the Year	-	-	-
As at March 31, 2026	**2,326.42**	**19.15**	**2,345.57**

Note: 43 SEGMENT REPORTING

A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :

As per Indian Accounting Standard 108 'Operating Segments', the chief operating decision maker of the Company has identified following reportable segments of its business:

Segment comprise of:

Optics & Optronic Systems:

- Optical Components and Sub-Systems like Space Optics/Gratings/Mirrors, Infra-Red Lenses for Night Vision Devices, Opto-mechanical Assemblies and Precision Diamond Turned components etc.
- Opto-Electronic Systems comprising of Submarine Periscope, hyperspectral camera etc.
- EO/IR Systems.

Defence Engineering:

- Defence Electronics compromising of Defence Automation & Control systems, Rugged Command & Control Consoles, Avionic suite etc.
- Heavy Engineering comprising of Flow Formed Rockets/ Missile Motor Tubes, Electromechanical assemblies, Remote Controlled Border Defence System and Turnkey projects.
- Electromagnetic Pulse Protection Solutions.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 43 SEGMENT REPORTING (Contd..)

Unallocated

Consists of other income, expenses, assets and liabilities which cannot be directly identified to any of the above segments.

I Segment wise Revenue

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Segment Revenue		
a. Optics and Optronic Systems	19,910.70	17,737.00
b. Defence Engineering	21,743.71	15,648.41
Revenue From Operations	**41,654.41**	**33,385.41**
Segment Results		
a. Optics and Optronic Systems	8,813.05	9,657.69
b. Defence Engineering	4,926.78	1,914.38
Total	**13,739.83**	**11,572.07**
i) Finance Costs	(245.46)	(551.90)
ii) Other unallocable expenditure	(4,245.83)	(3,524.97)
iii) Unallocable Income	1,814.38	1,185.63
Profit before exceptional items and Tax	**11,062.92**	**8,680.83**
Exceptional items	-	-
Profit Before Tax	**11,062.92**	**8,680.83**

II Segment wise Assets and Liabilities:

Particulars	As at March 31, 2026	As at March 31, 2025
Segment Assets		
a. Optics and Optronics	33,911.24	34,979.72
b. Defence Engineering	31,172.15	24,639.78
c. Unallocable	26,828.93	23,477.27
Total	**91,912.32**	**83,096.77**
Segment Liabilities		
a. Optics and Optronics	2,547.96	2,857.77
b. Defence Engineering	12,641.15	11,272.85
c. Unallocable	4,363.28	4,619.29
Total	**19,552.39**	**18,749.91**

III Other Informations

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Capital Expenditure		
a. Optics and Optronics	699.35	350.94
b. Defence Engineering	990.36	2,564.81
c. Unallocable	1,164.25	44.21
Total	**2,853.95**	**2,959.96**
Depreciation		
a. Optics and Optronics	446.81	672.06
b. Defence Engineering	692.24	445.00
c. Unallocable	389.31	237.26
Total	**1,528.36**	**1,354.32**
Non-cash Expenses other than Depreciation		
a. Optics and Optronics	493.84	474.98
b. Defence Engineering	43.12	18.64
c. Unallocable	-	9.75
Total	**536.96**	**503.37**

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 43 SEGMENT REPORTING (Contd..)

B. Segment Identification, Reportable Segments and definition of each segment :

a. Reportable Segments:

The chief operating decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the internal reporting system and is measured consistently with profit or loss in the Standalone Financial Statements. Operating segment have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in Ind AS.

b. Primary / Secondary Segment Reporting Format:

i. The risk-return profile of the company's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.

ii. Revenue disaggregation by geography (Refer Note No. 25.2)

iii. No Non-Current Assets of the Company is located outside India as on March 31, 2026 and March 31, 2025

IV **Segment revenue, results, assets and liabilities:**

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which is related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable”.

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes property, plant and equipment, trade receivable, inventories and other receivables. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

V **Information about major customers:**

Revenue from operations include Rs. 18,699.30 Lakhs (March 31, 2025 : Rs. 21,169.01 Lakhs) from two customers (March 31, 2025: three customers) having more than 10% of the total revenue.

Note : 44 The quarterly statements of current assets filed by the Company with banks/ financial institutions are in agreement with the books of accounts.

Summary of reconciliation of quarterly statements of current assets filed by the Company with Banks are as below :-

Particulars of Securities provided	For the quarter ended	Amount as per books of account	Amount as reported in the Statement	Amount of difference
Inventories & Trade Receivables	31-03-26	50,024.85	50,024.85	-
Inventories & Trade Receivables	31-12-25	41,441.92	41,441.92	-
Inventories & Trade Receivables	30-09-25	49,599.17	49,599.17	-
Inventories & Trade Receivables	30-06-25	44,316.39	44,316.39	-
Inventories & Trade Receivables	31-03-25	44,538.17	44,538.17	-
Inventories & Trade Receivables	31-12-24	43,588.33	43,588.33	-
Inventories & Trade Receivables	30-09-24	41,318.23	41,317.29	0.94
Inventories & Trade Receivables	30-06-24	36,843.53	36,843.53	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 45 Ratio Analysis and its Components

Sr. No.	Particulars	Numerator	Denominator	As at March 31, 2026	As at March 31, 2025	% Variance	Reason for variance
i)	Current ratio	Current Assets	Current Liabilities	3.67	3.50	4.95	
ii)	Debt equity ratio	Total Debt	Total Equity (Equity Share capital + Other equity)	-	-	-	NA
iii)	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	43.30	13.81	213.55	The ratio has increased due to increase in the earning available for debt service and also there is no repayment of long term debt as the entire long term borrowing is repaid in previous year.
iv)	Return on equity ratio	Net profit after tax	Average Total Equity [(Opening Total Equity + Closing Total Equity)/2]	12.17%	11.94%	1.92	
v)	Inventory Turnover ratio	Revenue from Operations	Average Inventory [(opening balance+ closing balance)/2]	2.82	2.33	20.94	
vi)	Trade receivables turnover ratio	Revenue from Operations	Average trade receivable [(opening balance+ closing balance)/2]	1.37	1.45	(5.35)	
vii)	Trade payables turnover ratio	Cost of Materials Consumed	Average trade payable [(opening balance+ closing balance)/2]	4.00	2.67	49.99	The ratio has increased primarily due to increase in purchases and improved payout cycle, resulting in a reduction in the average trade payable balances.
viii)	Net capital turnover ratio	Revenue from Operations	Working capital [(Current asset - Investments) - current liabilities]	0.91	0.81	12.12	
ix)	Net profit ratio	Net Profit after tax	Revenue from Operations	19.97%	19.49%	2.44	
x)	Return on capital employed	Profit Before interest & Tax	Total Equity + Total Debts + Deferred Tax Liability	15.24%	13.94%	9.33	
xi)	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	6.55%	4.23%	54.89	The ratio has increased mainly on account of higher earnings from investments and fixed deposits.

Notes to the Standalone Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note : 46 Other Statutory Information

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

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

iii) 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.

iv) 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.

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

vi) 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.

vii) 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.

viii) There is no charge or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

Note: 47 The Management and Authorities have the power to amend the Financial Statements in accordance with section 130 And 131 of the Companies Act, 2013.

Note: 48 The figures for the corresponding previous periods/ year have been regrouped/rearranged wherever necessary, to make them comparable.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

RUPESH SHAH
Partner
Membership No. 117964

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Date: May 13, 2026

Consolidated
Financial Statements

Independent Auditor's Report

TO THE MEMBERS OF
PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the Consolidated Balance sheet as at March 31, 2026, and the Statement of Consolidated Profit and Loss (including Other Comprehensive Income), the Statement of Consolidated Changes in Equity and the Statement of Consolidated Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements and on the other financial information of a subsidiaries and associates, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated State of Affairs of the Group and of its associates as at March 31, 2026 and their Consolidated Profit including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and their Consolidated Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group and its associates 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 Consolidated 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 obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the year ended March 31, 2026. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to that matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Key Audit Matter	How our audit addressed the key audit matter
1) Revenue:	
During the year, the Holding Company's revenue from operation has been increased by 24.77%. Revenue is recognized when control of the underlying products have been transferred along with satisfaction of performance obligation. The terms of sales arrangements, including the timing of transfer of control and delivery specifications, create complexity and judgment in determining sales revenues. Significant Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with IND AS115 'Revenue from contracts with customers', resulting into recognition of revenue in incorrect period. Refer Note No. 1.4 (I) and 28 to the Consolidated Financial Statements.	We assessed the Holding Company's processes and controls for recognizing revenue as part of our audit. Our audit procedures included the following: • Assessing the systems related to invoicing and measurement as well as other relevant systems supporting the accounting of revenue • Performed sample tests of individual sales transaction and traced to sales invoices, sales orders shipping documents and other related documents. In respect of the samples selected, tested that the revenue has been recognized as per the sales orders; • Verifying the completeness of disclosure in the Consolidated Financial Statements as per Ind AS 115.

Key Audit Matter	How our audit addressed the key audit matter
2) Inventories	
As of March 31, 2026, inventories appear in the Holding Company's Standalone Financial Statements for an amount of Rs. 14,986.17 Lakhs constitutes 16.30% of the total assets of the Holding Company's Financial Statements. Inventories are valued at the lower of cost and net realizable value The Holding Company may recognize an inventory allowance if inventory items are damaged, if the selling price has declined, or if the estimated costs to completion or to be incurred to make the sale have increased. We considered this matter as key audit matter due to the: • Significance of the inventories balance. • Complexities involve in determining quality of inventories and quantities on hand due to the number, weight, diversity of inventory, storage, Valuation procedure including of obsolete inventories. Refer note no. 1.4 (F) and 10 to the Consolidated Financial Statements.	Our audit procedure included, among others: • Reviewing the Holding Company's process and procedure for physical verification of the Inventories, identification of non-moving and obsolete items and accounting for the same. • Obtaining the physical inventory count reports of the Management of Holding company as per verification plan and discussing with the Management about the Control checks performed by them • Assessing the methods used to value inventories and ensuring the consistency of accounting methods. • Testing, by sampling, the effectiveness of the controls set up by Management to prevent or detect possible errors in valuation of inventories. • Analyzing the Holding company's assessment of net realizable value and calculations for stock obsolescence. • Verifying the completeness of disclosure in the Consolidated Financial Statements as per Ind AS 2. • Obtaining representation letter from the management as per SA 580 (revised) – Written representations.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the management discussion & analysis and director's report included in the annual report but does not include the Consolidated 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 Consolidated 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 Consolidated Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary companies and associates not audited by us, is traced from their respective financial statements audited by the other auditors.

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.

Management responsibilities for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance including Other Comprehensive Income, Consolidated Cash Flows and the Consolidated Statement of Changes in Equity of the Group and its associates in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates and 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 their respective entities or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of the Group and of its associates.

Auditors' Responsibility for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated 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 Holding Company has adequate internal financial controls 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 Group and of its associates 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 Consolidated 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 Group and of its associates to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entity included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of Rs. 1,466.33 Lakhs as at March 31, 2026, total revenues of Rs. 3,307.50 Lakhs and net cash inflow amounting to Rs. 1.25 Lakhs for the year ended on that date and the financial statements of 2 associate companies which reflect Group's share of net (loss) after tax of Rs. (3.01) Lakhs and total comprehensive income of

Rs. (3.01) Lakhs for year ended March 31, 2026 as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these aforesaid subsidiaries and associates, and our report in terms of sub- section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements as above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

(b) The Statement also includes unaudited financial information of 1 Associate which reflect Group's share of net (loss) after tax of Rs. (3.68) Lakhs and total comprehensive income of Rs. (3.68) Lakhs for the year ended March 31, 2026. These unaudited financial statement/ information as certified by the Management has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the financial information of this associate is based solely on such unaudited financial information. According to the information and explanations given to us by the Management, this financial information is not material to the Group

Our opinion on the Consolidated Financial Statements as above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to financial statements/other financial information as certified by the management.

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, based on our audit, we give in the "**Annexure A**" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements, referred in the Other Matters paragraph above, we report, to the extent applicable, that, we report, that:

   a. We/the other auditors, whose reports we have relied upon, have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Financial Statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

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

   d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2026 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and associates incorporated in India, none of the directors of the Group companies including its associates, incorporated in India, is disqualified as on March 31, 2026 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 Consolidated Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**", which is based on our reports of the Holding Company and subsidiaries Companies incorporated in India, to whom internal financial controls with reference to financial statements is applicable.

   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, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary Companies and associate companies incorporated in India, the remuneration paid by the Holding Company and a subsidiaries company to their respective directors during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act.

   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 Consolidated Financial Statements disclose the impact of pending litigations on the Consolidated financial position of the Group and its associates as referred to in Note No. 36 to the Consolidated Financial Statements;

      ii. The Group and its associates did not have any material foreseeable losses on 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 Holding Company and its subsidiaries and associates company incorporated in India.

iv. (a) The respective Managements of the Company and its subsidiaries and its associates, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to other auditor of such subsidiaries and associate company, that to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, 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 or any of such subsidiaries and associates to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries or associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Managements of the Company and its subsidiaries and its associates, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to other auditor of such subsidiary and associate companies, that to the best of their knowledge and belief, as disclosed in the notes to the Consolidated Financial Statements, no funds have been received by the Company or any of such subsidiaries or associates from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, 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 are 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 (h) (iv) (a) & (b) above, contain any material misstatement.

v. The dividend proposed in the previous year, declared and paid during the year by the Holding Company, is in accordance with Section 123 of the Act, as applicable. The Subsidiaries have not declared or paid any dividend during the year.

vi. Based on our examination, which included test checks and that performed by the respective auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company, subsidiaries and associates company have used accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiaries and associates did not come across any instance of audit trail features being tampered in respect of other accounting software where audit trail has been enabled. Additionally, the audit trail of relevant prior year has been preserved by the Holding Company and the above-referred subsidiaries and associates, as per the statutory requirements for record retention, to the extent it was enabled and recorded in that respective

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

Rupesh Shah
Partner
Membership No. 117964
UDIN No.: 26117964QITWQF4954

Navi Mumbai
Date: May 13, 2026

"Annexure A" to the Independent Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED on the Consolidated Financial Statements for the year ended March 31, 2026)

According to the information and explanations given to us and based on the CARO Reports issued by us and the auditors of respective Companies, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks given by the respective auditors in their CARO reports of the said companies included in the Consolidated Financial Statements except mentioned below.

S. No	Name of the entities	CIN	Holding/ Subsidiary/ Joint Venture Company	Clause number of the CARO report which is unfavorable or qualified or adverse
1	Paras Aerospace Private Limited	U74999MH2019PTC413219	Subsidiary Company	Clause xvii
2	Quantico Technologies Private Limited	U62013MH2023PTC416451	Subsidiary Company	Clause xvii
3	Mechtech Thermal Private Limited	U74100TS2024PTC180963	Subsidiary Company	Clause xvii
4	Paras Heven Advanced Drone Private Limited	U26515MH2025PTC459152	Subsidiary Company	Clause xvii

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

Rupesh Shah
Partner
Membership No. 117964
UDIN No.: 26117964QITWQF4954

Navi Mumbai
Date: May 13, 2026

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on Consolidated Financial Statements of PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED for the year ended March 31, 2026)

Report on the Internal Financial Controls With reference to Consolidated 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 Consolidated Financial Statements of **PARAS DEFENCE AND SPACE TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries, which are companies incorporated in India, as of March 31, 2026 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiaries companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the internal control criteria established by the respective companies 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries, which are companies incorporated in India, 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 these Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to these Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to these Consolidated 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 Consolidated Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial control with reference to Consolidated 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 Consolidated 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiaries, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls system with reference to these Consolidated Financial Statements and such internal financial controls with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2026, based on the internal control with reference to Consolidated Financial Statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Rupesh Shah
Partner
Membership No. 117964
UDIN No.: 26117964QITWQF4954

Navi Mumbai
Date: May 13, 2026

Consolidated Balance Sheet

as at March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2026		As at March 31, 2025	
I. ASSETS					
1) Non Current Assets					
(a) Property, Plant and Equipment	2	18,443.67		17,949.46	
(b) Capital Work in Progress	2	853.23		782.08	
(c) Investment property	3	57.38		62.49	
(d) Intangible Assets	4	552.99		362.93	
(e) Intangible assets under development	4	705.20		283.86	
(f) Goodwill		-		644.60	
(g) Financial Assets					
i) Investments	5	3,316.57		2,823.67	
ii) Trade Receivables	6	110.72		87.97	
iii) Loans	7	4.09		1.97	
iv) Other Financial Assets	8	1,545.86		785.66	
(h) Non Current Tax Assets	22	5.26		3.53	
(i) Deferred Tax Assets (Net)	22	23.09		-	
(j) Other Non Current Assets	9	1,871.14	**27,489.20**	1,564.24	**25,352.46**
2) Current Assets					
(a) Inventories	10	15,961.68		15,085.20	
(b) Financial Assets					
i) Trade Receivables	11	36,295.97		29,478.11	
ii) Cash and Cash Equivalents	12	2,535.14		3,447.21	
iii) Bank Balances other than (ii) above	13	9,410.06		7,635.79	
iv) Loans	14	341.36		1,187.04	
v) Other Financial Assets	15	1,145.05		227.92	
(c) Other Current Assets	16	3,292.64	**68,981.90**	2,782.21	**59,843.48**
TOTAL ASSETS			**96,471.10**		**85,195.94**
II. EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share Capital	17	4,029.37		4,029.37	
(b) Other Equity	18	68,515.06		59,964.51	
Equity attributable to Owners			72,544.43		**63,993.88**
Non Controlling Interest			(24.60)		(331.81)
Total Equity			**72,519.83**		**63,662.07**
LIABILITIES					
1) Non Current Liabilities					
(a) Financial Liabilities					
i) Borrowings	19	67.84		87.57	
ia) Lease Liabilities	20	-		40.42	
(b) Provisions	21	645.70		412.43	
(c) Deferred Tax Liabilities (Net)	22	1,849.35	**2,562.89**	1,892.25	**2,432.67**
2) Current Liabilities					
(a) Financial Liabilities					
i) Borrowings	23	2,592.97		2,221.56	
ia) Lease Liability	20	44.66		52.76	
ii) Trade Payables	24				
(A) Total Outstanding dues of Micro enterprises and small enterprises		1,058.07		2,043.70	
(B) Total Outstanding dues of creditors other than Micro enterprises and small enterprises		4,665.23		3,415.17	
iii) Other Financial Liabilities	25	832.79		730.33	
(b) Other Current Liabilities	26	10,989.47		9,221.39	
(c) Provisions	27	25.04		25.01	
(d) Current Tax Liabilities (Net)		1,180.15	**21,388.38**	1,391.28	**19,101.20**
TOTAL EQUITY AND LIABILITIES			**96,471.10**		**85,195.94**
Material Accounting Policies	1				
Notes to the Consolidated Financial Statements	2 to 50				

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

RUPESH SHAH
Partner
Membership No. 117964

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Date: May 13, 2026

Statement of Consolidated Profit and Loss

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

	Particulars	Note No.	For the Year ended March 31, 2026	For the Year ended March 31, 2025
1	**Revenue From Operations**	28	47,657.54	36,466.12
2	**Other Income**	29	1,597.99	792.22
3	**Total Income (1+2)**		**49,255.53**	**37,258.34**
4	**Expenses**			
	Cost of Materials Consumed		21,250.14	12,710.97
	Purchase of Stock in Trade		2,527.24	3,408.90
	Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	30	83.29	903.43
	Employee Benefits Expense	31	4,863.92	3,752.14
	Finance Costs	32	466.28	662.22
	Depreciation and Amortisation Expense	33	1,694.90	1,493.02
	Other Expenses	34	6,887.48	5,970.33
	Total Expenses		**37,773.25**	**28,901.01**
5	**Profit Before Share of Loss of Associates, Exceptional Items and tax (3-4)**		**11,482.28**	**8,357.32**
6	**Share of loss / (profit) of Associates**		6.69	(2.75)
7	**Profit Before exceptional Items and Tax (5-6)**		**11,475.59**	**8,360.07**
8	**Exceptional Items (Refer Note No. 46)**		291.02	-
9	**Profit Before Tax (7+8)**		**11,766.61**	**8,360.07**
10	**Tax Expenses :**			
	Current Tax		2,987.22	2,304.59
	Deferred Tax	22	(123.93)	(93.67)
	Income Tax for Earlier Years		(41.94)	-
			2,821.35	**2,210.92**
11	**Profit for the Year (9-10)**		**8,945.26**	**6,149.15**
12	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurement (Income) / Losses on Defined Benefit Plans		(15.69)	50.49
	Tax Effect on above		4.04	(12.71)
	(ii) Items that will be reclassified to Profit or Loss			
	Exchange differences in translating the financial statement of a foreign operation		(44.63)	(9.10)
	Total Other Comprehensive Income (Net of Tax)		**(56.28)**	**28.68**
	Total Comprehensive Income for the Year (11-12)		**9,001.54**	**6,120.47**
13	**Profit attributable to**			
	Owners of the Company		8,809.68	6,347.13
	Non-Controlling Interest		135.58	(197.98)
14	**Other Comprehensive Income attributable to**			
	Owners of the Company		(56.28)	28.68
	Non-Controlling Interest		-	-
15	**Total Comprehensive Income attributable to**			
	Owners of the Company		8,865.96	6,318.45
	Non-Controlling Interest		135.58	(197.98)
16	**Earnings per Equity Share of ₹ 5/- each**	35		
	Basic (₹)		10.93	8.01
	Diluted (₹)		10.93	8.01
	Material Accounting Policies	1		
	Notes to the Consolidated Financial Statements	2 to 50		

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

RUPESH SHAH
Partner
Membership No. 117964

Date: May 13, 2026

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Statement of Consolidated Changes in Equity

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	Balance as at April 01, 2024	Changes during the Year	Balance as at March 31, 2025	Changes during the year	Balance as at March 31, 2026
Equity Share Capital	3,900.00	129.37	4,029.37	-	4,029.37

B. OTHER EQUITY

Particulars	Attributable to Equity Holders of Parent								
	Reserves and Surplus						Item of Other Comprehensive Income		
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Share Based payments	Revaluation Reserve	Foreign Currency Translation Reserve	Remeasurements of Defined Benefit Plans	Total
Balance as at April 01, 2024	**(808.36)**	**17,764.39**	**11.92**	**19,399.39**	**-**	**4,183.09**	**8.71**	**2.27**	**40,561.41**
Issue of Equity Share Capital (Qualified Institutional Placement - QIP)	-	13,388.80	-	-	-	-	-	-	13,388.80
Expenses related to issue of Equity Share Capital (QIP) (Net of Taxes)	-	(293.75)	-	-	-	-	-	-	(293.75)
Reversal of Deferred Tax (IPO related expenses)	-	(35.39)	-	-	-	-	-	-	(35.39)
Share Based Payments	-	-	-	-	24.99	-	-	-	24.99
Total Comprehensive Income for the year	-	-	-	6,347.13	-	-	9.10	(37.78)	6,318.45
Balance as at March 31, 2025	**(808.36)**	**30,824.05**	**11.92**	**25,746.52**	**24.99**	**4,183.09**	**17.81**	**(35.51)**	**59,964.51**
Balance as at April 01, 2025	**(808.36)**	**30,824.05**	**11.92**	**25,746.52**	**24.99**	**4,183.09**	**17.81**	**(35.51)**	**59,964.51**
Reversal of Deferred Tax (IPO & QIP related expenses)	-	(53.90)	-	-	-	-	-	-	(53.90)
Share Based Payments (Refer Note No. 31)	-	-	-	-	141.43	-	-	-	141.43
Total Comprehensive Income for the year	-	-	-	8,809.68	-	-	44.63	11.65	8,865.96
Dividend Paid	-	-	-	(402.94)	-	-	-	-	(402.94)
Balance as at March 31, 2026	**(808.36)**	**30,770.15**	**11.92**	**34,153.26**	**166.42**	**4,183.09**	**62.44**	**(23.86)**	**68,515.06**

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

RUPESH SHAH
Partner
Membership No. 117964

Date: May 13, 2026

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Statement Of Consolidated Cash Flows

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the Year ended March 31, 2026		For the Year ended March 31, 2025	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before Tax as per the Consolidated Statement of Profit and Loss		**11,766.61**		**8,360.07**
ADJUSTED FOR :				
Depreciation and Amortisation Expense	1,694.90		1,493.02	
Share of loss / (Profit) of Associate Companies	6.69		(2.75)	
Gain on Deconsolidation of Subsidiary Company (Refer Note No. 46)	(291.02)		-	
Interest Income	(805.29)		(331.17)	
Dividend Income	(0.01)		(1.94)	
Finance Costs	466.28		662.22	
(Profit) / Loss on Discard / sale of Property, Plant and Equipment (Net)	(0.51)		14.45	
Bad Debts / Advances written off (Net)	-		127.46	
Liabilities Written Back (Net)	(170.00)		-	
Provision for Expected Credit Loss	517.81		363.31	
Provision for Credit Impaired	-		99.12	
Provision for Doubtful Advances	19.15		-	
Gain on Financial Instruments measured at fair value through profit or loss	(498.10)		(189.69)	
Profit on sale of Investment	-		(149.00)	
Employee Share Based Payment Expenses	141.43		24.99	
Unrealised Loss on Foreign Currency Transactions and Translation (Net)	57.77	1,139.10	18.72	2,128.74
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**12,905.71**		**10,488.81**
ADJUSTMENTS FOR :				
Trade and Other Receivables	(9,012.51)		(9,681.14)	
Inventories	(883.90)		(73.19)	
Trade and Other Payables	2,823.98	(7,072.43)	5,583.26	(4,171.07)
CASH GENERATED FROM OPERATIONS		**5,833.28**		**6,317.74**
Direct Taxes Including Interest (Paid)		(3,372.75)		(1,834.83)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**2,460.53**		**4,482.91**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment, Intangible Assets, Capital Work-in-Progress and Intangible Assets under development		(3,778.56)		(3,523.22)
Sale of Property, Plant and Equipment		291.73		14.14
Investment in Associate Company		(0.49)		-
Sale of investment of Shares of Subsidiary company		649.20		10.00
Amount received against Sale of Investment in Subsidiary Company		-		50.00
Purchase of Non - Current Investment		(2.01)		(2.11)
Sale of Non - Current Investment		-		725.00
Purchase of Compulsary Convertible Preference Shares		-		(1,000.01)
Inter Corporate Deposits given to Associate Company		-		(11.70)
Inter Corporate Deposits repaid by Associated Company		-		11.70
Inter- Corporate Deposit given to Others		(1,700.00)		(1,585.15)
Inter- Corporate Deposits Repaid by Others		2,665.00		800.15
Interest Income		716.66		341.84
Dividend Income		0.01		1.94
Temporary deposits/Balances of Initial Public Offer/ QIP Proceeds/ Utilised		(566.19)		(4,532.30)
NET CASH USED IN INVESTING ACTIVITIES		**(1,724.65)**		**(8,699.72)**

Statement Of Consolidated Cash Flows

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Issue of Equity Shares (QIP) (Net of expenses)	-	13,150.36
Proceed from Issue of share to Non Controlling Interest	0.49	-
Proceed from Non Current Borrowings	-	161.29
Repayment of Non Current Borrowings	(17.87)	(235.77)
Repayment of Lease Liabilities	(48.52)	(26.43)
Current Borrowings (Net)	1,108.15	(4,077.15)
Finance Costs	(332.11)	(525.89)
Margin Money (Net)	(1,968.90)	(1,080.08)
Dividend Paid to Company's shareholders	(402.94)	
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	**(1,661.70)**	**7,366.33**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(925.82)	3,149.52
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,447.21**	**298.17**
Effect of Exchange rate on Cash and Cash Equivalents	15.10	(0.48)
Less: Reduction due to Deconsolidation of Subsidiary during the year	(1.35)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (Refer Note No. 12.1)	**2,535.14**	**3,447.21**

Changes in Liabilities arising from financing activities on account of Non-Current and Current Borrowings

Particulars	March 31, 2026	March 31, 2025
OPENING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**2,309.13**	**6,460.76**
Add : Changes from Cash Flow from Financing Activities (Net)	1,090.28	(4,151.63)
Less : Deconsolidation of Subsidiary Company	(738.60)	-
CLOSING BALANCE OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	**2,660.81**	**2,309.13**

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

(ii) Figures in brackets indicate Outflows.

(iii) The figures for the corresponding previous periods/ year have been regrouped/rearranged wherever necessary, to make them comparable.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

RUPESH SHAH
Partner
Membership No. 117964

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Date: May 13, 2026

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

1.1 Corporate Information

The consolidated financial statements comprise of Paras Defence & Space Technologies Limited ("the Company" or "Holding Company") , its subsidiaries and associates, as detailed in Note No. 44, for the year ended March 31, 2026. The Company is a public limited Company domiciled and incorporated in India under the Indian Companies Act, 1956. The registered office of the Company is situated at D-112, TTC industrial area, Nerul, Navi Mumbai- 400706. The Group is involved in design, development, manufacturing, testing & commissioning of products, systems and solutions for Defence & Space Applications. The shares of the Holding company are publicly traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) in India.

The financial statements of the Group for the year ended March 31, 2026 were approved and adopted by board of directors in their meeting held on May 13, 2026.

1.2 Basis of preparation

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

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

- Certain Financial assets and liabilities at fair value (refer accounting policy regarding financial instruments).
- Employee's Defined Benefit Plans measured as per actuarial valuation report.
- Employee stock option plan measured at fair value.

These financial statements are presented in Indian Rupees, which is the group's functional and presentation currency and all values are rounded off to the nearest lakhs with two decimals, except when otherwise indicated.

1.3 Principles of Consolidation and Disposal of Subsidiaries

a. The consolidated financial statements have been prepared on the following principles of consolidation:

i) The financial statements of the Holding Company and its subsidiaries/ entity where control exists are combined on a line-by-line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions and any unrealized income and expenses arising from intra Group transactions.

ii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The difference between the cost of investment in the subsidiaries and the Parent's share of net assets at the time of acquisition of control in the subsidiaries is recognised in the consolidated financial statements as goodwill. However, resultant gain (bargain purchase) is recognized in other comprehensive income on the acquisition date and accumulated to capital reserve in equity.

iii) The intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

iv) In case of foreign subsidiary, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve (FCTR).

v) The Consolidated Financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

vi) For the acquisitions of additional interests in subsidiaries, where there is no change in the control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests, the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in Consolidated Statement of Profit and Loss. Any

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

investment retained is recognised at fair value. The results of subsidiaries acquired or disposed off during the year are included in the Consolidated Statement of Profit and Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

vii) Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

viii) Investment in Associates has been accounted under the Equity Method as per Ind AS 28 – Investments in Associates and Joint Ventures. The investment in associates is initially recognised at cost. Subsequently, under the equity method, post-acquisition attributable profit/losses and other comprehensive income are adjusted in the carrying value of investment to the extent of the Group's investment in the associates. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

1.4 Material Accounting policies

(A) Property, Plant and Equipment :

Property, plant and equipment are carried at its cost, net of recoverable taxes, trade discounts and rebate less accumulated depreciation and impairment losses, if any. Cost includes purchase price, borrowing cost, non refundable taxes or levies and directly attributable cost of bringing the asset to its working condition for its intended use. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. In case of Property, Plant and Equipment, the Group has availed the fair value as deemed cost on the date of Ind AS transition i.e. April 01, 2016.

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

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 Consolidated Statement of Profit and Loss in the year of occurrence.

Capital work in progress and Capital advances:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation:

Depreciation on property, plant and equipment is provided on straight line method for the year for which the assets have been used as under:

(a) Depreciation on assets is provided over the useful life of assets as prescribed under schedule II of Companies Act, 2013 except Mobile phones where 3 years have been taken.

(b) Leasehold land is amortised over the period of lease.

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

Depreciation on the Property, Plant and Equipment is provided using straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013 except for following assets where the useful life is different as per technical evaluation than those prescribed in Schedule II are mentioned below-

Particulars	Useful Life
Drone Charging Station	2 Years
Drone	3 Years

(B) Intangible Assets and Amortisation:

Intangible Assets are stated at cost, net of accumulated amortization and impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gain or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Consolidated Statement of Profit and Loss. In case of Intangible Assets, the Group has availed the fair value as deemed cost on the date of transition i.e. April 01, 2016. The period of amortisation is as under :

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Asset	Period of amortisation
Computer Software	6 Years
Technical Know-how	6 Years
Internally Generated - Anti Drone Technology	5 Years

(C) Investment Property:

Investment property is held for long term rental income and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs and net of recoverable taxes, trade discounts and rebates. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation on investment properties is provided using straight line method over the estimated useful lives as specified in Schedule II to the Companies Act, 2013. Residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and are adjusted prospectively, if appropriate. The effects of any revision are included in the statement of profit and loss when the changes arises.

Though the Company measures investment properties using cost based measurement, the fair value of investment property is disclosed in the notes.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of de-recognition.

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

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

(E) Taxes on Income:

Tax expense represents the sum of current tax (including income tax for earlier years) and deferred tax. Tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income.

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

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

(F) 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. Cost of Inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, stores & spares, packing materials are determined on weighted average basis. The Cost of Work in Progress and Finished Goods is determined on absorption costing methods.

(G) 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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 Consolidated Statement of Profit and Loss (i.e. fair value through profit and loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net 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 Group's business model is to hold the financial asset to collect the contractual cash flow.

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

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

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

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

All other financial asset 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 Group's statement of financial position) when:

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

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

Impairment of Financial Assets

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

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

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

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

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

For other assets, the Group uses 12 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 Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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 Consolidated Statement of Profit and Loss.

(H) 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 Standalone 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 Standalone 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.

(I) Investment in Associates:

The Group has elected to recognize its investment in associate at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

(J) Revenue Recognition and Other Income:

Sales of goods and services:

The Group derives revenues primarily from sale of products comprising of Defence & Space Applications

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

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

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

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

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

Contract Balances - Trade Receivables

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

Contract liabilities

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Other Income:

Incentives on exports and other Government incentives related to operations are recognised in the Consolidated Statement of Profit and Loss after due consideration of certainty of utilization/receipt of such incentives.

Interest Income:

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

Dividend Income:

Dividend Income is recognised when the right to receive the payment is established.

Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included as other income in the statement of profit or loss.

(K) 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 Consolidated Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary items that are measured in terms of historical cost in 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 Consolidated Statement of Profit and Loss, within finance costs. All other finance gains / losses are presented in the Consolidated Statement of Profit and Loss on a net basis.

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

(L) Employee Benefits:

Short term employee benefits are recognized as an expense in the Consolidated Statement of Profit and Loss of the year in which the related services are rendered. Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

The cost of providing gratuity, a defined benefit plans, is determined based on Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in Consolidated Statement of Profit and Loss.

Remeasurements of defined benefit plan in respect of post employment and other long term benefits are charged to the other comprehensive income in the year in which they occur. Remeasurements are not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

(M) Share based payments

The cost of equity-settled transactions with employees is measured at fair value at the date at which they are granted. The fair value of share options are determined with the assistance of an external valuer and the fair value at the grant date is expensed on a proportionate basis over the vesting period based on the Company's estimate of shares that will eventually vest. The estimate of the number of options likely to vest is reviewed at each balance sheet date up to the vesting date at which point the estimate is adjusted to reflect the current expectations.

(N) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Consolidated Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

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

(O) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable 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 Group or counterparty.

1.5 Key accounting estimates and judgements

The preparation of the Group'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) Depreciation/amortisation and useful lives of property, plant and equipment/intangible assets:

Property, plant and equipment/intangible assets are depreciated/amortised over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation/ amortisation for future periods is revised if there are significant changes from previous estimates.

b) Provisions:

Provisions and liabilities are recognized in the period 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.

c) Defined benefit obligation:

The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, expected rate of return on assets and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

d) Income Tax:

Respective Companies 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.

e) Recoverability of trade receivables:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

f) Impairment of Non-Financial Assets:

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's Fair Value or Cash Generating Units (CGU) fair value less costs of

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

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.

1.6 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. The Company has reviewed these amendments and determined that there is no material impact on the financial statements.

a) Ind AS 1, Presentation of Financial Statements

The amendment refines the criteria for classifying liabilities as current or non-current. It clarifies that a right to defer settlement of a liability for at least 12 months after the reporting period must exist at the end of the reporting period and have substance. The amendment also introduces explicit guidance on how compliance with covenants affects the classification of liabilities.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2025.

b) Ind AS 7, Statement of Cash Flows and Ind AS 107, Financial Instruments

The amendment to Ind AS 7 requires entities to disclose qualitative and quantitative information regarding the characteristics, carrying amounts, and payment term ranges of supplier finance arrangements. Concurrently, Ind AS 107 has been amended to incorporate supplier finance arrangements as a key factor when evaluating and disclosing liquidity risk concentrations.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2025.

c) Ind AS 21, The Effects of Changes in Foreign Exchange Rates

The MCA notified amendments to Ind AS 21 to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments require disclosures that enable users of financial statements to understand how a lack of currency exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1st April, 2025."

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 2 Property, Plant and Equipment

Particulars	Freehold-Land	Leasehold-Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Right of Use Assets (Building)	Right of Use Assets (Improvement)	Total
Balance as at April 01, 2024	**377.82**	**5,463.32**	**4,599.69**	**12,558.66**	**633.46**	**437.79**	**493.98**	**191.08**	**126.84**	**-**	**24,882.64**
Additions for the Year	-	-	50.31	1,275.50	99.57	63.05	125.56	52.76	-	17.97	1,684.72
Disposals / Adjustment	-	-	-	3.60	46.29	13.06	9.32	5.05	-	-	77.32
Transferred to Investment Properties	-	-	161.30	-	-	-	-	-	-	-	161.30
Balance as at March 31, 2025	**377.82**	**5,463.32**	**4,488.70**	**13,830.56**	**686.74**	**487.78**	**610.22**	**238.79**	**126.84**	**17.97**	**26,328.74**
Additions for the Year	-	-	125.26	1,756.66	137.77	324.76	185.11	108.13	-	43.09	2,680.78
Disposals / Adjustment	-	-	-	520.43	-	41.22	4.63	-	-	-	566.28
Trasferred from / to	-	-	-	4.04	-	-	(4.04)	-	-		-
Derecognition of Assets (Refer Note No. 46)	-	-	-	629.95	7.81	-	2.17	-	-	-	639.93
Balance as at March 31, 2026	**377.82**	**5,463.32**	**4,613.96**	**14,440.88**	**816.70**	**771.32**	**784.49**	**346.92**	**126.84**	**61.06**	**27,803.31**
Depreciation											
Balance as at April 01, 2024	**-**	**649.36**	**1,332.25**	**4,201.42**	**214.73**	**320.92**	**218.97**	**118.38**	**8.80**	**-**	**7,064.83**
Depreciation for the Year	-	81.17	186.97	920.51	55.50	35.26	94.49	40.97	42.16	0.08	1,457.11
Disposals / Adjustment	-	-	-	0.39	28.20	8.73	7.87	4.81	-	-	50.00
Transferred to Investment Properties	-	-	92.66	-	-	-	-	-	-	-	92.66
Balance as at March 31, 2025	**-**	**730.53**	**1,426.56**	**5,121.54**	**242.03**	**347.45**	**305.59**	**154.54**	**50.96**	**0.08**	**8,379.28**
Depreciation for the Year	-	81.17	183.37	987.64	67.19	46.34	119.98	52.71	42.28	9.67	1,590.35
Disposals / Adjustment	-	-	-	239.16	-	37.30	3.72	-	-	-	280.18
Trasferred from / to	-	-	-	0.36	-	-	(0.36)	-	-	-	-
Derecognition of Assets (Refer Note No. 46)	-	-	-	323.26	4.48	-	2.07	-	-	-	329.81
Balance as at March 31, 2026	**-**	**811.70**	**1,609.93**	**5,547.12**	**304.74**	**356.49**	**419.42**	**207.25**	**93.24**	**9.75**	**9,359.64**
Net Carrying Value											
Balance as at March 31, 2025	**377.82**	**4,732.79**	**3,062.14**	**8,709.02**	**444.71**	**140.33**	**304.63**	**84.25**	**75.88**	**17.89**	**17,949.46**
Balance as at March 31, 2026	**377.82**	**4,651.62**	**3,004.03**	**8,893.76**	**511.96**	**414.83**	**365.07**	**139.67**	**33.60**	**51.31**	**18,443.67**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 2 Property, Plant and Equipment (Contd..)

2.1 Property, Plant and Equipment include assets pledged / hypothecated as security (Refer note no. 19 and 23).

2.2 Vehicles, having carrying value of ₹17.70 lakhs (March 31, 2025 : ₹33.92 lakhs), are registered in the name of the Directors or erstwhile Directors of the Company or of entities that has since been amalgamated with the Company in pursuance to the scheme of amalgamation.

2.3 Refer Note No. 36 (B) for contractual commitments for the acquisition of Property, Plant and Equipments.

2.4 Capital Work in Progress includes

Particulars	As at March 31, 2026	As at March 31, 2025
Building under Construction	133.36	37.24
Plant and Machinery	533.63	492.50
Furniture and Fixtures	10.93	70.01
Office Equipment	154.10	125.18
Computer	21.21	20.48
Leasehold Improment in progrress	-	36.67
Total	**853.23**	**782.08**

2.5 Capital Work In Progress ageing schedule as at March 31, 2026 is as follows:

Particulars	Amount in Capital Work in Progress for the period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress	441.38	411.85	-	-	853.23
Project temporarily suspended	-	-	-	-	-
Total	**441.38**	**411.85**	**-**	**-**	**853.23**

Capital Work In Progress ageing schedule as at March 31, 2025 is as follows:

Particulars	Amount in Capital Work in Progress for the period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress	661.44	73.36	-	47.28	782.08
Project temporarily suspended	-	-	-	-	-
Total	**661.44**	**73.36**	**-**	**47.28**	**782.08**

2.6 Expected completion schedule of capital work in progress where cost or time overrun has exceeded original plan.

Capital Work In Progress as at March 31, 2026

Particulars	To be completed in				
	Upto 1 year	1-2 year	2-3 year	More than 3 years	Total
LAB Set up	635.06	-	-	-	635.06
Total	**635.06**	**-**	**-**	**-**	**635.06**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 2 Property, Plant and Equipment (Contd..)

Capital Work In Progress as at March 31, 2025

Particulars	To be completed in				
	Upto 1 year	1-2 year	2-3 year	More than 3 years	Total
Syrus Pro -1100 - Optics Machine	47.28	-	-	-	47.28
Total	**47.28**	**-**	**-**	**-**	**47.28**

2.7 Building includes cost of shares in Co-operative society of ₹ 750 (March 31, 2025: ₹750).

Note: 3 Investment property

Particulars	Buildings	Total
Costs:		
As at April 01, 2024	**-**	**-**
Transferred from property, plant and equipment	161.30	161.30
As at March 31, 2025	**161.30**	**161.30**
Additions	-	-
As at March 31, 2026	**161.30**	**161.30**
Depreciation		
As at April 01, 2024	**-**	**-**
Transferred from property, plant and equipment	92.66	92.66
Depreciation for the year	6.15	6.15
As at March 31, 2025	**98.81**	**98.81**
Depreciation for the year	5.11	5.11
As at March 31, 2026	**103.92**	**103.92**
Net Carrying Value		
Balance as at March 31, 2025	**62.49**	**62.49**
Balance as at March 31, 2026	**57.38**	**57.38**

3.1 The Company's Investment Properties as at March 31, 2026 consist of Building only.

3.2 Income / (Loss) from Investment Properties generating Rental Income

Particulars	As at March 31, 2026	As at March 31, 2025
Rental Income derived from investment properties	6.00	2.70
Direct Expenses	(0.33)	(0.68)
Income arising from investment properties before depreciation	5.67	2.02
Depreciation	(5.11)	(6.15)
Income / (Loss) from Investment properties (Net)	**0.56**	**(4.13)**

3.3 Leasing arrangements

The future rental income in respect of above lease arrangements are as under:

Particulars	As at March 31, 2026	As at March 31, 2025
Within one year	6.00	6.00
Later than one year but not later than five years	13.20	19.20
Total	**19.20**	**25.20**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 3 Investment property (Contd..)

3.4 The fair value of the property is ₹144.84 lakhs (March 31, 2025: ₹144.84 Lakhs). This valuation is based on the valuations performed by an Registered Valuer. The main inputs used are the rental growth rates and a study of the micro market in discussion with industry experts or local brokers and sales comparison method in which the sales instances of the similar properties or properties with similar attributes in the same region are traced and the market rates are derived by using the experience and expertise of the Valuer. The fair value measurement for the investment property has been categorized as a level 3 fair value based on the inputs to the valuation techniques used.

3.5 The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance and enhancement.

Note: 4 Intangible Assets

Particulars	Computer Software*	Internally Generated - Anti Drone Technology	Process Technology / Technical know-How*	TOTAL
Balance as at April 01, 2024	**141.33**	**-**	**309.14**	**450.47**
Additions for the Year	286.10	-	-	286.10
Disposals / Adjustment	1.90	-	-	1.90
Balance as at March 31, 2025	**425.53**	**-**	**309.14**	**734.67**
Additions for the Year	47.08	247.53	-	294.61
Disposals / Adjustment	10.25	-	-	10.25
Balance as at March 31, 2026	**462.36**	**247.53**	**309.14**	**1,019.03**
Amortisation				
Balance as at April 01, 2024	**35.94**	**-**	**306.67**	**342.61**
Amortisation charge for the Year	27.33	-	2.43	29.76
Disposals / Adjustment	0.63	-	-	0.63
Balance as at March 31, 2025	**62.64**	**-**	**309.10**	**371.74**
Amortisation charge for the Year	74.59	24.82	0.02	99.43
Disposals / Adjustment	5.13	-	-	5.13
Balance as at March 31, 2026	**132.10**	**24.82**	**309.12**	**466.04**
Net Carrying Amount				
Balance As at March 31, 2025	**362.89**	**-**	**0.04**	**362.93**
Balance As at March 31, 2026	**330.26**	**222.71**	**0.02**	**552.99**

*Other than self generated

Note: 4.1 Intangible Assets under development includes:

Particulars	As at March 31, 2026	As at March 31, 2025
Projects Under Developments	283.86	13.88
Add: Employee Benefit Expenses	422.38	169.03
Add: Cost of Materials Consumed	217.97	109.26
Add: Other Cost Overhead	103.79	51.52
Less: Interest Income on Fixed Deposit	15.85	-
Less: Government Grant	29.23	59.83
Less : Capitalised during the Year	247.53	-
Less: Charged to Statement of Profit and Loss	30.19	-
Total	**705.20**	**283.86**

4.2 The Intangible assets under development pertains to ongoing projects primarily related to the design, development, and prototyping of advanced RF (Radio Frequency) and Microwave Systems. The Goverment Grant has been deducted from the carrying amount of the asset in accordance with Ind AS 20 – Accounting for Government Grants and Disclosure of Government Assistance. The intangible asset is under development as at March 31, 2026 will be capitalized upon completion and readiness for its intended use, in accordance with Ind AS 38 – Intangible Assets.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 4 Intangible Assets (Contd..)

4.3 Intangible Assets under development ageing schedule

As at March 31, 2026

Particulars	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Projects in progress	616.21	88.99	-	-	705.20

As at March 31, 2025

Particulars	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
Projects in progress	283.86	-	-	-	283.86

4.4 The company is having Intangible assets under development, whose completion is not overdue or exceeded its cost compared to its original plan.

Note: 5 Non Current Investment

Particulars	Number of Shares		Face Value	As at	As at
	March 31, 2026	March 31, 2025		March 31, 2026	March 31, 2025
(Unquoted, Fully Paid Up)					
A. Investment in Equity Instruments					
i) Associate Companies (Carried at Cost)					
Krasny Paras Defence Technologies Private Limited	522,500	522,500	10	29.86	32.38
Controp Paras Technologies Private Limited	3,000	3,000	10	-	4.69
Himanshi Thermal Solutions Private Limited	4,900	-	10	-	-
ii) Others (Carried at fair value through Profit & Loss)					
NKGSB Co- Operative Bank Limited	325,600	305,600	10	32.58	30.57
Highlander Aviation Limited	87,953	87,953	NIS 0.01	1,343.68	1,045.52
FFS Industries Private Limited	980,000	980,000	10	805.36	710.50
Hindustan Agri Drones and Spacex Limited	1	1	10	0.00	0.00
B. Investment in 0.01% Compulsary Convertible Preference Shares					
(Carried at fair value through Profit & Loss)					
Logic Fruit Technologies Private Limited	1,800	1,800	10	1,105.09	1,000.01
Total				**3,316.57**	**2,823.67**

[#] Converted into Equity Shares

Particulars	As at March 31, 2026	As at March 31, 2025
Aggregate Amount of Unquoted Investments	3,316.57	2,823.67
Aggregate Amount of Quoted Investments and Market Value	-	-
Investments Carried at fair value through Profit and Loss	3,286.71	2,786.60
Investment Carried at Cost	29.86	37.07

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 6. Trade receivables

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, Considered Good	110.72	87.97
Total	**110.72**	**87.97**

6.1 For ageing of Non current Trade Receivables refer Note no. 11.2

Note: 7. Other Non-current Financial Assets- Loans

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured, Considered Good)		
Loans to Employees	4.09	1.97
Total	**4.09**	**1.97**

Note: 8. Other Non-current Financial Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Fixed Deposits with Banks- Uncumbered	111.38	-
Fixed Deposits with Banks held as Margin Money	1,434.48	785.66
Total	**1,545.86**	**785.66**

Note: 9. Other Non-current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
(unsecured)		
Capital Advances	1,688.35	1,327.00
Prepaid Expenses	68.90	129.97
Security Deposits	113.89	107.27
Total	**1,871.14**	**1,564.24**

Note: 10 Inventories

Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials	7,089.37	6,745.36
Raw Materials In Transit	529.08	51.85
Work-in-Progress	7,838.65	7,964.72
Finished Goods	18.63	64.31
Stores, Spares and Consumables	426.52	162.24
Stores, Spares and Consumables in Transit	-	1.07
Stock in Trade	59.43	95.65
Total	**15,961.68**	**15,085.20**

10.1 For basis of valuation Refer Accounting Policy refer Note No. 1.4 (F)

10.2 For Inventories hypothecated as security refer Note No 19 and 23

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 11 Trade Receivables

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured)		
Considered Good	37,792.48	30,351.39
Significant Increase in Credit Risk	842.99	947.15
Credit Impaired	-	184.93
	38,635.47	**31,483.47**
Less: Provision for Expected Credit Loss	2,339.50	1,820.43
Less: Provision for credit impaired	-	184.93
Total	**36,295.97**	**29,478.11**

11.1 For Hypothecated as security refer Note No. 19 and 23

11.2 Trade Receivables Ageing Schedules (Non current and Current Trade Receivables) as at March 31, 2026 and March 31, 2025 are as below :-

As at March 31, 2026

Particulars	Not due	Outstanding for 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	7,331.11	14,489.19	7,534.88	5,754.63	109.11	2,684.28	**37,903.20**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	6.92	153.15	682.92	**842.99**
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	-	-	-	-	-	-	**-**
	-	-	-	-	-	-	
Sub Total	**7,331.11**	**14,489.19**	**7,534.88**	**5,761.55**	**262.26**	**3,367.20**	**38,746.19**
ECL %	**2.04**	**1.95**	**2.46**	**8.78**	**17.66**	**34.74**	
Less: Provision for Expected Credit Loss	149.51	282.47	185.72	505.68	46.31	1,169.80	**2,339.50**
Total	**7,181.60**	**14,206.72**	**7,349.15**	**5,255.87**	**215.95**	**2,197.40**	**36,406.69**

As at March 31, 2025

Particulars	Not due	Outstanding for 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	5,076.67	8,956.05	10,160.06	2,217.23	4,029.35	-	**30,439.36**
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	133.98	145.64	667.53	**947.15**
Undisputed Trade Receivables – credit impaired	-	-	1.00	99.12	-	84.81	**184.93**
Disputed Trade receivables –considered good	-	-	-	-	-	-	**-**
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	**-**
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	**-**
Sub Total	**5,076.67**	**8,956.05**	**10,161.06**	**2,450.33**	**4,174.99**	**752.34**	**31,571.44**
Less: Provision for Credit Impaired	-	-	1.00	99.12	-	84.81	**184.93**
Net Trade Receivables	**5,076.67**	**8,956.05**	**10,160.06**	**2,351.21**	**4,174.99**	**667.53**	**31,386.51**
ECL %	**1.20**	**3.03**	**3.22**	**11.03**	**17.47**	**25.74**	
Less: Provision for Expected Credit Loss	61.15	271.69	327.04	259.30	729.40	171.84	**1,820.43**
Total	**5,015.52**	**8,684.36**	**9,833.02**	**2,091.91**	**3,445.59**	**495.69**	**29,566.08**

11.3 The average credit period on sales of products / services is 0-120 days. No interest is charged on any overdue trade receivables.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 12 Cash and Cash Equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Cash and Cash Equivalents		
Balances with Banks in Current Accounts/ Cash Credit Account	2,501.77	3,425.08
Cash in hand	33.37	22.13
Total	**2,535.14**	**3,447.21**

12.1 For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following:

Particulars	As at March 31, 2026	As at March 31, 2025
Balances with Banks in Current Accounts/ Cash Credit Account	2,501.77	3,425.08
Cash on hand	33.37	22.13
Total	**2,535.14**	**3,447.21**

Note: 13 Bank Balances Other Than Cash And Cash Equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Unpaid Dividend Account	0.35	-
Balances with Bank in Monitoring Agency & Escrow Account	-	45.85
Fixed Deposits with Banks		
- Uncumbered	4,986.92	3,986.61
- Temporary deposits of QIP Proceeds	-	500.00
- Fixed Deposits with Banks Pledged as Margin Money	4,422.79	3,103.33
Total	**9,410.06**	**7,635.79**

Note: 14 Loans

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured, Considered Good)		
Intercorporate Deposits		
- Others (Refer Note No. 14.1)	322.90	1,165.00
Loans to Employees	18.46	22.04
Total	**341.36**	**1,187.04**

14.1 Above Inter Corporate Deposits are given for Working Capital Requirements

Note: 15 Other Current Financial Assets

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured, Considered Good)		
Unbilled Revenue	-	97.77
Interest Receivables	116.18	22.02
Security Deposits	861.20	30.66
Other Receivables*		
Considered Good	167.67	77.47
Considered Doubtful	4.09	-
	171.76	**77.47**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 15 Other Current Financial Assets (Contd..)

Particulars	As at March 31, 2026	As at March 31, 2025
Less: Provision for Doubtful Advances	4.09	-
	167.67	**77.47**
Total	**1,145.05**	**227.92**

*Other receivable includes insurance claim receivable and lease rent receivable etc.

Note: 16 Other Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to Supplier		
Related Party (Refer Note No. 37)#	311.19	
Others		
- Considered Good	2,387.90	2,130.63
- Considered Doubtful	15.06	-
	2,402.96	**2,130.63**
Less: Provision for Doubtful Advances	15.06	-
	2,387.90	**2,130.63**
Balances with Government Authorities	242.40	323.02
Export Incentive Receivables	4.03	2.62
Prepaid Expenses	340.22	318.42
Others *	6.90	7.52
Total	**3,292.64**	**2,782.21**

#Advance given to Defspace Technologies Private Limited (Related Party)

*Others includes Export scripts in hand and advance for expenses.

Note: 17 Equity Share Capital

Particulars	As at March 31, 2026	As at March 31, 2025
Authorised		
12,10,00,000 (March 31, 2025 : 12,10,00,000) Equity Shares of ₹5/- each. (Refer Note No. 17.6)	6,050.00	6,050.00
	6,050.00	**6,050.00**
Issued, Subscribed and Paid up		
8,05,87,330 (March 31, 2025 : 8,05,87,330) Equity Shares of ₹5/- each fully paid up (Refer Note No. 17.6)	4,029.37	4,029.37
Total	**4,029.37**	**4,029.37**

17.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	8,05,87,330	4,029.37	7,80,00,122	3,900.00
Add: Issue of Equity Shares (QIP) (Refer Note No. 17.7)	-	-	25,87,208	129.37
Shares outstanding at the end of the year	**8,05,87,330**	**4,029.37**	**8,05,87,330**	**4,029.37**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 17 Equity Share Capital (Contd..)

17.2 Details of Shareholders holding more than 5% shares of the Company:

Name of Shareholders	As at March 31, 2026		As at March 31, 2025	
	No. of shares held	Percentage held	No. of shares held	Percentage held
Mr. Munjal Sharad Shah	1,97,16,274	24.47%	1,97,16,274	24.47%
Mr. Sharad Virji Shah	1,24,37,180	15.43%	1,45,49,680	18.05%

17.3 Details of shares held by promoters and promoter group in the Company.

Name of Shareholders	As at March 31, 2026		As at March 31, 2025		% Changes From March 31, 2025 to March 31, 2026
	No of Shares held	Percentage held	No of Shares held	Percentage held	
Mr. Munjal Sharad Shah	1,97,16,274	24.47%	1,97,16,274	24.47%	0.00%
Mr. Sharad Virji Shah	1,24,37,180	15.43%	1,45,49,680	18.05%	-2.62%
Mrs. Ami Munjal Shah	20,26,016	2.51%	20,26,016	2.51%	0.00%
Mr. Anish Hemant Mehta	23,44,442	2.91%	28,41,260	3.53%	-0.62%
Mrs. Kaajal Harsh Bhansali	23,44,662	2.91%	28,41,260	3.53%	-0.62%
Ms. Anushka Munjal Shah	20,00,000	2.48%	20,00,000	2.48%	0.00%
Ms. Jiwanshi Munjal Shah	20,00,000	2.48%	20,00,000	2.48%	0.00%
Mrs. Niranjana Sharad Shah	10	0.00%	10	0.00%	0.00%

17.4 Rights of Equity Shareholders

The Holding Company has only one class of equity shares having a face value of ₹5/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Holding Company, the equity shareholders will be entitled to receive any of remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

17.5 During the previous year, the Board of Directors and Shareholders of the Company have approved the "Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024" (“Paras Defence ESOP 2024”) for the employees of the Company, its subsidiary companies and/or associate companies, group companies (present and future) comprising of equity shares of the Company, not exceeding 15,90,000 equity shares, in one or more tranches. As at March 31, 2026, the Company has granted 3,13,300 (as at March 31, 2025: 1,56,900) options in 3 different tranches to the eligible employees. (Refer Note no. 43)

17.6 During the year, the Board of director and shareholders of the Holding Company approved the subdivision/split of companies existing one (1) equity shares having face value of ₹10/- each into two (2) equity shares having face value of ₹5 /- each. According the authorised, issued , subscribed and paid up share capital has been reclassified to reflect the revise face value per share.

17.7 During the previous year, the Holding Company made Qualified Institutional Placement (QIP), whereby 25,87,208 Equity Shares of the face value of Re. 5/- each were allotted to the Qualified Institutional Buyers at a premium of ₹517.50/- per share aggregating to ₹13,518.16 Lakhs for QIP related expenses, funding Working Capital requirements and general corporate purposes. As at March 31, 2026, the Company has utilised the entire amount for the purpose for which it was raised.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 17 Equity Share Capital (Contd..)

17.8 Dividend paid and proposed

Particulars	As at March 31, 2026	As at March 31, 2025
Proposed Dividend*		
Dividend proposed for the year ended on March 31, 2025 at ₹0.50 per share (face value of of ₹5/- per share) (Refer Note no. 17.6)	-	402.94
Dividend proposed for the year ended on March 31, 2026 at ₹1 per share (face value of of ₹5/- per share)	805.87	-
Dividends on equity shares declared and paid:		
Final Dividend for the year ended March 31, 2025: ₹0.50 per share (face value of of ₹5/- per share)	402.94	-

*Proposed Dividends on equity shares are subject to approval at the annual general meeting and not recognised as a liability as at 31st March.

Note: 18 Other Equity

Particulars	As at March 31, 2026		As at March 31, 2025	
Capital Reserve				
Balance as per last Balance Sheet		(808.36)		(808.36)
Securities Premium				
Balance as per last Balance Sheet	30,824.05		17,764.39	
Add: Issue of Equity Share Capital (QIP) (refer Note No. 17.7)	-		13,388.80	
Less: Expenses related to issue of Equity Share Capital (QIP) (Net of Taxes)*	-		(293.75)	
Less: Reversal of Deferred Tax (IPO related Expenses)	(35.39)		(35.39)	
Less: Reversal of Deferred Tax (QIP related Expenses)	(18.51)	30,770.15	-	30,824.05
Revaluation Reserve				
Balance as per last Balance Sheet		4,183.09		4,183.09
General Reserve				
Balance as per last Balance Sheet		11.92		11.92
Retained Earnings				
Balance as per last Balance Sheet	25,746.52		19,399.39	
Add: Profit after tax for the Year	8,809.68		6,347.13	
Less: Dividend Paid	(402.94)		-	
		34,153.26		**25,746.52**
Share-Based Payment Reserve				
Balance as per last Balance Sheet	24.99		-	
Add: Share Based Payment (Refer Note No. 31)	141.43	166.42	24.99	24.99
Other Comprehensive Income (OCI)				
Balance as per last Balance Sheet	(17.70)		10.98	
Add: Movement in OCI (Net) during the Year	56.28		(28.68)	
		38.58		**(17.70)**
Total		**68,515.06**		**59,964.51**

*Include ₹NIL (March 31, 2025: ₹25.00 Lakhs) paid to auditor

Note No. 18.1 Nature And Purpose Of Reserves

Capital Reserves

The Capital Reserve was created pursuant to the scheme of amalgamation of Mechvac India Limited and Concept Shapers & Electronics Private Limited. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

Securities Premium

Securities Premium was created when shares were issued at premium. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 18 Other Equity (Contd..)

Revaluation Reserve

Revaluation Reserve was created for revaluation of Land and Building. It shall be utilised in accordance with the provisions of the Companies Act, 2013.

General Reserve

The General Reserve shall be utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings

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

Share Based payments

Share based payment reserve is created against Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024 and will be utilised against excercise of the option by the employees on issuance of the Equity Shares.

Other Comprehensive Income

Other Comprehensive Income (OCI) represents the amount recognised in other equity consequent to remeasurement of Defined Benefit Plan and Foreign Currency Translation Reserve.

Note: 19 Non Current Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Term Loan		
- From a Bank*	67.84	87.57
Total	**67.84**	**87.57**

*Net of Processing Fees of ₹0.80 lakhs (March 31, 2025 : ₹1.00 Lakh)

19.1 The term loan from bank includes:

i) Vehicle loan of ₹2.78 lakhs (March 31, 2025: ₹ 4.79 lakhs) and ₹2.02 lakhs (March 31, 2025 : ₹1.86 lakhs) included in current maturity of long Term Debts in Note No. 23 taken by Subsidiary Company is secured against lien on respective vehicle and is repayable in 27 Equal Monthly Installment ending on June 07, 2028 carrying an interest rate @ 8.40 % p.a.

ii) Term loan of ₹65.86 lakhs (March 31, 2025 :₹ 83.78 lakhs) and ₹17.92 lakhs (March 31, 2025 : ₹16.22 lakhs) included in current maturity of long Term Debts in Note No. 23 taken by subsidiary company against lien on respective machineries and respective furniture and fixure and further secured by collateral mortgage of Fixed Deposit of ₹20.00 Lakhs. The loan is repayable in 48 Equal monthly installments ending on 28th March, 2030 and it carries the interest rate of 10% p.a.

Maturity profile of Term Loans is as under:

Financial Year	Amount
2026-27	19.94
2027-28	21.98
2028-29	22.45
2029-30	24.21

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 20 Lease Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Lease Liabilities:		
Non-current	-	40.42
Current	44.66	52.76
Total	**44.66**	**93.18**

20.1 The balance sheet shows the following amounts relating to leases:

Particulars	As at March 31, 2026	As at March 31, 2025
Right-of-use assets (included in PPE):		
Office Premises	33.60	75.88
Total	**33.60**	**75.88**

20.2 Amounts recognized in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Depreciation charge of right-of-use assets			
Office Premises	2	42.28	42.16
Total		**42.28**	**42.16**

Particulars	Notes	As at March 31, 2026	As at March 31, 2025
Interest expense (included in finance costs)	32	6.01	9.80
Expense relating to short-term leases (included in other expenses)*	34	95.99	71.38

*Short term leases, the Company recognised the lease payments as a operational expenses on a straight line basis over the lease term.

The cash outflow (including interest) for the leases for the year ended March 31, 2026 was ₹54.53 lakhs (March 31, 2025 : ₹36.23 lakhs)

20.3 The following is the movement in lease liabilities during the year :

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance	93.18	119.61
Addition during the year	-	-
Finance cost accrued during the year	6.01	9.80
Payment of lease liabilities (Including interest)	54.53	36.23
Closing Balance	**44.66**	**93.18**

20.4 The following is the contractual maturity profile of lease liabilities:

Particulars	As at March 31, 2026	As at March 31, 2025
Less than one year	46.31	58.77
One year to five years	-	42.08
More than five years	-	-
Closing Balance	**46.31**	**100.85**

20.5 Lease liabilities carry an effective interest rate of 9.25% p.a. The lease terms is for a period 5 years.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 21 Non-Current Provision

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Gratuity (Refer Note No. 31.1)	645.70	412.43
Total	**645.70**	**412.43**

Note: 22 Income Tax

22.1 Current Tax Liability (Net)

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance at the beginning of the year	1,387.75	847.70
Current Tax for the year	2,987.22	2,304.59
Add: Tax Paid	(3,158.13)	(1,764.54)
Income tax of the earlier year	(41.94)	-
Total Current Tax Liability (Net)	**1,174.90**	**1,387.75**

22.2 Current Tax

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current Tax	2,987.22	2,304.59
Income Tax for Earlier Years	(41.94)	-
Total	**2,945.28**	**2,304.59**

22.3 The major components of Tax Expense for the year ended March 31, 2026 & March 31, 2025 are as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Recognised in the Consolidated Statement of Profit and Loss		
Current Tax (Refer Note No. 22.1)	2,945.28	2,304.59
Deferred Tax:-Relating to origination and reversal of temporary differences	(123.93)	(93.67)
Total	**2,821.35**	**2,210.92**

22.4 Reconciliation between Tax Expense and Accounting Profit multiplied by tax rate for the year ended March 31, 2026 & March 31, 2025:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Accounting Profit Before Tax	11,766.61	8,360.07
Applicable tax rate (in %)	**25.17%**	**25.17%**
Computed Tax Expenses	2,961.42	2,104.06
Tax effect on account of:		
Property, Plant and Equipment, Intangible Assets and Assets Held for Sale	2.28	-
Expenses not allowed under Income Tax Act	91.71	(2.40)
Deduction allowed under Income Tax Act	(115.46)	(7.27)
Lower tax rate in case of Foreign Subsidiary Company	(36.27)	(18.87)
Current Year Loss adjusted in case of Subsidiaries and Associates Companies	(81.81)	71.58
Deferred Tax not recognised/ Reversed	14.05	12.38
Income Tax for Earlier Years	(41.94)	-
Deferred Tax Assets not recognized on Business Loss	27.37	51.44
Income tax Expenses recognised in the Consolidated Statement of Profit and Loss	**2,821.35**	**2,210.92**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 22 Income Tax (Contd..)

22.5 Deferred Tax Liabilities relates to the following :

Particulars	Balance Sheet		Statement of Profit and Loss & Other Equity	
	As at March 31, 2026	As at March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Property, Plant and Equipment, Intangible Assets, Assets Held for Sale and Investment Property	2,356.39	2,385.80	(29.41)	(33.48)
Financial Instrument-assets	(208.38)	(198.60)	(9.78)	(75.71)
Lease Liabilities	(11.24)	(23.45)	12.21	6.65
IPO issue expenses	-	(35.38)	35.38	35.38
QIP issue expenses	(55.53)	(74.05)	18.52	(74.05)
Items disallowed as per Income Tax Act, 1961	(231.89)	(162.07)	(69.82)	(6.58)
Deferred Tax Liabilities / (Assets)	**1,849.35**	**1,892.25**	**(42.90)**	**(147.79)**

22.6 Deferred Tax Liabilities / (Assets) relates to the following :

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2026	As at March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Property, Plant and Equipment and Intangible Assets	12.54	(1.91)	12.54	
Items disallowed as per Income Tax Act, 1961	(35.63)	(31.00)	-	
Unabsorbed Depreciation	-	(7.07)	(35.63)	
Deferred Tax Assets	**(23.09)**	**36.16**	**(23.09)**	**2.74**

i. During the previous year, Deferred Tax Asset amounting to ₹36.16 lakh was not recognized due to lack of reasonable certainty of sufficient future taxable profits, in accordance with applicable accounting standards.

ii. During the year, one of the subsidiary Company's (Paras Anti- Drone Technologies Private Limited) operating performance has improved significantly and it has earned taxable profits. Based on the current year's financial performance and management's assessment of future taxable profits, the Company now has reasonable certainty that sufficient future taxable income will be available for the utilisation of the deductible temporary differences

22.7 Deferred Tax Assets relates to the following :

Particulars	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2026	As at March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Property, Plant and Equipment and Intangible Assets	17.69	17.11	-	-
Items disallowed as per Income Tax Act, 1961	19.16	13.66	-	-
Unabsorbed Depreciation	19.87	3.39	-	-
Deferred Tax Assets	**56.72**	**34.16**	**-**	

22.8 As at March 31, 2026, the Subsidiary Companies has Net Deferred Tax Assets of ₹56.72 Lakhs (March31, 2026: ₹34.16 Lakhs). In the absence of virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, the same has not been recognized in the books of account in line with Indian Accounting Standard 12 dealing with “Income Taxes”.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 22 Income Tax (Contd..)

22.9 Reconciliation of Deferred Tax Liabilities (Net):

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance at the beginning of the year	1,892.25	2,034.79
Pursuant to the Disposal of Subsidiary Company	-	2.51
Deferred Tax Expenses/(Income) recognised in the Consolidated Statement of Profit and Loss	(123.93)	(93.67)
Deferred Tax Expenses/(Income) recognised in OCI	4.04	(12.71)
Deferred Tax Expenses/(Income) recognised in Securities Premium	53.90	(38.67)
Closing Balance at the end of the year	**1,826.26**	**1,892.25**

Note: 23 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Secured		
Working Capital Rupee Loans from Banks (Refer Note No. 23.1, 23.2 and 23.3)	2,527.28	319.63
Current Maturities of Long Term Debts	19.94	18.08
Unsecured		
Loans From Directors (Refer Note No. 23.4 and 37)	45.75	45.75
Loan From others (Refer Note No. 23.5 and 46)	-	1,838.10
Total	**2,592.97**	**2,221.56**

23.1 The working capital Loans from banks includes:

(i) The working capital loan of ₹2,413.68 Lakhs (March 31, 2025 : ₹NIL) taken by Subsidiary company and is secured by way of hypothecation of stocks & book-debts and further secured by collateral mortgage of fixed deposits of ₹1,250 Lakhs by Holding Company. The above working capital carries interest rate @ ROI @PLR-7.75% i.e 9%.p.a.

(ii) The Bank Overdraft of ₹NIL (March 31, 2025: ₹ 256.51 Lakhs) taken by Subsidiary company and was secured by hypothecation of all existing and future current assets of the Company and Property, Plant and Equipment and further secured by lien on Fixed Deposits and are guaranteed by directors in their personal capacity and Corporate Guarantee given by holding Company.

(iii) The Working capital loan of ₹113.60 lakhs (March 31, 2025 : ₹63.12 lakhs) is taken by Subsidiary company and is secured by way of hypothecation of stocks & book-debts and further secured by collateral mortgage of Fixed Deposit of ₹60 Lakhs for the entire facilty. The above working capital carries interest rate @ ROI @PLR-6.75% i.e 10%.p.a.

23.2 The working capital facility of subsidiary company referred to above is guaranteed by directors in their personal capacity.

23.3 The working capital facility of subsidiary company referred to above is guaranteed by Holding company

23.4 The Loan from director is repayable on demand and it is interest free.

23.5 The Loan from Others includes:

(i) ₹NIL (March 31, 2025: ₹1,226 lakhs) were taken by Subsidiary companies carries interest rate of 12% p.a, which were repaid during the year.

(ii) ₹NIL (March 31, 2025: ₹612.10 lakhs) was taken by a Subsidiary company which is deconsolidated w.e.f. March 30, 2026. (Refer Note No. 46)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 24 Trade Payables

Particulars	As at March 31, 2026	As at March 31, 2025
Micro, Small and Medium Enterprises	1,073.77	2,174.78
Others	4,649.53	3,284.09
Total	**5,723.30**	**5,458.87**

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

Micro, Small and Medium Enterprises (MSME) 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 :

Particulars	As at March 31, 2026	As at March 31, 2025
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,073.77	2,174.78
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	46.79	33.76
(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	46.79	33.76
(vi) The amount of Further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

24.2 Trade Payables Ageing Schedules are as follows:

As at March 31, 2026

Particulars	Not due	Outstanding from due date of payment as at March 31, 2026				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	627.77	316.63	85.85	43.51	-	1,073.77
Others	2,539.18	1,762.99	84.91	107.64	154.81	4,649.53
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	**3,166.95**	**2,079.62**	**170.76**	**151.15**	**154.81**	**5,723.30**

As at March 31, 2025

Particulars	Not due	Outstanding from due date of payment as at March 31, 2025				Total
		Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 years	
MSME	1,785.95	338.34	50.08	0.41	-	2,174.78
Others	941.27	1,606.20	535.65	151.17	49.80	3,284.09
Disputed - MSME	-	-	-	-	-	-
Disputed - Others	-	-	-	-	-	-
Total	**2,727.22**	**1,944.54**	**585.73**	**151.58**	**49.80**	**5,458.87**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 25 Other Current Financial Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Interest Accrued and due	46.79	134.05
Interest Accrued but not due	2.81	8.85
Creditors for Capital Goods	131.96	76.10
Security Deposit	2.10	2.70
Unclaimed Dividend#	0.35	-
Other Payables *	648.78	508.63
Total	**832.79**	**730.33**

#The figure does not include any amount due on outstanding to be credited to investor Education and Protection Fund

*Other Payables mainly includes outstanding liability for expenses and payable to employees.

Note: 26 Other Current Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Advances from Customers	10,465.59	8,533.99
Statutory Liabilities	176.85	223.92
Unearned Revenue	-	413.48
Advance against Assets held for Sale	-	50.00
Others*	347.03	-
Total	**10,989.47**	**9,221.39**

* Other Liability include advance subsidy received from Government etc.

Note 27 Current Provision

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Gratuity (Refer Note No. 31.1)	25.04	25.01
Total	**25.04**	**25.01**

Note: 28 Revenue From Operations

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Sale of Products	45,482.55	36,192.48
Sale of Services / Job Work Income	2,147.41	268.07
Other Operating revenue	27.58	5.57
Total	**47,657.54**	**36,466.12**

28.1 Revenue Disaggregation by type of Products and Services as follows :

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Optics and Optronic Systems	19,910.70	17,737.00
Defence Engineering	27,746.84	18,729.12
Total	**47,657.54**	**36,466.12**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 28 Revenue From Operations (Contd..)

28.2 Revenue disaggregation by geography is as follows:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
India	39,676.17	31,076.50
Outside India	7,981.37	5,389.62
Total	**47,657.54**	**36,466.12**

28.3 Contract balances

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Trade Receivables (Refer Note No. 6 & 11)	36,406.69	29,566.08
Contract Assets/ Unbilled Revenue	-	97.77
Contract Liabilities (Refer Note No. 26)	10,465.59	8,533.99
Unearned Revenue (Refer Note No. 26)	-	413.48
Total	**46,872.28**	**38,611.33**

28.4 The amount of ₹1495.01 lakhs (March 31, 2025 is ₹1901.81 lakhs) is the revenue recognised from contract liabilities. Increase/(decrease) in contract liability is mainly on account of advance receipt from customers and revenue recognized during the year.

28.5 Reconciliation of Revenue from Operations with Contract Price:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Contract Price	47,804.90	36,466.12
Reduction towards variable considerations components *	147.36	-
Total	**47,657.54**	**36,466.12**

*Reduction towards variable considerations comprises components of liquidity damages.

28.6 Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2026 amounts to ₹NIL (March 31,2025 : ₹5462.02 Lakhs).

Note: 29 Other Income

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Dividend Income from Non Current Investment	0.01	1.94
Interest Income from Financial assets measured at amortised cost		
- Fixed Deposits with Banks	613.72	315.89
- Interest on loans	182.36	11.59
- Others	9.21	3.69
Rent Income	10.50	10.10
Export Incentives	23.92	28.88
Gain on Financial Instruments measured at fair value through profit or loss	498.10	189.69
Profit on sale of Investment	-	149.00
Liabilities Written Back (Net)	170.00	-
Profit on sale/ discard of Property, Plant and Equipment	0.51	-
Corporate Guarantee Commission	1.83	2.55
Miscellaneous Income	87.83	78.89
Total	**1,597.99**	**792.22**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 30 Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Closing Inventories		
Finished Goods	18.63	64.31
Stock in Trade	59.43	95.65
Work-in-Progress	7,838.65	7,964.72
	7,916.71	**8,124.68**
Opening Inventories		
Finished Goods	64.31	413.67
Finished Goods-in Transit	-	109.50
Stock in Trade	95.65	173.14
Stock in Trade in Transit	-	74.41
Work-in-Progress	7,964.72	8,271.27
Less : Transfer to Intangible Assets under devlopment	(117.77)	(13.88)
Less : Deconsolidation of Subsidiary Company (Refer Note No. 46)	(6.91)	-
	8,000.00	**9,028.11**
Increase in Inventories	**83.29**	**903.43**

Note: 31 Employee Benefits Expense

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, Wages & Allowances	4,227.99	3,481.44
Contribution to Provident and Other Funds	332.59	120.26
Employee Share Based Payment (Refer Note No. 43)	141.43	24.99
Welfare and Other Amenities	161.90	125.45
Total	**4,863.92**	**3,752.14**

31.1 As per Ind AS - 19 "Employee Benefits", the disclosures of Employee Benefits as defined in the Ind AS are given below :

	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a)	Contribution to Defined Contribution Plan, recognised as expense for the year are as under		
	Employer's Contribution to Provident Fund and ESIC	71.87	49.86

(b) **Defined Benefit Plan -**

Funded - Holding Company

The employees' Gratuity Fund is managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 31 Employee Benefits Expense (Contd..)

Unfunded - Two Subsidiary Companies

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	As at March 31, 2026	As at March 31, 2025
Actuarial Assumptions		
Mortality Table	Indian Assured Lives Mortality (2012-14) Ult	Indian Assured Lives Mortality (2012-14) Ult
Salary growth	9.00%	9.00%
Discount rate	6.89/7.06%	6.59/6.73%
Withdrawal Rate	15.00%	15.00%

Particulars	As at March 31, 2026	As at March 31, 2025
Movement in present value of Defined Benefit Obligation		
Defined Benefit Obligations at the beginning of the year	462.29	350.51
Current Service Cost	55.83	46.67
Interest Cost	30.62	25.20
Past Service Cost Incurred During the period*	174.18	-
Actuarial (Gain) / Loss	(15.31)	50.05
Benefits Paid	(10.83)	(10.14)
Defined Benefit Obligations at the end of the year	**696.79**	**462.29**
Movement in present value of plan assets		
Fair value at the beginning of the year	24.85	31.94
Employer Contribution	10.00	1.20
Interest Income	1.64	2.30
Benefits Paid	(10.83)	(10.15)
Return on Plan Assets, Excluding Interest Income	0.39	(0.44)
Fair value at the end of the year	**26.05**	**24.85**
Expense recognised in the Statement of Profit and Loss		
Current Service Cost	55.83	46.67
Interest on Defined Benefit Obligations	28.98	22.90
Past Service Cost Recognised	174.18	-
Total included in "Remuneration and Benefits to Employees"	**259.00**	**69.57**
Amount recognised in Other Comprehensive Income		
Components of Actuarial (gain)/loss on obligations		
Due to changes in financial assumptions	(9.14)	11.89
Due to changes in demographic assumptions	-	(8.66)
Due to experience adjustments	(6.55)	47.26
Total	**(15.69)**	**50.49**

*Effective from November 21, 2025, the Government of India has consolidated 29 existing labour legislations into a united framework comprising four Labour Codes. On the basis of best available information, the Group has assessed the one-time incremental impact of ₹174.18 Lakhs and included in gratuity expenses as Past service cost in accordance with Ind AS 19. The group continues to monitor the finalisation of Central / State Government Rules and clarifications as gets available from the Government on the other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

(c) Fair Value of assets

Particulars	As at March 31, 2026	As at March 31, 2025
Life Insurance Corporation of India	26.05	24.85

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 31 Employee Benefits Expense (Contd..)

(d) Net Liability recognised in balance sheet

Particulars	As at March 31, 2026	As at March 31, 2025
Present Value of Obligations at the end of the year	696.79	462.29
Less : Fair Value of Plan Assets at the end of the year	26.05	24.85
Net Liability recognised in balance sheet	**670.74**	**437.44**
Funded - Net Liability	650.61	431.55
Unfunded - Net Liability	20.13	5.89

(e) The estimate of rate of escalation in Salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other retirement factors including supply and demand in the employment market. The above information is certified by the actuary.

31.2 Sensitivity Analysis

Particulars	As at March 31, 2026	As at March 31, 2025
	Effect on Gratuity Increase / (Decrease)	
Discount Rate + 100 basis points	(27.35)	(18.88)
Discount Rate - 100 basis points	30.23	20.86
Salary Escalation Rate + 100 basis points	30.60	17.13
Salary Escalation Rate - 100 basis points	(28.69)	(15.98)
Withdrawal Rate + 100 basis points	(4.33)	(2.54)
Withdrawal Rate - 100 basis points	4.64	2.75

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the Projected Unit Credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

31.3 Expected payments towards contributions to Gratuity in future years :

Year Ended	Expected Payment
March 31, 2027	175.49
March 31, 2028	102.69
March 31, 2029	67.24
March 31, 2030	69.00
March 31, 2031	62.79
March 31, 2032 to March 31, 2036	255.40
March 31, 2037 and above	265.69

31.4 Risk exposures

These plans typically expose the company to actuarial risks as, Salary Risk, Discount Rate, Employee Turnover rate/Withdrawal rate, Mortality / Disability.

Salary Risk

Salary escalation & attrition rate are considered as advised by the Holding Company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Discount rate

In case the yield on the government bonds drops in the future period then it may result in increase in the liability.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 31 Employee Benefits Expense (Contd..)

Employee Turnover rate/Withdrawal rate

If the actual withdrawal rate in the future turns out to be more or less than expected then it may result in increase in the liability.

Mortality / Disability

Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.

Details of Asset-Liability Matching Strategy:-

Gratuity benefits liabilities of the Holding Company are Funded. There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Holding Company to fully or partially pre-fund the liabilities under the Plan. The trustees of the plan have outsourced the investment management of the fund to insurance companies which are regulated by IRDA. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

31.5 The average duration of the defined benefit plan obligation at the end of the reporting period is 5-9 years (March 31, 2025 : 5-12 years).

Note: 32 Finance Costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest Expenses on Financial Liabilities measured at amortised cost	241.82	397.37
Interest Expenses on Lease Liabilities	6.01	9.80
Other Borrowing Costs (Refer Note No. 32.1)	218.45	255.05
Total	**466.28**	**662.22**

32.1 Above includes, Interest of ₹114.32 lakhs (March 31, 2025: ₹130.74 Lakhs) on late payment of Advance Tax.

Note: 33 Depreciation and Amortisation Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation of Property, Plant and Equipment (Refer Note No. 2)	1,590.36	1,457.11
Depreciation of Investment Property (Refer Note No. 3)	5.11	6.15
Amortisation of Intangible Assets (Refer Note No. 4)	99.43	29.76
Total	**1,694.90**	**1,493.02**

Note: 34 Other Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
MANUFACTURING EXPENSES		
Consumables, Stores and Spares Consumed	713.05	567.67
Power and Fuel	452.32	411.29
Labour Charges	208.26	255.22
Repairs and Maintenance - Others	329.20	183.05
Job Processing charges	580.59	682.03
Design and Development Charges	154.70	53.73
Other Manufacturing Expenses	656.68	273.86
	3,094.80	**2,426.85**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 34 Other Expenses (Contd..)

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
SELLING AND DISTRIBUTION EXPENSES			
Advertisement and Business Promotion		321.63	392.41
Packing & Forwarding Expenses		44.66	30.10
Freight Outward		54.27	57.32
Others		14.61	14.23
		435.17	**494.06**
ADMINISTRATIVE EXPENSES			
Insurance		80.15	55.24
Rent		95.99	71.38
Rates and Taxes		151.51	111.96
Printing and Stationery		28.25	22.17
Communication Expenses		10.81	12.83
Travelling and Conveyance		916.42	748.33
Legal and Professional Charges		281.76	130.36
Payment to Auditors (Refer Note No. 34.1)		91.55	89.38
Security Expenses		40.29	38.30
Office Expenses		207.15	136.86
Director Sitting fees		36.00	24.00
Postages and Courier		42.88	42.00
Miscellaneous Expenses		123.74	132.87
		2,106.50	**1,615.68**
OTHER EXPENSES			
Bank Charges		201.73	244.63
Bad Debts / Advances written off (Net)	99.12		140.66
Less: Reversal of provision	(99.12)	-	13.20
		-	**127.46**
Provision for Credit Impaired		-	99.12
Provision for Expected Credit Loss		517.81	363.31
Provision for Doubtful Advances		19.15	-
Donation		141.37	38.15
Corporate Social Responsibility Expenditure (Refer Note No. 38)		123.50	88.00
Loss on sale/ discard of Assets (Net)		-	14.45
Loss on Foreign Currency Fluctuations (Net)		4.83	59.26
Late Delivery charges		242.62	399.36
		1,251.01	**1,433.74**
Total		**6,887.48**	**5,970.33**

34.1 Break-up of Payment to Auditors :

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
For Statutory Audit	54.70	51.61
For Quarterly Review Fees	24.65	22.74
For Tax Audit	12.00	11.50
For Certification charges	0.20	2.68
For Reimbursement of Expenses	-	0.85
Total	**91.55**	**89.38**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 35 Earnings Per Share

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Basic Earnings Per Share		
Profit for the Year	8,809.68	6,347.13
Weighted average number of Equity Shares (Nos.)	8,05,87,330	7,92,47,652
Basic Earnings Per Share of ₹5/- each	10.93	8.01
Diluted Earnings Per Share		
Amount available for calculation of Diluted EPS	8,915.51	6,365.83
Weighted average number of Equity Shares (Nos.)	8,05,87,330	7,92,47,652
Add : Potential number of Equity Shares	44,629	-
No. of shares used for calculation of Diluted EPS	8,06,31,959	7,92,47,652
Diluted Earnings Per Share of ₹5/- each	10.93*	8.01*

*As the Diluted Earning Per Share is anti-dilutive, Basic Earning per share has been considered as Diluted earning per share.

Note:36 Contingent Liabilities And Commitments

Particulars	As at March 31, 2026	As at March 31, 2025
A **Contingent Liabilities** (to the extent not provided for)		
Claims against the Company not acknowledged as debts		
I **Disputed Liabilities in Appeal (No Cash outflow is expected in the near future)**		
INCOME TAX	149.67	74.04
Goods and Service Tax	15.16	15.16
II **GUARANTEES**		
Guarantees given by the Company's Bankers	22,546.04	24,236.78
(Bank guarantees are provided under contractual / legal obligation)		
Corporate Guarantee given by the Company	-	500.00
B **Capital Commitments :**		
Estimated amount of contracts to be executed on capital account not provided for	1,103.75	1,413.92

C **Management is of the view that the above litigation will not impact significantly the financial position of the group.**

Note: 37 Related Party Disclosures :

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

List of Related Parties :

I Associate

i Krasny Paras Defence Technologies Private Limited

ii Controp Paras Technologies Private Limited

iii Himanshi Thermal Solutions Private Limited (w.e.f February 19, 2026)

II Key Managerial Personnel

i Mr. Sharad Shah (Non-Executive Director)

ii Mr. Munjal Sharad Shah (Managing Director)

iii Mrs. Shilpa Amit Mahajan (Whole-time Director)

iv Mr. Harsh Bhansali (Chief Financial Officer)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 37 Related Party Disclosures : (Contd..)

v Ms. Jajvalya Raghavan (Company Secretary) (till February 03, 2026)

III Key Managerial Personnel Relatives

i Mrs. Ami Munjal Shah

ii Mrs. Niranjana Shah

iii Mrs. Kaajal Bhansali

iv Mr. Anish Mehta

v Mr. Amit Mahajan

vi Ms. Anushka Munjal Shah (w.e.f June 1, 2025)

IV Enterprises in which key managerial personnel and their relatives are able to exercise significant influence with whom transactions have taken place during the year :

i Defspace Technologies Private Limited

ii Paras Green UAV Private Limited (Formerly Known as Paras Green Optics Private Limited) (w.e.f March 28, 2025)

A. Transactions with Related Parties :

Nature of Transactions	Name of the Related Parties	2025-26	2024-25
Transactions with Associates:			
Investment Made	Himanshi Thermal Solutions Private Limited	0.49	-
Lease Rent Deposit Repaid	Krasny Paras Defence Technologies Private Limited	-	0.75
Income - Lease Rent	Controp Paras Technologies Private Limited	1.20	1.20
Sale of Products	Controp Paras Technologies Private Limited	1,165.29	-
Loan Given	Controp Paras Technologies Private Limited	-	11.70
Loan Repaid	Controp Paras Technologies Private Limited	-	11.70
Interest on Loan Given	Controp Paras Technologies Private Limited	-	0.29
Advance Received	Controp Paras Technologies Private Limited	550.77	2,937.80
Transactions with other Related Parties:			
Lease Rent Deposits Received	Paras Green UAV Private Limited	-	0.90
Income - Lease Rent		-	3.20
Corporate Guarantee given		-	500.00
Corporate Guarantee Income		-	2.55
Loan Given		-	20.15
Loan repaid		-	20.15
Interest on Loan Given		-	0.73
Director Sitting Fees	Mr. Sharad Shah	9.00	6.00
Managerial Remuneration	Mr. Munjal Sharad Shah	84.00	84.00
	Mrs. Shilpa Amit Mahajan	32.00	38.70
	Mr. Harsh Bhansali	22.00	60.73
	Ms. Jajvalya Raghavan	20.89	22.77
Salary to relatives	Mrs. Kaajal Bhansali	16.00	36.00
	Mrs. Ami Munjal Shah	60.00	60.00
	Mr. Amit Mahajan	32.00	60.73
	Mr. Anish Mehta	32.00	55.10
	Ms. Anushka Munjal Shah	10.00	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 37 Related Party Disclosures : (Contd..)

Nature of Transactions	Name of the Related Parties	2025-26	2024-25
Rent Expense	Mr. Munjal Sharad Shah	-	4.00
Loans Taken		-	48.24
Loans Repaid		-	3.24
Income - Lease Rent	Defspace Technologies Private Limited	3.00	3.00
Purchase of Goods		3,331.62	232.64
Sale of Goods		2.93	280.00
Sale of Property, plant and equipement		52.75	4.78
Advance to Suppliers		311.19	323.20
Advance return from suppliers (on cancellation of contract)		-	844.33

B. Balances with Related Parties:

Name of Related Parties	As at March 31, 2026	As at March 31, 2025
Balances with Associate Companies:		
Investment		
Krasny Paras Defence Technologies Private Limited	29.86	32.38
Controp Paras Technologies Private Limited	-	4.69
Himanshi Thermal Solutions Private Limited	-	-
Security Deposits (Current Financial Liabilities)		
Controp Paras Technologies Private Limited	0.30	0.30
Trade Receivable		
Controp Paras Technologies Private Limited	1235.94	-
Advance from Customer		
Controp Paras Technologies Private Limited	3349.47	2,934.91
Balances with other Related Parties:		
Current-Borrowings - Loan		
Mr. Munjal Sharad Shah	45.75	45.75
Other Payables (Salary Payable)		
Mr. Munjal Sharad Shah	4.79	3.28
Mrs. Ami Munjal Shah	1.66	3.48
Mrs. Shilpa Mahajan	2.06	8.89
Mr. Harsh Bhansali	1.18	4.37
Mrs. Kaajal Bhansali	1.00	8.98
Mr. Amit Mahajan	1.84	11.32
Mr. Anish Mehta	1.83	7.87
Ms. Jajvalya Raghavan	-	1.68
Ms. Anushka Munjal Shah	1.00	-
Trade Payable		
Defspace Technologies Private Limited	8.94	-
Advance to Supplier		
Defspace Technologies Private Limited	311.19	226.81
Security Deposits (Current Financial Liabilities)		
Defspace Technologies Private Limited	0.50	0.50
Paras Green UAV Private Limited	-	0.90
Corporate Guarantee Given		
Paras Green UAV Private Limited	-	500.00

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 37 Related Party Disclosures : (Contd..)

C. **Compensation to Key Management Personnel of the Company**

Particulars	2025-26	2024-25
Nature of transaction		
Short-term employee benefits	158.89	206.20
Post-employment benefits	(7.73)	6.94
Total compensation to Key Management Personnel	**151.16**	**213.14**

Note :38 Expenditure related to Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013 read with Schedule VII.

a. CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Holding Company during the year is ₹110.53 lakhs (March 31, 2025 : ₹78.80 lakhs)

b. Expenditure incurred related to Corporate Social Responsibility is ₹123.50 Lakhs (March 31, 2025 : ₹ 88.00 Lakhs)

c. Amount shortfall ₹NIL (March 31, 2025: ₹ NIL)

Details of Expenditure incurred towards CSR given below:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Environmental Sustainability and Animal Welfare	20.00	30.00
Health Care, Sanitation and providing Drinking Water	43.50	43.00
Promoting Education	58.44	13.00
Reducing inequalities faced by socially and economically backward groups	1.56	2.00
Total	**123.50**	**88.00**

Note: 39 FAIR VALUES

39.1 Financial Instruments by category:

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial assets and liabilities that are recognised in the financial statements.

a) **Financial Assets / Liabilities measured at Fair Value:-**

Particulars	As at March 31, 2026	As at March 31, 2025
Financial Assets designated at Fair Value through profit and loss:-		
- Investments	3,286.71	2,786.60

b) **Financial Assets / Liabilities designated at Amortised Cost:-**

Particulars	As at March 31, 2026		As at March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets :				
Financial Assets designated at Amortised Cost:-				
- Trade Receivables	36,406.69	36,406.69	29,566.08	29,566.08
- Cash and cash equivalents	2,535.14	2,535.14	3,447.21	3,447.21
- Bank Balance other than Cash and Cash Equivalents	9,410.06	9,410.06	7,635.79	7,635.79
- Loans	345.45	345.45	1,189.01	1,189.01
- Others	2,690.91	2,690.91	1,013.58	1,013.58
Total	**51,388.25**	**51,388.25**	**42,851.67**	**42,851.67**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 39 FAIR VALUES (Contd..)

Particulars	As at March 31, 2026		As at March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities :				
Financial Liabilities designated at Amortised Cost:-				
- Borrowings	2,660.81	2,660.81	2,309.13	2,309.13
- Trade Payable	5,723.30	5,723.30	5,458.87	5,458.87
- Lease Liabilities	44.66	44.66	93.18	93.18
- Other Financial Liabilities	832.79	832.79	730.33	730.33
Total	**9,261.56**	**9,261.56**	**8,591.51**	**8,591.51**

39.2 Fair Valuation techniques used to determine Fair Value

The Group maintains procedures to value its financial assets or financial liabilities using the best and most relevant data available. The Fair Values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the Fair Values:

i) Fair Value of Cash and Cash Equivalents, Other Bank Balances, Trade Receivable, Trade Payables, Current Loans, Current Borrowings, and other Current Financial Assets and Liabilities are approximate at their carrying amounts largely due to the short-term maturities of these instruments.

ii) The fair values of Non-Current borrowings and Margin money are approximate at their carrying amount due to interest bearing features of these instruments.

iii) The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

39.3 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:-

i) **Level 1 :-** Quoted prices / published Net Assets Value (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the Balance Sheet date and financial instruments like mutual funds for which Net Assets Value is published by mutual fund operators at the Balance Sheet date.

ii) **Level 2 :-** Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Group specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.

iii) **Level 3 :-** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides hierarchy of the fair value measurement of Group's asset and liabilities, grouped into Level 1 (Quoted prices in active markets), Level 2 (Significant observable inputs) and Level 3 (Significant unobservable inputs) as described below:

Particulars	As at March 31, 2026		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 32.58
Investment in Equity Shares	-	-	2,149.04
Investment in 0.01% Compulsary Convertible Preference Shares	-	-	1,105.09

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 39 FAIR VALUES (Contd..)

Particulars	As at March 31, 2025		
	Level 1	Level 2	Level 3
Financial Assets			
Financial Assets designated at Fair Value through profit and loss:-			
Investments in Equity of Co-operative Bank	-	-	# 30.57
Investment in Equity Shares	-	-	1,756.02
Investment in 0.01% Compulsary Convertible Preference Shares	-	-	1,000.01

Following table describes the valuation techniques used and key inputs to valuation for level 3 of the fair value hierarchy as at March 31, 2026 and March 31, 2025

Particulars	As at March 31, 2026	Valuation Technique	Significant Inputs Used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares	1,343.68	Market approach- Comparable Company Method & Comparable Transaction Method(Based on professional valuer's certificate)	Comparable transaction multiples, valuation multiple and discount
- Investment in unlisted equity shares	805.36	Income Approch (Discounted Cash flow) (Based on professional valuer's certificate)	Discount rate, projected cash flows and terminal growth rate
-Investment in 0.01% Compulsary Convertible Preference Shares	1,105.09	Income Approch (Discounted Cash flow) (Based on professional valuer's certificate)	Discount rate, projected cash flows and terminal growth rate

Particulars	As at March 31, 2025	Valuation Technique	Significant Inputs Used
Financial Assets designated at fair value through profit and loss:-			
- Investment in unlisted equity shares	1,045.52	Market approach- Comparable Transactions Multiple Method ('Based on professional valuer's certificate)	Comparable transaction multiples, valuation multiple and discount
- Investment in unlisted equity shares	710.50	Market approach- Recent Precedant Transaction	Recent Transaction Price
- Investment in 0.01% Compulsary Convertible Preference Shares	1,000.01	Income Approch (Discounted Cash flow)(Based on professional valuer's certificate)	Discount rate, projected cash flows and terminal growth rate

since the investments under level 3 of the fair value hierarchy as at March 31, 2026 and March 31, 2025 category are not material, therefore the disclosure for the same is not given.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES

The Group is exposed to market risk, credit risk, liquidity risk and competition and price risk. Risk management is carried out by the Group under policies approved by the Respective Board of Directors. This Risk management plan defines how risks associated with the Group will be identified, analysed, and managed. It outlines how risk management activities will be performed, recorded, and monitored by respective Company in the Group. The basic objective of risk management plan is to implement an integrated risk management approach to ensure all significant areas of risks are identified, understood and effectively managed, to promote a shared vision of risk management and encourage discussion on risks at all levels of the organization to provide a clear understanding of risk / benefit trade-offs, to deploy appropriate risk management methodologies and tools for use in identifying, assessing, managing and reporting on risks, and to determine the appropriate balance between cost and control of risk and deploy appropriate resources to manage/optimize key risks. Activities are developed to provide feedback to management and other interested parties (e.g. Audit committee, Board etc.). The results of these activities ensure that risk management plan is effective in the long term.

40.1 Market Risk and Sensitivity:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise two types of risk: foreign currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

The sensitivity analysis relate to the position as at March 31, 2026 and March 31, 2025

(a) Foreign Currency Exchange Risk and Sensitivity

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

The following table demonstrates the sensitivity in the USD, GBP, EURO and AED to the Indian Rupee with all other variables held constant. The impact on the Group'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 March 31, 2026	Currency	Amount in FC	Amount in INR
Investment	USD	14,19,561	1,343.68
Trade Receivable	USD	34,06,817	3,224.71
Trade & other Receivable	EURO	2,45,484	267.59
Trade Payable	USD	27,35,555	2,589.32
Trade Payable	EURO	70,548	76.90
Trade Payable	GBP	80,690	101.37
Trade Payable	AED	2,52,234	65.00

Unhedged Foreign currency exposure As at March 31, 2025	Currency	Amount in FC	Amount in INR
Investment	USD	12,21,667	1,045.52
Trade Receivable	USD	18,19,344	1,557.02
Trade & other Receivable	EURO	3,32,019	306.53
Trade Payable	USD	28,43,559	2,433.56
Trade Payable	EURO	82,672	76.33
Trade Payable	GBP	40,779	45.16
Trade Payable	AED	6,65,142	154.99

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

Foreign Currency Sensitivity

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

Particulars	2025-26		2024-25	
	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)	2% increase-Profit/(Loss)	2% decrease-Profit/(Loss)
USD	39.58	(39.58)	3.38	(3.38)
EURO	3.81	(3.81)	4.60	(4.60)
GBP	(2.03)	2.03	(0.90)	0.90
AED	(1.30)	1.30	(3.10)	3.10
Increase / (Decrease) in Profit Before Tax	**40.06**	**(40.06)**	**3.98**	**(3.98)**

(b) Interest Rate Risk and Sensitivity :-

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is having non current borrowings in the form of term loan and current borrowings in the form of working capital/ loan from director and inter corporate deposits. There is a fixed rate of interest in case of vehicle loan and inter corporate deposits and hence, there is no interest rate risk associated with these borrowings. The loan from director is interest free. The Group is exposed to interest rate risk associated with term loan and working capital facility due to floating rate of interest. .

The exposure of the Group's borrowings to interest rate changes at the end of the reporting year are as follows:

Particulars	As at March 31, 2026	As at March 31, 2025
Term Loan From Banks and Financial Institutions	83.78	100.00
Working Capital Facility	2,527.28	319.63
Closing Balances	**2,611.06**	**419.63**

The table below illustrates the impact of a 2% increase / decrease in interest rates on interest on financial liabilities assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year.

Particulars	2025-26		2024-25	
	2% increase	2% decrease	2% increase	2% decrease
Term Loan From Banks and Financial Institutions	1.68	(1.68)	2.00	(2.00)
Working Capital Facility	50.55	(50.55)	6.39	(6.39)
Decrease / (Increase) in Profit Before Tax	**52.23**	**(52.23)**	**8.39**	**(8.39)**

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

40.2 Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

a) Trade Receivables:-

The Group extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings with the Company for extension of credit to customers. The Group monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored.The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Group does not expect any material risk on account of non performance by any of the counterparties.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

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

The Group has used practical expedient by computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix taken into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on ageing of the days the receivables are due.

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

Particulars	As at March 31, 2026		As at March 31, 2025	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Trade Receivables	38,746.19	2,339.50	31,571.44	2,005.36

The following table summarizes the changes in the Provisions made for the receivables:

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balances	2,005.36	1,541.62
Provided during the year	517.81	463.74
Reversed during the year	(99.12)	-
Deconsolidation of Subsidiary	(85.81)	-
Foreign exchange	1.26	-
Closing Balances	**2,339.50**	**2,005.36**

b) **Financial Instruments and Cash Deposits:-**

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

For other financial instruments, the finance department assesses and manage credit risk based on internal assessment. Internal assessment is performed for each class of financial instrument with different characteristics.

40.3 Liquidity Risk :

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group relies on short term borrowings and operating cash flows in the form of working capital facility to meet its need for fund. The Group does not breach any covenants wherever applicable on any of its borrowing facilities. The Group has access to a sufficient variety of sources of funding as per requirements.

The below table summaries the maturity profile of the Group's financial liability :

Particulars	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
March 31, 2026					
Non current borrowings	-	19.94	68.64	-	88.58
Current Borrowings	2,573.03	-	-	-	2,573.03
Trade Payable	-	5,723.30	-	-	5,723.30
Lease Liability	-	44.66	-	-	44.66
Other Financial Liabilities	-	832.79	-	-	832.79
Total	**2,573.03**	**6,620.69**	**68.64**	**-**	**9,262.36**

Notes to the Consolidated Financial Statements

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(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 40 FINANCIAL RISK MANAGEMENT - OBJECTIVE AND POLICIES (Contd..)

Particulars	Maturity				Total
	On Demand	Less than 1 Year	1 to 5 Years	More than 5 years	
March 31, 2025					
Non current borrowings	-	18.08	88.57	-	106.65
Current Borrowings	1,038.48	1,165.00	-	-	2,203.48
Trade Payable	-	5,458.87	-	-	5,458.87
Lease Liability	-	52.76	40.42	-	93.18
Other Financial Liabilities	-	730.33	-	-	730.33
Total	**1,038.48**	**7,425.04**	**128.99**	**-**	**8,592.51**

40.4 Competition and Price Risk

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Note:41 Capital Risk Management

For the purpose of Group's capital management, capital includes issued capital, all other equity reserves and net debts. The primary objective of the Group's capital management is to maximise shareholders value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using gearing ratio, which is net debt divided by total capital (equity plus net debt). Net debt are non-current and current debts as reduced by cash and cash equivalents. Equity comprises all components including other comprehensive income.

Particulars	March 31, 2026	March 31, 2025
Total Debt	2,660.81	2,309.13
Less: Cash and cash equivalent	2,535.14	3,447.21
Less: Fixed Deposits pledge	287.95	60.00
Net Debt	**(162.28)**	**(1,198.08)**
Equity	72,544.43	63,993.88
Total Capital (Equity + Net Debt)	**72,382.15**	**62,795.80**
Gearing ratio	**NA**	**NA**

Note: 42 SEGMENT REPORTING

A. Segment information as per Indian Accounting Standard - 108 - "Operating Segments" :

As per Indian Accounting Standard 108 'Operating Segments', the chief operating decision maker of the Company has identified following reportable segments of its business:

Segment comprise of:

Optics & Optronic Systems:

- Optical Components and Sub-Systems like Space Optics/Gratings/Mirrors, Infra-Red Lenses for Night Vision Devices, Opto-mechanical Assemblies and Precision Diamond Turned components etc.
- Opto-Electronic Systems comprising of Submarine Periscope, hyperspectral camera etc.
- EO/IR Systems.

Defence Engineering:

- Defence Electronics compromising of Defence Automation & Control systems, Rugged Command & Control Consoles, Avionic suite etc.

Notes to the Consolidated Financial Statements

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(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 42 SEGMENT REPORTING (Contd..)

- Heavy Engineering comprising of Flow Formed Rockets/ Missile Motor Tubes, Electromechanical assemblies, Remote Controlled Border Defence System and Turnkey projects.

- Electromagnetic Pulse Protection Solutions."

Unallocated

Consists of other income, expenses, assets and liabilities which cannot be directly identified to any of the above segments.

I Segment wise Revenue

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Segment Revenue		
a. Optics and Optronic Systems	19,910.70	17,737.00
b. Defence Engineering	27,746.84	18,729.12
Revenue From Operations	**47,657.54**	**36,466.12**
Segment Results		
a. Optics and Optronic Systems	8,813.05	9,657.69
b. Defence Engineering	5,671.19	2,007.73
Total	**14,484.24**	**11,665.42**
i) Finance Costs	(466.28)	(662.22)
ii) Other unallocable expenditure	(4,133.67)	(3,438.10)
iii) Unallocable Income	1,597.99	792.22
iv) Share of Profit / (loss) of Associates	(6.69)	2.75
Profit before exceptional items and Tax	**11,475.59**	**8,360.07**
Exceptional items	291.02	-
Profit Before Tax	**11,766.61**	**8,360.07**

II Segment wise Assets and Liabilities:

Particulars	As at March 31, 2026	As at March 31, 2025
Segment Assets		
a. Optics and Optronic Systems	33,911.24	34,979.72
b. Defence Engineering	40,522.27	30,206.98
c. Unallocable	22,037.59	20,009.24
Total	**96,471.10**	**85,195.94**
Segment Liabilities		
a. Optics and Optronic Systems	2,547.96	2,857.77
b. Defence Engineering	14,286.53	11,785.27
c. Unallocable	7,116.78	6,890.83
Total	**23,951.27**	**21,533.87**

III Other Informations

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Capital Expenditure		
a. Optics and Optronic Systems	699.35	350.94
b. Defence Engineering	1,914.97	3,128.07
c. Unallocable	1,164.25	44.21
Total	**3,778.56**	**3,523.22**

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(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 42 SEGMENT REPORTING (Contd..)

Particulars	For the Year ended March 31, 2026	For the Year ended March 31, 2025
Depreciation		
a. Optics and Optronic Systems	446.81	672.06
b. Defence Engineering	946.43	671.22
c. Unallocable	301.66	149.74
Total	**1,694.90**	**1,493.02**
Non-cash Expenses other than Depreciation		
a. Optics and Optronic Systems	493.84	474.98
b. Defence Engineering	43.12	119.61
c. Unallocable	-	9.75
Total	**536.96**	**604.34**

B. Segment Identification, Reportable Segments and definition of each segment :

a. Reportable Segments:

The chief operating decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the internal reporting system and is measured consistently with profit or loss in the financial statements. Operating segment have been identified on the basis of the nature of products / services and have been identified as per the quantitative criteria specified in Ind AS.

b. Primary / Secondary Segment Reporting Format:

i. The risk-return profile of the group's business is determined predominantly by the nature of its products. Accordingly, the business segments constitute the Primary Segments for disclosure of segment information.

ii. Revenue disaggregation by geography (Refer Note No. 28.2)

iii. No Non-Current Assets of the Group is located outside India as on March 31, 2026 and March 31, 2025

iv. **Segment revenue, results, assets and liabilities:**

Revenue and results have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which is related to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment assets and segment liabilities represent assets and liabilities in respective segments. Segment assets include all operating assets used by the operating segment and mainly includes Property, Plant and Equipment , trade receivable, inventories and other receivables. Segment liabilities primarily include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets and liabilities.

v. **Information about major customers:**

Revenue from operations include ₹24,483.05 Lakhs, (March 31, 2025 : ₹24,538.46 Lakhs) from three customers (March 31, 2025: three customers) having more than 10% of the total revenue.

Note: 43 Employee share based payment:

43.1 The Holding Company offers equity based option plan to its employees through the Company's stock option plan.

43.2 Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024" ("Paras Defence ESOP 2024")''

During the pevious year, the Board of Directors and Shareholders of the Holding Company have approved the "Paras Defence and Space Technologies Limited - Employee Stock Option Plan 2024" ("Paras Defence ESOP 2024") for the employees of the Holding Company, its subsidiary companies and/or associate companies, group companies (present and future) comprising of equity shares of the Company, not exceeding 15,90,000 equity shares of face value of ₹5/- each, in one or more tranches. The specific Employees to whom the Options are granted and their Eligibility Criteria are determined by the Nomination and Remuneration Committee. As on March 31, 2026, the Company has granted 3,13,300 (March 31, 2025: 1,56,900) options in 3 different tranches to the eligible employees.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 43 Employee share based payment: (Contd..)

The details of options granted for the year ended March 31, 2026 is presented below:

Particulars	Paras Defence ESOP 2024	
	As at March 31, 2026	As at March 31, 2025
Options as at 1st April	**156,900**	**-**
Options granted during the year	156,400	156,900
Options forfeited during the year	-	-
Options exercised during the year	-	-
Options outstanding as at March 31	**313,300**	**156,900**
Number of option exercisable at the end of the year	**-**	**-**

The fair values of options has been determined at the date of grant of the options. This fair value, adjusted by the Company's estimate of the number of options that will eventually vest, is expensed over the vesting period.

The fair values were calculated using the Black-Scholes Model for tenure based options. The inputs to the model include the share price at date of grant, exercise price, expected life, expected volatility, expected dividends and the risk free rate of interest. Expected volatility has been calculated using historical return on share price.

Basic features about the ESOS granted

Particulars	Paras Defence ESOP 2024
Date of Shareholder's Approval	September 20, 2024
Total Number of Options approved	1590000
Vesting Requirements	Time based and tranche based vesting, at the end of 3rd, 4th and 5th year from the date of grant.
The pricing Formula	The Exercise price shall be decided by Nomination and remuneration committee from time to time as on the date of grant.
Maximum Term of options granted	5 years from the date of vesting of options
Method of Settlements	Equity Settled
Sources of Shares	Primary issuance of shares
Method of Accounting	Fair Value Method

Accordingly, the assumptions used in the calculations of original grant date fair value of the options granted are set out below:

Paras Defence ESOP 2024	As on March 31, 2026		
	Grant Date		
	13-03-2026	13-03-2026	13-03-2026
Number of Options	39,100	39,100	78,200
Exercise Price	₹650.00	₹650.00	₹650.00
Share Price at the date of grant	₹668.80	₹668.80	₹668.80
Vesting Period on completion of year			
3rd Year	100%		
4th Year		100%	
5th Year			100%
Expected Volatility	51.40%	51.40%	51.40%
Expected option life	8.01 Year	9.01 Year	10.01 Year
Expected dividends	0.08%	0.08%	0.08%
Risk free interest rate	6.82%	6.87%	6.93%
Fair value per option granted	₹438.27	₹459.46	₹478.50

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 43 Employee share based payment: (Contd..)

Paras Defence ESOP 2024	As on March 31, 2025		
	Grant Date		
	22-01-25	22-01-25	22-01-25
Number of Options	39,226	39,224	78,450
Exercise Price	₹500.00	₹500.00	₹500.00
Share Price at the date of grant	₹530.10	₹530.10	₹530.10
Vesting Period on completion of year			
3rd Year	100%		
4th Year		100%	
5th Year			100%
Expected Volatility	43.14% p.a.	43.14% p.a.	43.14% p.a.
Expected option life	8.01 Year	9.01 Year	10.01 Year
Expected dividends	0.0% p.a.	0.0% p.a.	0.0% p.a.
Risk free interest rate	6.64% p.a.	6.67% p.a.	6.66% p.a.
Fair value per option granted	₹325.39	₹342.43	₹357.52

The Holding Company has recognized total expenses of ₹141.43 Lakhs (Previous year ₹24.99 Lakhs) related to above equity settled share-based payment transactions for the year ended March 31, 2026.

Note: 44 Interests in other entities

44.1 The consolidation of financial statements of the Group includes subsidiaries listed in the table below:

	Name	Principal Place of Business	% Equity interest	
			As at March 31, 2026	As at March 31, 2025
A	**Indian subsidiaries**			
	Paras Aerospace Private Limited	India	60.00%	60.00%
	Paras Anti-Drone Technologies Private Limited	India	55.00%	55.00%
	Quantico Technologies Private Limited	India	100.00%	100.00%
	Mechtech Thermal Private Limited	India	70.00%	70.00%
	Paras Heven Advanced Drones Private Limited	India	51.00%	-
	Ayatti Innovative Private Limited*	India	-	58.02%
B	**Overseas Subsidiary**			
	OPEL Technologies PTE Ltd	Singapore	100.00%	100.00%

*On March 30, 2026, the Holding company has completed the divestment of 58.02% equity stake (through share sale) in its subsidiary Ayatti Innovative Private Limited ('Ayatti'). Consequently, Ayatti ceased to be a subsidiary of the Company.

44.2 The consolidation of financial statements of the Group includes Associates listed in the table below:

Name	Principal Place of Business	% Equity interest	
		As at March 31, 2026	As at March 31, 2025
Krasny Paras Defence Technologies Private Limited	India	47.50%	47.50%
Controp Paras Technologies Private Limited	India	30.00%	30.00%
Himanshi Thermal Solutions Private Limited	India	49.00%	-

The summarised financial information below represents amount shown in associate financial statements prepared as per equity accounting purposes.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 44 Interests in other entities (Contd..)

Krasny Paras Defence Technologies Private Limited

Particulars	As at March 31, 2026	As at March 31, 2025
Current Assets	276.03	235.72
Current Liabilities	227.68	180.45
Net Current Assets/(Liabilities)	**48.35**	**55.27**
Non-Current Assets	14.51	12.90
Non-Current Liabilities	-	-
Net Non-Current Assets /(Liabilities)	**14.51**	**12.90**

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue	58.96	97.42
Profit/(Loss) for the Year	(5.28)	(4.09)
Other Comprehensive Income	-	-
Total Comprehensive Income	**(5.28)**	**(4.09)**

Reconciliation of the above summarised financial information to the carrying amount of interest in Krasny Paras Defence Technologies Private Limited recognised in the Consolidated Financial Statements

Particulars	As at March 31, 2026	As at March 31, 2025
Net Assets of the Associate	62.86	68.17
Proportion of the Group's ownership interest in Krasny Paras Defence Technologies Private Limited	47.50%	47.50%
Carrying amount of the Group's interest in Krasny Paras Defence Technologies Private Limited	**29.86**	**32.38**

Particulars	As at March 31, 2026	As at March 31, 2025
Reconciliation to carrying amounts		
Opening net assets	32.38	34.32
Loss for the year	(2.52)	(1.94)
Other comprehensive income	-	-
Investment	-	-
Closing net assets	**29.86**	**32.38**

Controp Paras Technologies Private Limited

Particulars	As at March 31, 2026	As at March 31, 2025
Current Assets	4,650.58	3,021.54
Current Liabilities	4,759.73	3,017.01
Net Current Assets/(Liabilities)	(109.15)	4.53
Non-Current Assets	11.66	7.74
Non-Current Liabilities	-	-
Net Non-Current Assets /(Liabilities)	**11.66**	**7.74**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 44 Interests in other entities (Contd..)

Particulars	As at March 31, 2026	As at March 31, 2025
Revenue	933.12	-
(Loss)/ Profit for the Year	(109.51)	15.62
Other Comprehensive Income	-	-
Total Comprehensive Income	**(109.51)**	**15.62**

Reconciliation of the above summarised financial information to the carrying amount of interest in Controp Paras Technologies Private Limited recognised in the Consolidated Financial Statements

Particulars	As at March 31, 2026	As at March 31, 2025
Net Assets of the Associate	(97.49)	12.27
Proportion of the Group's ownership interest in Controp Paras Technologies Private Limited	30.00%	30.00%
Carrying amount of the Group's interest in Controp Paras Technologies Private Limited	**(29.25)**	**3.68**

Particulars	As at March 31, 2026	As at March 31, 2025
Reconciliation to carrying amounts		
Opening net assets	4.69	-
Profit/ (Loss) for the year	(32.85)	4.69
Other comprehensive income	-	-
Investment	-	-
Closing net assets	**-**	**4.69**

Himanshi Thermal Solutions Private Limited

Particulars	As at March 31, 2026	As at March 31, 2025
Current Assets	2.58	-
Current Liabilities	43.77	-
Net Current Assets/(Liabilities)	**(41.19)**	**-**
Non-Current Assets	67.66	-
Non-Current Liabilities	80.42	-
Net Non-Current Assets /(Liabilities)	**(12.76)**	**-**

Particulars	As at March 31, 2026	As at March 31, 2025
Revenue	-	-
Loss for the Year	(1.71)	-
Other Comprehensive Income	-	-
Total Comprehensive Income	**(1.71)**	**-**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note: 44 Interests in other entities (Contd..)

Reconciliation of the above summarised financial information to the carrying amount of interest in Himanshi Thermal Solutions Private Limited recognised in the Consolidated Financial Statements

Particulars	As at March 31, 2026	As at March 31, 2025
Net Assets of the Associate	(53.95)	-
Proportion of the Group's ownership interest in Himanshi Thermal Solutions Private Limited	49.00%	-
Carrying amount of the Group's interest in Himanshi Thermal Private Limited	**(26.44)**	**-**

Particulars	As at March 31, 2026	As at March 31, 2025
Reconciliation to carrying amounts		
Opening net assets	-	-
Profit/ (Loss) for the year	(0.84)	-
Other comprehensive income	-	-
Investment	0.49	-
Closing net assets	**-**	**-**

Note: 45 PROVISION

Disclosures as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets":-

Movement in provisions:

Nature of provision	Provision for Expected Credit loss/ credit impaired on Trade Receivables	Provision for Doubtful advances	Total
As at April 01, 2024	**1,541.62**	**13.20**	**1,554.82**
Provision during the Year	462.43	-	462.43
Provision Reversed during the Year	-	(13.20)	(13.20)
Foreign exchange	1.31	-	1.31
As at March 31, 2025	**2,005.36**	**-**	**2,005.36**
Provision during the Year	517.81	19.15	536.96
Provision Reversed during the Year	(99.12)	-	(99.12)
Reversed Due to deconsolidation of Subsidiary company (Refer Noe No. 46)	(85.81)	-	(85.81)
Foreign exchange	1.26	-	1.26
As at March 31, 2026	**2,339.50**	**19.15**	**2,358.65**

NOTE: 46 Disinvestment of Subsidiary Shares

On March 30, 2026, the company has completed the divestment of 58.02% stake (through share sale) in its subsidiary Ayatti Innovative Private Limited (Ayatti). The Company sold 15,20,000 equity shares of Ayatti for consideration of ₹699.00 Lakhs. The gain on deconsolidation, being the difference between the consideration received and the carrying value of net assets disposed, has been disclosed as an exceptional item in the consolidated financial result for the quarter and year ended March 31, 2026.

The carrying amounts of the identifiable assets and liabilities of the subsidiary as of the date of disposal, and the resulting gain recognized in the Statement of Profit and Loss, are presented below:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

NOTE: 46 Disinvestment of Subsidiary Shares (Contd..)

A. Analysis of Assets and Liabilities Over which Control was Lost:

Financial Components	Amount
Assets	
Non Current Assets (Property, plant and equipment)	310.12
Goodwill on consolidation	644.60
Other Non Current Assets	0.12
Inventories	7.42
Trade receivable	1.01
Cash and cash equivalents	1.41
Other Bank Balances	0.65
Other Financial Assets	0.32
Other current assets	181.35
Total Assets (A)	**1,147.00**
Liabilities	
Borrowings	835.00
Trade payable	40.43
Current financial liabilities	20.78
Other current liabilities	13.75
Total Liabilities (B)	**909.96**
Net Assets Disposed Of (C= A-B)	**237.04**

B. Gain / (Loss) on Disinvestment:

Fair value of consideration received (Cash/Bank)	699.20
Add: Non-controlling interests derecognised	(171.14)
Less: Net assets disposed of (Item C above)	(237.04)
Gain on Disinvestment before tax	**291.02**

Note: The gain is presented under Exceptional Items in the Statement of Profit and Loss.

Note : 47 Disclosures Mandated by Schedule III by way of Additional Information - March 31, 2026

Name of the entity	As at March 31, 2026		For the Year ended March 31, 2026					
	Net assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of net consolidated net assets	Amount	As % of net consolidated profit or loss	Amount	As % of net consolidated profit or loss	Amount	As % of net consolidated profit or loss	Amount
Parent								
Paras Defence and Space Technologies Ltd.	99.75%	72,359.93	94.41%	8,316.95	20.49%	11.53	93.94%	8,328.48
Indian subsidiaries								
Paras Aerospace Private Limited	-0.22%	(160.33)	-1.87%	(164.40)	-	-	-1.85%	(164.40)
Paras Anti- Drone Technologies Private Limited	3.96%	2,870.78	7.12%	627.65	0.87%	0.49	7.08%	628.14

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note : 47 Disclosures Mandated by Schedule III by way of Additional Information - March 31, 2026 (Contd..)

Name of the entity	As at March 31, 2026		For the Year ended March 31, 2026					
	Net assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of net consolidated net assets	Amount	As % of net consolidated profit or loss	Amount	As % of net consolidated profit or loss	Amount	As % of net consolidated profit or loss	Amount
Quantico Technologies Private Limited	-0.03%	(20.53)	-0.20%	(17.37)	-	-	-0.20%	(17.37)
Mechtech Thermal Private Limited	0.32%	231.85	-1.87%	(165.03)	-0.66%	(0.37)	-1.87%	(165.40)
Paras Heven Advanced Drones Private Limited	-0.01%	(3.63)		(4.63)	-	-	-0.05%	(4.63)
Indian Associate								
Krasny Paras Defence Technologies Private Limited	-	-	-0.03%	(2.52)	-	-	-0.03%	(2.52)
Controp Paras Technologies Private Limited	-	-	-0.04%	(3.68)	-	-	-0.04%	(3.68)
Himanshi Thermal Solutions Private Limited	-	-	-	(0.49)	-	-	-	(0.49)
Overseas subsidiary								
OPEL Technologies PTE Ltd	0.75%	546.53	1.75%	154.16	-	-	1.74%	154.16
Non Controlling Interest	0.03%	24.60	-1.54%	(135.58)	-	-	-1.53%	(135.58)
Adjustments arising out of Consolidation including deconsolidation of Subsidiary	-4.56%	(3,304.77)	2.32%	204.62	79.30%	44.63	2.81%	249.25
	100.00%	**72,544.43**	**100.06%**	**8,809.68**	**100.00%**	**56.28**	**100.00%**	**8,865.96**

Note : 48 Other Statutory Information

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

ii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

iii) The Group 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.

iv) 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.

v) The Group is not declared wilful defaulter by any bank or financial institution or other lender

Notes to the Consolidated Financial Statements

for the year ended March 31, 2026

(All amounts in Rupees Lakhs, unless otherwise stated)

Note : 48 Other Statutory Information (Contd..)

vi) The Group 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.

vii) The Group 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.

viii) There is no charge or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.

Note: 49 The Management and Authorities have the power to amend the Financial Statements in accordance with section 130 And 131 of the Companies Act, 2013.

Note: 50 The figures for the corresponding previous periods/ year have been regrouped/rearranged wherever necessary, to make them comparable.

As per our report of even date
For Chaturvedi & Shah LLP
Chartered Accountants
(Firm Registration No. 101720W/W100355)

RUPESH SHAH
Partner
Membership No. 117964

Date: May 13, 2026

For and on behalf of the Board of Directors

MUNJAL SHAH
Managing Director
DIN: 01080863

SHARAD SHAH
Chairman and Director
DIN: 00622001

HARSH BHANSALI
Chief Financial Officer

MINAL BHATE
Company Secretary
Membership No: A20188

Notes

Notes

Paras Defence and Space Technologies Limited

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