

DIRECTOR'S REPORT

To,
 The Members of
SCHNELL DRONE TECHNOLOGIES LIMITED
ICON TOWER OFFICE NO 402 & 403
S.NO. 114/5/1, 115/1/1,114/6,/3, 115/2, 4TH FLOOR,
BANER, PUNE - 411045 MAHARASHTRA INDIA

Your Directors have pleasure in presenting the 14th Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2024.

01. FINANCIAL SUMMARY AND HIGHLIGHTS

Particulars	Current year (Amounts in '000)	Previous Year (Amounts in '000)
Revenue from Operations	107,503	87,809
Other Income	498	454
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	108,001	88,263
Less: Depreciation/ Amortization/ Impairment	1,214	877
Profit/loss before Finance Costs, Exceptional items and Tax Expense	106,786	87,386
Less: Finance Costs	1,783	1,732
Less: Other Operating & Non-Operating Expenses	76,976	77,367
Profit/loss before Exceptional items and Tax Expense	28,027	8,287
Add/(less): Exceptional items	-	-
Profit/loss before Tax Expense	28,027	8,287
Less: Tax Expense	Current Tax	(7,807)
	Deferred Tax	155
Profit/loss for the year (1)	20,375	6,095
Total Comprehensive Income/loss (2)	-	-
Total (1+2)	20,375	6,095
Balance of profit /loss for earlier years	20,375	6,095
Transfer to Debenture Redemption Reserve		

Transfer to Reserves	20,375	6,095
Dividend paid on Equity Shares		
Dividend paid on Preference Shares		
Dividend Distribution Tax		

02. TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013

(Amounts in '000)

The Company has transferred Rs. 20,375/- under the head of Reserve and Surplus Account.

The Reserve and Surplus Account as of 31st March, 2024, stood at Rs. 16,182/- as compared to Rs. 6,149/- as on 31st March 2023.

03. FINAL DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances, has decided that it would be prudent, not to recommend any Dividend for the year under review.

04. INTERIM DIVIDEND

The Company did not declare any interim dividend.

05. STATE OF COMPANY'S AFFAIRS

(Amounts in '000)

i	Segment-wise position of business and its operations	The Company is engaged in the industry of drone and during the year under review, the total Income of the Company was Rs. 108,001/- against Rs. 88,263/- in the previous year which shows the increase in revenue by 22%. During the period, The Company has earned a Profit after tax of Rs. 20,375 /- compared to Rs. 6,095/- in the previous year which shows an increase by 234%.
ii	Change in status of the company	During the start of the Financial Year the Company was a Private Limited Company. Vide Resolution dated January 31, 2024 consent was accorded to convert the Company from Private Limited to Public Limited. Consequently, the name of the Company changed from Schnell

		Drone Technologies Private Limited to Schnell Drone Technologies Limited.
iii	Key business developments	<p>The Company has started pursuing Drone Services & DaaS orders aggressively. The Company has won a major order from <i>ideaForge Technology</i> to deploy a team of 20 team members for carrying out various activities within drone ecosystem. This includes deployment of team of Service Engineers for repair & maintenance of drones across India, DGCA certified Pilot team for carrying out trainings to new clients, ATPs for supplied drones to Defence forces & trials for acquisition of new clients within private sector as well as Defence domain.</p> <p>The Company has initiated DaaS project in collaboration with <i>ideaForge</i> in Uttarakhand State for daily traffic monitoring in cities like Dehradun, Rishikesh, Haridwar, Kashipur & Rudrapur for Police department.</p> <p>The Company has added many esteemed clients to its list including NIO Goa, 24 Marath LI of Indian Army, Eastern Air Command, Air Force Station Jamnagar, CMLRE Cochin, CMPDI, Adani group companies etc.</p> <p>The Company has started building capacity & infrastructure in Agriculture Spraying domain to tap the huge opportunity in the coming months.</p>
iv	Change in the financial year	There is no change in the financial year of the Company.
v	Capital expenditure programmes	The Capital Expenditure within the financial year includes investment in Drones & GCS (Ground Control Stations).
vi	Details and status of acquisition, merger, expansion, modernization and diversification	No such restructuring took place in the Company during the year under review.
vii	Developments, acquisition and assignment of material Intellectual Property Rights	-
viii	Any other material event having an impact on the affairs of the company	-

06. COMMENCEMENT OF ANY NEW BUSINESS

During the financial year under review, no new business commenced by the company.

07. MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

08. DETAILS OF REVISION OF FINANCIAL STATEMENT OR ANNUAL REPORT

No revision of the financial statement or Annual report has been revised during Financial Year 2023-24 for any of the three preceding financial years.

09. GENERAL INFORMATION

OVERVIEW:

The Indian drone industry has witnessed a rapid growth in recent years, driven by the increasing demand for drones across a range of sectors, including agriculture, infrastructure, public safety, and defence. The GoI is actively promoting the growth of this industry by introducing policies and initiatives to encourage innovation and entrepreneurship in this field. The Civil Aviation Ministry estimates that the Indian drone market shall reach an estimated turnover of INR 120 to 150 billion by 2026. The government would play a critical role in creation of a viable market for drones, so that the country can realize its own manufacturing potential. The government's fillip through its role as market maker has a potential to expand demand to approximately INR 75,000 Cr in the Commercial sector, and INR 23,000 Cr in the Homeland Security sector. As much as 60% of the commercial manufacturing potential will arise from Government dominated sectors.

EXTERNAL ENVIRONMENT AND ECONOMIC OUTLOOK:

The global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis is proving surprisingly resilient. Inflation is falling faster than expected from its 2022 peak, with a smaller-than-expected toll on employment and activity, reflecting favorable supply-side developments and tightening by central banks, which has kept inflation expectations anchored. At the same time, high interest rates aimed at fighting inflation and a withdrawal of fiscal support amid high debt are expected to weigh on growth in 2024.

Growth is resilient in major economies. Economic growth is estimated to have been stronger than expected in the second half of 2023 in the United States, and several major emerging market and

developing economies. In several cases, government and private spending contributed to the upswing, with real disposable income gains supporting consumption amid still-tight--though easing--labor markets and households drawing down on their accumulated pandemic-era savings. A supply-side expansion also took hold, with a broad-based increase in labor force participation, resolution of pandemic-era supply chain problems, and declining delivery times. The rising momentum was not felt everywhere, with notably subdued growth in the euro area, reflecting weak consumer sentiment, the lingering effects of high energy prices, and weakness in interest-rate-sensitive manufacturing and business investment. Low-income economies continue to experience large output losses compared with their prepandemic (2017-19) paths amid elevated borrowing costs.

The global commercial drone market size was estimated at USD 19.89 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 13.9% from 2023 to 2030. The market growth is attributed to the increasing enterprise application of drones across various industry verticals. Several drone manufacturers are continually testing, inventing, and upgrading solutions for diverse markets. Besides, the integration of modern technologies in commercial drones to deliver enhanced solutions is opening new growth opportunities for the commercial drone industry. The business use cases of commercial drones have expanded significantly over the past few years.

10. SHARE CAPITAL STRUCTURE OF THE COMPANY:

a) Authorized Capital:

Rs. 14,00,00,000/- (Rs. Fourteen Crores) divided into 1,40,00,000 Equity Shares of Rs.10/- each.

b) Issued Capital:

Rs. 9,78,21,960/- (Rs. Nine Crores Seventy-Eight Lakhs Twenty-One Thousand Nine Hundred and Sixty) divided into 97,82,196 Equity Shares of Rs. 10/- each.

c) Subscribed and Paid-up Capital:

Rs. 9,78,21,960/- (Rs. Nine Crores Seventy-Eight Lakhs Twenty-One Thousand Nine Hundred and Sixty) divided into 97,82,196 Equity Shares of Rs. 10/- each.

11. CREDIT RATING OF SECURITIES

During the Financial Year 2023-24, no credit rating for securities had been obtained.

12. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

13. BOARD OF DIRECTORS

The board of directors of the company is duly constituted. The following Changes have been made during the year.

- i. The designation of Mr. Bhushan Sharad Khomane changed to Managing Director of the Company from 06th February 2024.
- ii. The designation of Mr. Satyawan Balwant Jadhav changed to Whole-time Director of the Company from 06th February 2024.
- iii. Mrs. Sharmin Sahil Inamdar is appointed as an Additional Director on 30th January 2024.
- iv. The designation of Mrs. Sharmin Sahil Inamdar changed to Whole-time Director of the Company on 31st January 2024.
- v. Mr. Anjani Kumar Agarwal and Mr. Pavan Joseph are appointed as the Independent Directors of the Company from 09th February 2024.
- vi. Mr. Shailesh Shrinivas Rathi is appointed as a Director of the Company from 09th February 2024.

14. APPOINTMENT OF INDEPENDENT DIRECTORS IN THE BOARD AND DECLARATION UNDER SECTION 149(6).

The Board of Directors of the Company hereby confirms that all the Independent directors duly appointed by the Company have given the declaration and they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

15. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee consists of the following members

Name of the Director	Position held in the Committee	Category of the Director
Pavan Joseph	Chairman	Independent Director
Anjani Kumar Agarwal	Member	Independent Director

Bhushan Sharad Khomane	Member	Chairman and Managing Director
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The above composition of the Audit Committee consists of independent Directors viz., Mr. Pavan Joseph and Mr. Anjani Kumar Agarwal who form the majority.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

16. CONSTITUTION OF NOMINATION AND REMUNERATION COMMITTEE

The Company's Nomination and Remuneration Committee comprises of three Non-executive Directors. The table sets out the composition of the Committee:

Name of the Director	Position held in the Committee	Category of the Director
Pavan Joseph	Chairman	Independent Director
Anjani Kumar Agarwal	Member	Independent Director
Shailesh Shrinivas Rathi	Member	Non-Executive Director

- **Terms of Reference**

The Terms of Reference of the Nomination and Remuneration Committee are as under:

1.	To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
2.	To 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, and other employees.
3.	The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
a.	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
b.	relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

	c.	remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
4.		Regularly review the Human Resource function of the Company
5.		Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.
6.		Make reports to the Board as appropriate.
7.		Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
8.		Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

17. MEETINGS OF THE BOARD OF DIRECTORS

The following Meetings of the Board of Directors were held during the Financial Year 2023-24:

Sr No.	Date of Meeting	Board Strength	No. of Directors Present
01.	12/04/2023	2	2
02.	26/06/2023	2	2
03.	03/08/2023	2	2
04.	01/09/2023	2	2
05.	06/09/2023	2	2
06.	04/12/2023	2	2
07.	30/12/2023	2	2
08.	08/01/2024	2	2
09.	12/01/2024	2	2
10.	30/01/2024	2	2
11.	05/02/2024	3	3
12.	08/02/2024	3	3
13.	14/02/2024	6	6
14.	16/02/2024	6	6
15.	05/03/2024	6	6
16.	07/03/2024	6	6
17.	08/03/2024	6	6
18.	09/03/2024	6	6

18. PRESENCE/ATTENDANCE OF DIRECTORS IN THE MEETINGS

SN	Name of Director	Board Meeting			Committee Meeting			AGM
		No of Meeting held	No of Meeting attended	%	No of Meeting held	No of Meeting attended	%	
01.	Bhushan Sharad Khomane	18	18	100%	-	-	-	Y
02.	Satyawan Balwant Jadhav	18	18	100%	-	-	-	Y
03.	Sharmin Sahil Inamdar	8	8	100%	-	-	-	Y
04.	Anjani Kumar Agarwal	6	6	100%	-	-	-	-
05.	Pavan Joseph	6	6	100%	-	-	-	-
06.	Shailesh Shrinivas Rathi	6	6	100%	-	-	-	-

19. BOARD EVALUATION

The provision of section 134(3)(p) relating to board evaluation is not applicable on the company.

20. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

(a)	In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
(b)	The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
(c)	The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
(d)	The directors had prepared the annual accounts on a going concern basis; and
(e)	Company being an unlisted company, the said para is applicable and complied not applicable.

(f)	The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
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21. REPORTING OF FRAUDS BY AUDITORS

For the Financial Year 2023-24, the Statutory Auditor has not reported any instances of frauds committed in the Company by its Officers or Employees.

22. INFORMATION ABOUT SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANY

Company does not have any Subsidiary, Joint venture or Associate Company.

23. DEPOSITS

The company has not accepted deposits from public within the meaning of Section 73 of the Companies Act, 2013 also no unsecured loan accepted from its directors and relative of directors under sub rule 1 clause (C) sub clause (Viii) of rule 2 of Companies (Acceptance of Deposits) Rules 2014.

24. LOANS, GUARANTEES AND INVESTMENTS

The Company has not made / given / advanced any Loan, Guarantee and Investment during the financial year covered under section 186 of the Companies Act, 2013.

25. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company. Particulars of Transactions with Related party with noted on accounts forming part of the Financial Statements.

Further all the necessary details of transaction entered with the related parties as defined under Section 188 of the Companies Act, as defined under Section 2 (76) of the said Act are attached herewith in form no. AOC-2 for your kind perusal and information.

26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitution of Corporate Social Responsibility Committee.

27. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

PARTICULARS	REMARKS
A) CONSERVATION OF ENERGY:	
> the steps taken or impact on conservation of energy;	The Company is taking due care for using electricity in the office and its branches. The Company usually takes care for optimum utilization of energy. No capital investment on energy Conservation equipment made during the financial year.
> the steps taken by the company for utilizing alternate sources of energy;	
> the capital investment on energy conservation equipments;	
B) TECHNOLOGY ABSORPTION:	
> the efforts made towards technology absorption;	The Indian drone industry is undergoing significant upgrade in terms of Technology. The adaption of drone technology & use cases of drones are increasing day by day. The Company has been giving exposure to its DGCA certified pilots on new use cases & conducting internal training programs on periodic basis to keep them updated with the latest technology available in the drone ecosystem. Also, the Company is carrying out POCs for new use cases across different domains to get early entrant advantage & tap future opportunities.
> the benefits derived like product improvement, cost reduction, product development or import substitution;	NA
> in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	NA
(a) the details of technology imported;	
(b) the year of import;	
(c) whether the technology been fully	

absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not applicable since 5 years period is over	
> the expenditure incurred on Research and Development	If any
(c) FOREIGN EXCHANGE EARNINGS AND OUTGO:	
> The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows	Foreign Exchange outgo mainly includes payments to Blue Marble Geographics, USA & Agisoft LLC, Russia towards procurement of software license keys for further supply to Indian clients.

28. RISK MANAGEMENT

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The risk management process in our multi-business, multi-site operations, over the period of time will become embedded into the Company's business systems and processes, such that our responses to risks remain current and dynamic.

29. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Policy has a systematic mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or policy.

30. REGULATORY ACTION

There are no significant and material orders passed by the regulators or courts or Tribunals that could impact the going concern status and operations of the company in future.

31. STATUTORY AUDITORS AND THEIR REPORT

At the Annual General Meeting held on 30th September 2022, M/s. Malani Somani Chandak And Associates, Chartered Accountants (FRN No. 119584W) was appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2027. In terms of the first proviso to Section 139 of the Companies Act, 2013.

Company has received certificate from the Auditors to the effect they are not disqualified to continue as statutory auditors under the provisions of applicable laws.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Auditor`s Report are self-explanatory.

32. SECRETARIAL AUDITORS

The Secretarial Audit is not applicable on the company as it is not covered under the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

33. COST RECORDS

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintenance is not applicable on the company.

34. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

No such process initiated during the period under review under the Insolvency and Bankruptcy Code, 2016 (IBC).

35. FAILURE TO IMPLEMENT ANY CORPORATE ACTION

All the corporate action taken during financial year 2023-24 and reporting for the same with the concerned department has been completed within specified time limit.

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

37. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on key result areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a part of our Corporate HR function and is a critical pillar to support the organization's growth.

38. HEALTH, SAFETY AND ENVIRONMENT PROTECTION

Company's Health and Safety Policy commits to comply with applicable legal and other requirements connected with occupational Health, Safety and Environment matters and provide a healthy and safe work environment to all employees of the Company.

39. SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings of the Company.



40. APPRECIATION AND ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The Board places on record its appreciation for the support and co-operation, your company has been receiving from its Suppliers, Retailers, Dealers & Distributors and others associated with the Company. The Directors also take this opportunity to thank all Clients, Vendors, Banks, Government and Regulatory Authorities for their continued support.

Date **12/07/2024**

Place **Pune**

For & on behalf of the Board of Directors



BHUSHAN SHARAD KHOMANE

DIN : 02922158

(Chairman)

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Contact Us :

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