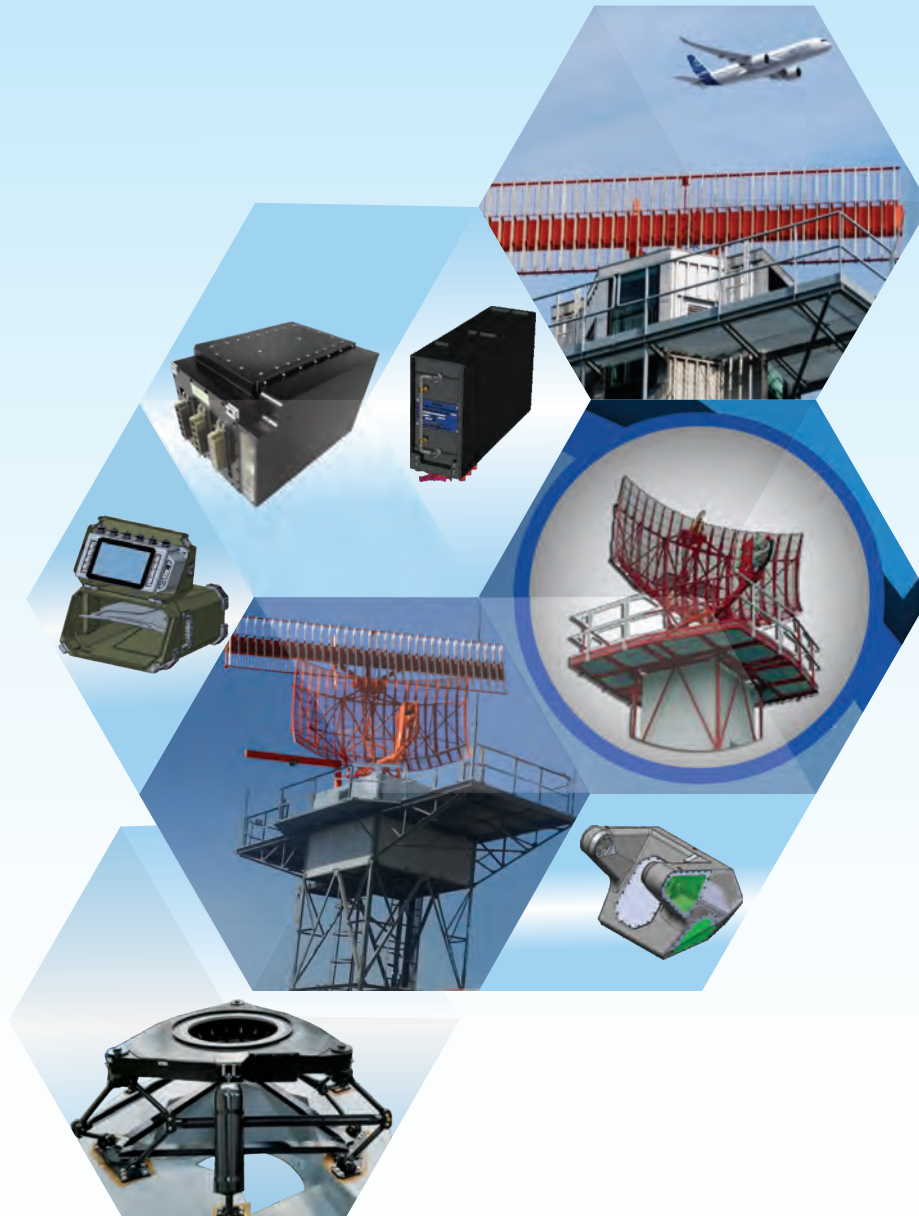


BEL - THALES Systems Limited



Annual Report
2023-24

Vision, Mission and Values



Vision

To be a leading technology and service provider for Radars in civilian and select defence sectors in Indian and Global market.



Mission

To be a lean and agile enterprise in Developing, Evolving and Customising Radars and related services to meet challenges faced by the Customer.



Values

- Putting customers first
- Working with transparency, honesty & integrity
- Trusting & respecting individuals
- Fostering team work
- Striving to achieve high employee satisfaction
- Encouraging flexibility and innovation
- Proud of being a part of the organisation

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CORPORATE INFORMATION

REGISTERED OFFICE

BEL-THALES Systems Limited

CIN: U32106KA2014GOI076102

CNP Area, BEL Industrial Estate,
Jalahalli, Bengaluru, Karnataka-560013

Email : btsl@bel.co.in

Website : www.btsl-india.co.in

Tel. No. : 080-28381803

Fax : 080-28381801

FOR THE FINANCIAL YEAR 2023-24

STATUTORY AUDITOR

M/s. S.R. & M.R. Associates

Chartered Accountants, Bengaluru

INTERNAL AUDITOR

Corporate Audit-BEL

SECRETARIAL AUDITOR

M/s Thirupal Gorige & Associates LLP

Practicing Company Secretaries, Bengaluru

BANKER

State Bank of India

CREDIT RATING AGENCY

M/s. ICRA Limited

Letter to Shareholders

Dear Shareholders,

My greetings and best wishes to you.

At the outset, I would like to extend my gratitude to each one of you for your continued support and investment in BTSL. Your strong support and faith in us inspire us to achieve newer milestones of success.

It is my proud privilege to present, on behalf of the Board of Directors of **BEL-THALES Systems Limited**, the 10th Annual Report of your company for the financial year 2023-24. I am proud of what we've accomplished together in the past few years, and even more optimistic about the opportunities ahead.

I take this opportunity to share the performance highlights during the last financial year and the future outlook for BTSL.

Financial and Performance Highlights of the Year

In the financial year 2023-24, your Company recorded a turnover of Rs. 9377.68 Lakhs, experiencing growth of 20 % from the previous year's Rs. 7819.05 Lakhs. The Profit Before Tax (PBT) was Rs. 466.10 Lakhs compared to Rs. 897.01 Lakhs in the previous year while the Profit After Tax (PAT) was Rs. 273.49 Lakhs compared to Rs. 700.09 lakhs in the previous year. The reduction in profit is mainly due to provision for obsolescence amounting to Rs. 586.05 lakhs created towards PHAROS radar prototype. Our Order Book position stood at a healthy Rs. 182.21 Crores as of 31st March 2024.

Dividend

Your Company has maintained the tradition of rewarding its shareholders. The Board of Directors of the Company have recommended a dividend of Rs. 1.44 per equity share on the paid-up equity share capital of the company for the financial year 2023-24 for approval of shareholders. On approval of the dividend by the shareholders, the total cash outflow for payment of the dividend would be Rs. 82.97 lakhs.

Opportunities and Outlook

The Company has initiated actions to diversify into related areas and also new areas to improve business opportunities and to have a variety of products in its portfolio. Advanced Rocket System Interface (ARSI) is electronic equipment designed to be mounted in the avionics bay of a helicopter or aircraft, Work packages for STIR radar systems on a built-to-print basis. Orders for ARSI (Prototype & Test bench) and SAF (Shock Absorbing foundation) are received. Orders are expected for FZ906 Mock-up board & prototype, ARSI Serial production.

The Company has successfully Manufactured & delivered 46 units of Low Band Receiver (LBREC) which were locally manufactured for the 36 Rafael offset program of the Indian Air Force. Similarly, manufacturing of 34 units for an Indian Navy contract is expected in the coming years.

The Company has the necessary capabilities for Radar Service Management and has bagged contracts for the next 03 years from the Indian Navy, HAL Bengaluru and HAL Nasik. Similar contracts for ICG Daman and DRDO are in the pipeline.

Inertial Navigational System (INS) is in the initial stages of discussion with BEL and THALES and this system offers enhanced functionalities to ease flight operations.

The Company is AS9100D certified and has been approached by M/s Lockheed Martin Corporation, USA, a Global security and Aerospace company, to be one of the Indian offset partners for the MH-60 R program of the Indian Navy. BTSL is geared to offset production.



Corporate Social Responsibility and Sustainability Development

Your company is committed to social responsibility. We have undertaken a project towards integrating our social and business goals in a sustainable manner in line with schedule VII of the Companies Act, 2013. An amount of Rs 12.37 Lakhs has been spent under CSR in the Financial Year 2023-24 which includes a contribution of Rs 0.27 Lakhs towards the PM CARES Fund.

Governance and Transparency

Your company always makes sincere efforts to ensure compliance with Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE), Government of India, to the extent compliances are within ambit of the Company. During the year 2023-24, your Company's compliance with 'DPE Guidelines on Corporate Governance' has been rated as "Excellent" as per 'Corporate Governance Grading System' prescribed by DPE. The Company is committed to adopting the best Corporate Practices based on transparency, conscience, and accountability. The Company has 'NIL' Audit observation from the office of Comptroller and Auditor General of India (C&AG) for FY 2023-2024.

New Infrastructure

To support our growth, BTSL has extended its office premises with an initiative to set up new infrastructure facilities. The initiative will enhance our self-reliance and contribute to making BTSL Atmanirbhar.

Credit Rating

The improvement in financial performance, and the resultant financial strength, is also reflected in the reaffirmation of the credit rating AA (Stable) rating, assigned by ICRA Limited credit rating agency for the financial year 2023-24.

Quality systems

Being a defence company, the quality of the product is of paramount importance, and our products should work the first time and every time. Hence, these products require stringent quality standards and a high degree of reliability. In pursuit of this objective, BTSL has adopted and maintains quality standards. BTSL has been re-certified with AS9100D & ISO 9001 :2015 by the certification body, TUV SUD AMERICA INC.

Looking Ahead

We are focusing on strengthening our base of doing business and are looking forward to improving our practices to be more economical & reliable as a way forward for being a progressive organization. Newer business opportunities are required to be explored for the necessary boost to achieve the make in India mandate of the Government of India.

Acknowledgments

Over the nine (09) years of its journey, your Company prudently invested in strengthening its foundation. With the commitment of our staff, the guidance of the Ministry of Defence Government of India, and the support of Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS, I am confident that we will emerge all the stronger from our experience and consolidate our role in providing defence services.

On behalf of the Company, I am utmost grateful for the continued support and co-operation received from the Government of India particularly Ministry of Defence, Ministry of Corporate Affairs, all our shareholders, our valued Customers, Office of Comptroller Auditor General of India, Auditors, Vendors, other authorities and agencies which has enabled us to tread the path of consistent growth in spite of various business challenges.

The soaring success of BTSL rests firmly on the bedrock of trust and goodwill built with our stakeholders. I extend my heartfelt thanks to Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS and customers. Lastly, I am deeply indebted to my esteemed colleagues on the Board for their ingenious insights and the indomitable spirit of the entire BTSL workforce. With your valuable contributions, we shall embark on a thrilling journey to make BTSL reach unprecedented heights.

!!Thank you and Jai Hind!!

Yours Sincerely,

Sd/-

(Bhanu Prakash Srivastava)
Chairman & Additional Director
DIN: 09578183

Date : 22-07-2024

Place: Bengaluru

BOARD OF DIRECTORS

(As on 22nd July 2024)



Shri Bhanu Prakash Srivastava
Chairman



Shri Venkata Suresh Kumar Kaipa
Director



Shri Damodar Bhattad
Director



Shri Ashish Arun Saraf
Director

KEY EXECUTIVES

(As on 22nd July 2024)



Shri Nikhil Kumar Jain
Chief Executive Officer



Shri G Ravi
Vice Chief Executive Officer

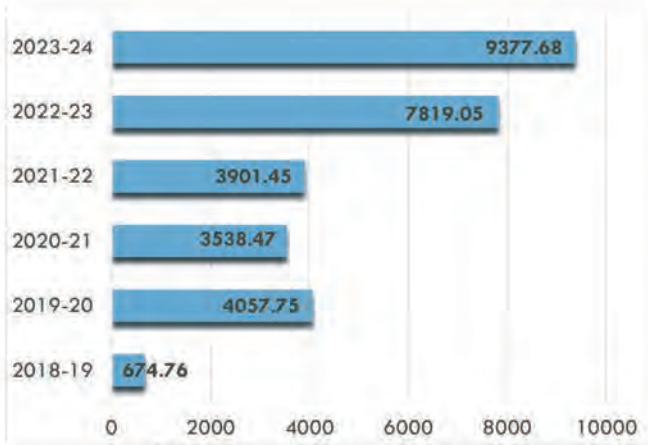


Shri Amresh Kumar Jha
Chief Financial Officer

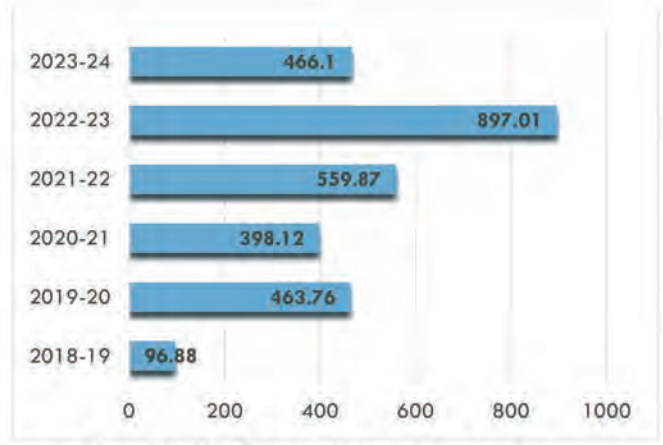


Ms. Kirti Sewani
Company Secretary

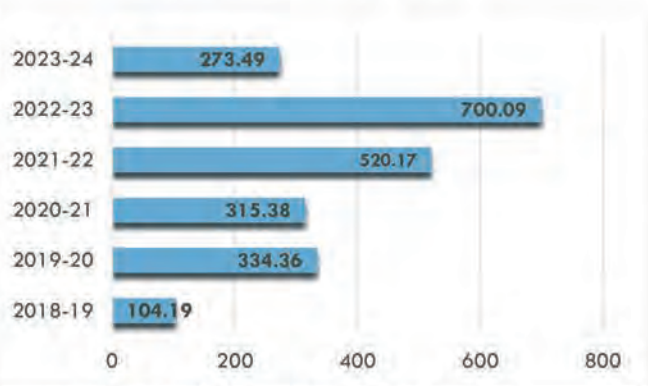
Key Performance Indicators



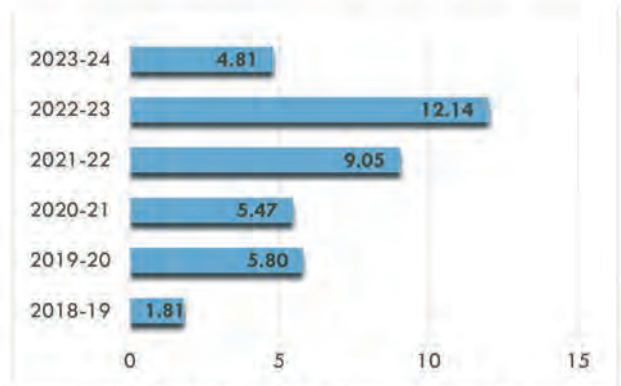
Turnover (Rs. in Lakhs)



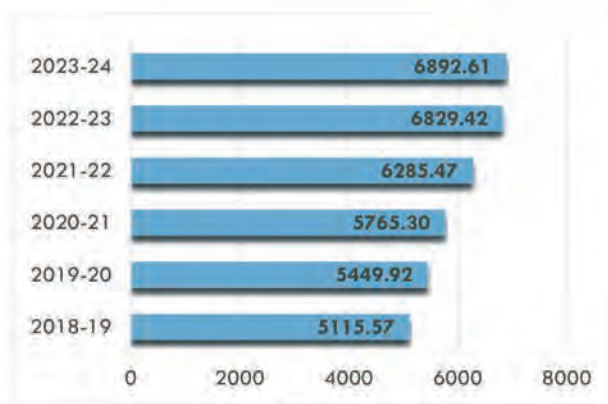
Profit Before Tax (Rs. in Lakhs)



Profit After Tax (Rs. in Lakhs)



Earnings Per Share (in Rs.)



Networth (Rs. in Lakhs)

Financial Highlights

Rs. in Lakhs

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Total Income	937.64	4430.18	3872.40	4091.20	8004.90	10080.31
Total Expenses	840.76	3966.42	3474.28	3531.33	7107.89	9614.21
Profit Before Tax	96.88	463.76	398.12	559.87	897.01	466.10
Profit After Tax	104.19	334.36	315.38	520.17	700.09	273.49
Reserve & Surplus	-645.97	-311.62	3.76	523.93	1067.88	1131.07
Net Worth	5115.57	5449.92	5765.30	6285.47	6829.42	6892.61
Earnings Per Share (in Rs.)	1.81	5.80	5.47	9.05	12.14	4.81

BEL-THALES Systems Limited

(A Government of India Enterprise, Ministry of Defence)

CIN: U32106KA2014GOI076102

Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru, Karnataka - 560013

Email: btstl@bel.co.in, **Website:** www.btstl-india.co.in, **Tel. No.:** 080-28381803, **Fax:** 080-28381801

Board's Report

To,

Dear Members,

The Board of Directors of your Company are pleased to present the 10th Board's Report on the Business and operations of the Company for the financial year ended 31st March 2024 together with Audited financial statements, Auditors' Report thereon and comments on financial statements by the Comptroller and Auditor General of India (C&AG) for the reporting period.

FINANCIAL RESULTS:

The Financial performance of the company during the financial year 2023-2024 as compared to the previous financial year 2022-2023 is summarized below:

(All Amount in Lakhs)

Particulars	Financial Year Ended 31 st March, 2024	Financial Year Ended 31 st March, 2023
Revenue from Operations	9377.68	7819.05
Other Income	702.63	185.85
Total Income	10080.31	8004.90
Employee Benefits Expense	454.37	399.63
Finance Cost	2.24	6.05
Depreciation/ Amortisation Expenses	71.24	134.59
Administration & Other Expense	9086.36	6567.62
Total Expenses	9614.21	7107.89
Profit/ (Loss) before Exceptional and Extraordinary Item and tax	466.10	897.01
Profit/(Loss) Before Tax	466.10	897.01
Total Tax Expenses	189.11	197.34
Profit/(Loss) for the Year	276.98	699.67
Add: Other comprehensive Income/(expenses) for the year	(3.49)	0.42
Total Comprehensive Income	273.49	700.09

OPERATIONS AND STATE OF COMPANY'S AFFAIRS:

BEL-THALES Systems Limited ("BTSL") is a joint venture of Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS. Design, development, marketing, supply and support of civilian and select defence radars for Indian and global markets is the goal of the company. Benefitting from the confluence of work culture of the parent organizations, the JV is imbibing the best practices of both.

The Company has initiated actions to diversify into related areas and also new areas to improve business opportunities and to have a variety of products in its portfolio. Advanced Rocket System Interface (ARSI) is electronic equipment designed to be mounted in the avionics bay of a helicopter or aircraft, Work packages for STIR radar systems on a built-to-print basis. Orders for ARSI (Prototype & Test bench) and SAF (Shock Absorbing foundation) are received. Orders are expected for FZ906 Mock-up board & prototype, ARSI Serial production.

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The Company is AS9100D certified and has been approached by M/s Lockheed Martin Corporation, USA, a Global security and Aerospace company, to be one of the Indian offset partners for the MH-60 R program of the Indian Navy. BTSL is geared to offset production.

In the financial year 2023-24, your Company recorded a turnover of Rs. 9377.68 Lakhs, experiencing growth of 20 % from the previous year's Rs. 7819.05 Lakhs. The Profit Before Tax (PBT) was Rs. 466.10 Lakhs compared to Rs. 897.01 Lakhs in the previous year while the Profit After Tax (PAT) was Rs. 273.49 Lakhs compared to Rs. 700.09 lakhs in the previous year. The reduction in profit is mainly due to provision for obsolescence amounting to Rs. 586.05 lakhs created towards PHAROS radar prototype. Our Order Book position stood at a healthy Rs. 182.21 Crores as of 31st March 2024.

DIVIDEND:

For the Financial Year 2023-24, the Board of Directors of your company recommended a dividend of Rs 1.44 per equity share as compared to Rs 3.65 per equity share for the financial year 2022-23. Dividend is subject to approval of Members at the ensuing Annual General Meeting and shall be subject to deduction of tax at source. The dividend outgo for FY 2023-2024 will absorb a sum of Rs. 82.97 Lakhs, which constitutes 30% pay out of the Company's Standalone Profits for FY 2023-2024.

The Company has not paid any Interim Dividend during the financial year under review.

TRANSFER TO RESERVE:

The Company has not proposed any amount to be transferred to the General Reserve during the financial year under review.

SUBSIDIARY/ ASSOCIATE COMPANIES AND JOINT VENTURE:

The Company does not have any Subsidiary Company or Joint Venture or Associate Company. There was no Company which ceased to be the Subsidiary, joint venture or associate company of the company during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT 2013:

The Company has not granted any loans, given any guarantee or made any investment under Section 186 of the Companies Act 2013 during the year under review.

SHARE CAPITAL:

During the year under review, there have been no changes in the share capital of the Company.

CHANGE IN NATURE OF BUSINESS, IF ANY:

There has been no change in the nature of Business of the Company during the Year under review.

DEPOSIT:

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

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

BEL-THALES Systems Limited ("BTSL") is a joint venture of Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS. The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Company is managed by a strong Board who are well acquainted with their duties and responsibilities.

The composition of Board of Directors of the company and Key Managerial Personnel as on 31st March 2024 was as follows:

Sr. No.	Name of the Directors and KMP	Designation
1.	Shri Manoj Jain	Chairman & Nominee Director
2.	Shri Damodar Bhattad	Nominee Director
3.	Shri Venkata Suresh Kumar Kaipa	Nominee Director
4.	Shri Ashish Arun Saraf	Nominee Director
5.	Shri Nikhil Kumar Jain	Chief Executive Officer
6.	Shri Amresh Kumar Jha	Chief Financial Officer
7.	Ms. Kirti Sewani	Company Secretary

During the year under review and till the date of report there were following changes in composition of Board of Directors of the company:

- Shri Vinay Kumar Katyal (DIN: 08281078) ceased to be Nominee director of the company with effect from 31st July 2023.
- Shri Venkata Suresh Kumar Kaipa (DIN: 10200827) was appointed as the Additional Director of the company with effect from 04th August 2023.

Your directors place on record their deep appreciation for the contribution made by Shri Vinay Kumar Katyal (DIN: 08281078) during his tenure as Director of the company.

During the year under review and till the date of report there were following changes in composition of key Managerial Personnel (KMP) of the company:

- Shri Narasimha Prasad Krishna Murthy ceased to be the Chief Executive officer (KMP) of the company with effect from 29th February 2024.
- Shri Nikhil Kumar Jain was appointed as the chief Executive officer (KMP) of the company with effect from 01st March 2024.

The Board wishes to place on record its deep appreciation for the valuable contribution rendered by Shri Narasimha Prasad Krishna Murthy during his association with the Company.

GENERAL MEETINGS:

During the financial year 2023-24, the 9th Annual General Meeting was held on 25th August 2023. The attendance of Directors in 9th Annual General Meeting is as under:

Name of Director(s)	DIN	AGM
		25.08.2023
Shri Manoj Jain (Ceased w.e.f. 24 th June 2024)	09749046	Yes
Shri Damodar Bhattad	09780732	Yes
Shri Venkata Suresh Kumar Kaipa	10200827	No
Shri Ashish Arun Saraf	07924215	No

BOARD MEETINGS:

During the financial year 2023-24, Five (05) Board meetings were held. The said Meetings were held on 15th May 2023, 21st July 2023, 16th October 2023, 12th January 2024 and 21st February 2024. Necessary Quorum was present for all the Board Meetings. Details of Board meetings and attendance of Directors are given in the Corporate Governance Report, which forms part of this report.

COMMITTEES OF THE BOARD:

The company has constituted the Audit Committee and Nomination and Remuneration Committee of the Board of Directors. A detailed note on the composition, terms of reference and meetings of the said committees is provided in the Corporate Governance Report which forms part of this report.

AUDIT COMMITTEE:

In compliance with the provisions of the Companies Act, 2013, Your Company has constituted the Audit Committee of the Board of Directors. The constitution of the Audit Committee of the Company as on 31.03.2024 was as under:

Sr. No.	DIN	Name	Designation
1	09780732	Shri Damodar Bhattad	Chairman of the committee
2	09749046	Shri Manoj Jain	Member
3	10200827	Shri Venkata Suresh Kumar Kaipa	Member
4	07924215	Shri Ashish Arun Saraf	Member

Details of the scope of the audit Committee and meetings of the Audit Committee are given in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE:

In compliance with the provisions of Section 178 of the Companies Act 2013 your Company has constituted a Nomination and Remuneration Committee. The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2024 was as under:

Sr. No.	DIN	Name	Designation
1	10200827	Shri Venkata Suresh Kumar Kaipa	Chairman of the committee
2	09749046	Shri Manoj Jain	Member
3	09780732	Shri Damodar Bhattad	Member
4	07924215	Shri Ashish Arun Saraf	Member

Details of the scope of the Nomination and Remuneration Committee and meetings of the Nomination and Remuneration Committee are given in the Corporate Governance Report.

DECLARATION OF INDEPENDENT DIRECTOR:

As per the provision of the Companies Act, 2013 read with the Rules made thereunder your Company being a joint venture of Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS is not required to appoint Independent Directors. Hence, requirement of the statement on declaration by Independent Directors under Section 149(6) of the Companies Act, 2013, is not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your Directors hereby 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) The Directors 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 31st March 2024 and of the profit of the Company for that period;
- c) The Directors 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) The Directors have prepared the Annual Accounts on ongoing concern basis;
- e) The Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.
- 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.

STATUTORY AUDITOR:

The Statutory Auditor of your Company is appointed by the Comptroller & Auditor General of India (C&AG). The Office of the Comptroller & Auditor General of India ("C&AG") vide its letter No./CA.V/COY/CENTRAL GOVERNMENT,BTSL(1)/432 dated 13.09.2023, appointed **M/s. S.R. & M.R. Associates**, Chartered Accountants, (**ICAI Firm Registration No.: 008094S**), as the Statutory Auditor of the Company for the financial year 2023-24.

The Statutory Auditor has given an unqualified report on the Financial Statements of the Company for the financial year 2023-2024. The report is self-explanatory and does not require any further comments by the Board.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA:

The office of the Comptroller and Auditor General of India ("C&AG") vide letter dated 03rd July, 2024 has given 'NIL' Comments on the Financial Statements of your Company for the financial year ended 31st March 2024 after conducting supplementary audit under section 143 (6) (a) of the Companies Act 2013.

As advised by the Office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG on the financial statements of your Company for the year ended 31st March 2024 are being placed with the report of Statutory Auditor of your Company elsewhere in this Annual Report.

FRAUD:

During the year under review, none of the Auditors have reported to the Audit Committee or the Board (under Section 143 (12) of the Companies Act, 2013) any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

MAINTAINANCE OF COST RECORDS AND COST AUDIT:

Your Company is not required to maintain cost accounts and records as prescribed under the provisions of section 148 of the Companies Act, 2013.

SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), your Company has appointed M/s. Thirupal Gorige & Associates LLP, Practicing Company Secretaries, Bengaluru, to undertake Secretarial Audit of the Company for the Financial Year 2023-2024. The Secretarial Audit Report is annexed to this Report as **Annexure- "I"** and forms part of the Annual-Report.

The Secretarial Report does not contain qualification, reservation or adverse remark or disclaimer.

SECRETARIAL STANDARD:

The Company has followed applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to 'Meetings of the Board of Directors' and 'General Meetings' issued by Institute of Company Secretaries of India (ICSI).

RISK MANAGEMENT:

In every business, there are some risks inherent. Our company is also exposed to the normal industry risks. The Management of your Company has framed the risk management policy which outlines the Risk Management Structure, Roles and Responsibilities of concerned personnel in the Company. A comprehensive framework for Risk Identification, Evaluation, Prioritization, Treatment etc. of various risks associated with different areas of operations such as Technology, Product, Market, Human Resources, Finance, Operations, etc. are also defined in the Policy. The management of the Company oversees the Risk Management efforts made by the Company to mitigate the normal industries' risks. Further, the Company does not have any risk, which in the opinion of the management may threaten the existence of the Company.

STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND OF INDIVIDUAL DIRECTORS HAS BEEN MADE:

At present, the Company's Board of Directors consists of the Nominee Directors appointed by Bharat Electronics Limited and THALES. An exercise was carried out to evaluate the performance of the individual directors, the Audit Committee, the Nomination and Remuneration Committee and the Board for the financial year 2023-24 on the basis of certain important parameters like level of engagement and contribution, exercising independence of judgement, achievement of objectives and targets, protection of interest of various stakeholders etc. and found satisfactory.

HUMAN RESOURCES:

As on 31st March 2024, the Company had total strength of 16 employees out of which 6 employees were on secondment from Bharat Electronics Limited, 1 employee on secondment from THALES and 9 employees on the rolls of your Company. All the employees in your company are at executive level. Further, out of 16 employees 2 is women employee. The employee relations environment during the year remained cordial.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

During the period under review, there is no amount of unpaid/unclaimed dividend which is required to transfer in IEPF (Investor Education and Protection Fund) as per the provisions of the Companies Act, 2013.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

Directors confirm that they have put in place sufficient internal financial controls with respect to maintenance of books of accounts and preparation of the financial statements.

DISCLOSURE OF VIGIL MECHANISM:

The provisions of Section 177 (9) and (10) of the Companies Act, 2013 relating to Establishment of Vigil Mechanism is not applicable to the Company and hence, the said disclosure requirements are not applicable. However, the Company being a subsidiary of Bharat Electronics Limited ("BEL"), the Vigilance supervision in the Company is monitored by the Chief Vigilance Officer of BEL.

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

Your Company, being a Defence PSU, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 (as amended) is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4th September 2015 has granted exemption to Defence Public Sector Undertakings.

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

There were no significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and Company's operations in future.

INFORMATION PURSUANT TO RULE 5(2) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The Company being a Government Company, the said disclosure requirements under Section 197 are not applicable pursuant to Notification No. GSR 463(E), dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India.

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

Your company has constituted the Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company is committed to provide a safe and conducive work environment to its employees. The Company has zero tolerance for any case of sexual harassment at workplace. During the year under review, no case in the nature of sexual harassment was reported at any workplace of the Company.

DISCLOSURE OF RELATED PARTY TRANSACTIONS:

During the year, all the contracts/arrangements/transactions entered with the related parties as referred in sub-section (1) to section 188 of the Companies Act, 2013, were in the Ordinary Course of Business and at Arm's Length Basis. The particulars of said contracts or arrangements with related parties are disclosed in the Notes to Financial Statements and also in **Form No. AOC-2** annexed as **Annexure – "II"** of this Board's Report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

Except as disclosed elsewhere in the Report, no material changes and commitments which could affect the financial position of the Company have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

INSOLVENCY AND BANKRUPTCY CODE, 2016:

No application has been made under the Insolvency and Bankruptcy Code; hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year is not applicable.

ONE TIME SETTLEMENT AND VALUATION:

During the financial year 2023-24, no event has taken place that gives rise to reporting of details w.r.t. difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Management Discussion and Analysis Report as required under the DPE guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is annexed to this report at **Annexure- "III"**.

CORPORATE GOVERNANCE REPORT:

The Company has a system in place for monitoring various statutory and procedural compliances. Your Company believes that good corporate governance is critical in establishing a positive organizational culture which is evident by the virtues of responsibility, accountability, consistency, fairness and transparency it follows towards its stakeholders. Accordingly, a report on Corporate Governance forms part of this report at **Annexure – "IV"**.

CORPORATE SOCIAL RESPONSIBILITY:

As per the provisions of Section 135 (9) of the Companies Act, 2013, your Company is not required to constitute the Corporate Social Responsibility (CSR) Committee, the functions of the CSR Committee were discharged by the Board of Directors of the Company. As per the requirement of Section 135 of the Companies Act, 2013 and Rule 8 (1) of the Companies (Corporate Responsibility Policy) Rules, 2014, the annual report on CSR activities is annexed to this report at **Annexure- "V"**.

SUSTAINABILITY REPORT:

As required under the Guidelines on "Sustainable Development" issued by the Department of Public Enterprises, Govt. of India a separate chapter on the company's efforts on "Sustainable Development" during the financial year 2023-24 is annexed to this Report at **Annexure "VI"**.

EXTRACT OF ANNUAL RETURN:

Annual Return pursuant to Section 92 (3) of the Companies Act, 2013, read with Section 134(3) (a) and rule 12(1) of the Company (Management & Administration) Rules, 2014 for the Financial Year ended 31st March 2024 is available on the Company's website and can be accessed at https://www.btsl-india.co.in/anl_rtn_23_24.html

ACKNOWLEDGEMENT:

The Board of Directors would like to express their deep sense of appreciation for the support and co-operation received from Ministry of Defence, Government of India, Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS.

The Board also acknowledges the valuable suggestions and guidance received from the Office of Comptroller & Auditor General of India, statutory auditor, internal auditor, Secretarial Auditor of the Company.

The Board is also thankful to all its stakeholders, including bankers, customers, consultants, contractors, vendors, etc. for their continued support and confidence reposed in the Company.

We wish to place on record our appreciation for the untiring efforts and contributions by the employees at all levels to ensure that the Company continues to grow and excel.

**For and on behalf of the Board of Directors
BEL-THALES Systems Limited**

Sd/-
Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183

Date : 22nd July 2024

Place: Bengaluru

Annexure “I” to Board’s Report

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2024**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
BEL- THALES Systems Limited
CNP Area, BEL Industrial Estate,
Jalahalli, Bangalore,
Karnataka, India 560013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEL-THALES SYSTEMS LIMITED (CIN: U32106KA2014GOI076102) (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 on 31 March 2024, 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 31 March 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder - **Not applicable.**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder-**not applicable**
- (iv) 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;
- (v) 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 - **Not applicable.**

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - **Not applicable.**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable.**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not applicable.**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) 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 - **Not applicable.**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable.**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable.**
- (vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:
- i. Guidelines issued by Department of Public Enterprises;
 - ii. Guidelines/Circulars issued by Ministry of Defence from time to time;
 - iii. Order/Regulations issued by the Govt. of India from time to time;
 - iv. E-Waste (Management & Handling) Rules, 2016;

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc.as mentioned the above.

We further report that:

The Board of Directors of the Company is duly constituted as on reporting date. 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 was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least fourteen and ten days in advance respectively as applicable and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and

Majority decision was carried through while the dissenting members' views, if any 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 there are following events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place: **Nil**.

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

Sd/-

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424

Place : Bengaluru
Date : 18.07.2024
UDIN : F006680F000769992

Note: This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure A

To
The Members
BEL- THALES Systems Limited
CNP Area, BEL
Industrial Estate, Jalahalli,
Bangalore, Karnataka, India 560013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My 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, regulations, standards is the responsibility of 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 as conducted the affairs of the company

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

Sd/-
CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN : F006680F000769992

Place : Bengaluru
Date : 18.07.2024

Annexure “II” to Board’s Report

FORM AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 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 fourth proviso thereto.

1. Details of Contracts or Arrangements or Transactions not at Arm’s Length Basis

(a) Name (s) of the related party and nature of relationship	Not Applicable
(b) Nature of the contracts/arrangements/transactions	Not Applicable
(c) Duration of the contracts/arrangements/transactions	Not Applicable
(d) Salient terms of the contracts/arrangements/transactions including the value, if any	Not Applicable
(e) Justification for entering into such contracts or arrangements or transactions	Not Applicable
(f) Date of approval by the Board	Not Applicable
(g) Amount paid as advance, if any	Not Applicable
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Applicable

2. Details of Material Contracts or Arrangement or Transactions at Arm’s Length Basis

(a) Name (s) of the related party and nature of relationship	Not Applicable
(b) Nature of the contracts/arrangements/transactions	Not Applicable
(c) Duration of the contracts/arrangements/ transactions	Not Applicable
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
(f) Date(s) of approval by the Board, if any	Not Applicable
(g) Amount paid as advances, if any	None

**For and on behalf of the Board of Directors
BEL-THALES Systems Limited**

Sd/-
Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183

Date : 22nd July 2024
Place: Bengaluru

Annexure “III” to Board’s Report**Management Discussion and Analysis Report****Industry structure and developments:**

At present, India is one of the largest importers of Defence equipment with majority of its Defence needs being met through imports, though India’s arms import has decreased in the recent years, as per the reports.

The Government of India aims to develop a strong self-reliant domestic industry in the Defence sector with substantial participation from the private sector, including MSMEs and start-ups to reverse the trend of imports.

Under these changing business scenarios, BTSL is focussing on enhancing its interaction levels and building long-term relationships with emerging Strategic Partners, users, and other key stakeholders in the Indian Defence/Non-Defence industry.

Strengths, Weaknesses, Opportunities and Threats:**a) Strengths**

- Growth-oriented & forward-looking organisation having strong connections with Domestic & International Defense & Non-Defence Customers.
- Defence PSU with good brand image, reputation, strong value system and work ethics.
- Agility in Diversification initiatives.
- Leveraging partnerships for growth.
- Strong Brand Image of BEL and Thales in National and international Market.
- Expertise in Radar & Radar Subsystem.
- Long-term commitment to customers Availability of the business resources, essential technological capabilities and capital from the Joint Venturers to start business operations.
- AS9100D Certified & ICRA AA rated company.

b) Weaknesses

- Dependence on Cyclic Defence & Non-Defence market
- Weak defence manufacturing ecosystems due to lack of Electronic System Design and Manufacturing (ESDM) companies.
- Dependence on foreign OEMs for certain critical technologies.

c) Opportunities

- Growing Defence budget allocation towards modernisation, upgrade programmes and maintenance repair & Overhaul.
- Technological capabilities acquired with the support of the Parent Companies have resulted in working on projects like Manufacturing & integration of Advance Rocket System Interface (ARSI), and on modules for fire control radar on BTP basis.
- The existing manufacturing infrastructure, facilities and expertise at BEL will be utilised for creating LCA LRU test facilities.

- To add new customers in the fleet for Radar Service Management segment other than Indian Navy, Indian Coast Guard.
- Offset Business Partner with Lockheed Martin which is Aerospace Major.
- To explore business in Aviation and space business segment.

d) Threats

- Rapid changes in technology.
- Manifold increase in competition from Indian private industry and foreign OEMs including their JVs in the Defence sector.
- Change in Market demands.
- The long gestation period of product evaluation and acceptance in the defence segment would be a strain for the newly formed company.
- Non-existent MSMEs for sourcing components and subsystems for the manufacture of state-of-the-art Radars would be a challenge.

Major initiatives undertaken and planned to ensure sustained performance and growth:

- Currently the company is having order book of INR 182.21 crores. To sustain the performance the company is presently engaged in - Built to Print Projects for Fire Control Radar Systems in Co-ordination with Thales Nederland.
- Manufacturing & Testing Projects to meet the requirements of various customers in multiple business segments.
- The company is expanding its infrastructure, currently equipped with an integration lab for production purposes which includes Quality Inspection, Testing, Assembly, Functional tests, Thermal Cycling, Vibration tests etc.
- Company is pursuing opportunities in Civil Aviation and Indian Space Business Segment.
- Radar Service Management for existing customer (Indian Navy) and new customers like Indian Coast Guard and Aeronautical Development agency Chitradurga is in the pipeline.
- Manufacturing of Additional LBREC for Rafael Indian Navy contract is expected in future.
- The company is scaling up capabilities relevant to future competition.
- The company has already fostered interest in alternative business models that will continue to gain momentum over the next decade.

Segment-wise or product-wise performance:

- ASR & MSSR Radar Service Management (Navy & HAL) – 12%
- Export (ARSI & PCL) – 6%
- Supply Chain (BGAs) – 82%

Outlook:

The Company has initiated actions to diversify into related areas and also new areas to improve business opportunities and to have a variety of products in its portfolio. Advanced Rocket System Interface (ARSI) is electronic equipment designed to be mounted in the avionics bay of a helicopter or aircraft, Work packages for STIR radar systems on a built-to-print basis. Orders for ARSI (Prototype & Test bench) and SAF (Shock Absorbing foundation) are received. Orders are expected for FZ906 Mock-up board & prototype, ARSI Serial production.

The Company has successfully Manufactured & delivered 46 units of Low Band Receiver (LBREC) which were locally manufactured for the 36 Rafael offset program of the Indian Air Force. Similarly, manufacturing of 34 units for an Indian Navy contract is expected in the coming years.

The Company has the necessary capabilities for Radar Service Management and has bagged contracts for the next 03 years from the Indian Navy, HAL Bengaluru and HAL Nasik. Similar contracts for ICG Daman and DRDO are in the pipeline.

Inertial Navigational System (INS) is in the initial stages of discussion with BEL and THALES and this system offers enhanced functionalities to ease flight operations.

The Company is AS9100D certified and has been approached by M/s Lockheed Martin Corporation, USA, a Global security, and Aerospace company, to be one of the Indian offset partners for the MH-60 R program of the Indian Navy. BTSL is geared to offset production.

Risks & Concerns:

The risk for FE variation is catered while preparing business proposals. Financial contingencies are included in the proposal.

Internal Control Systems and its adequacy:

The Company has an adequate system of Internal Control commensurate with the size and nature of its operations. They have been designed to provide measures with a view to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of company’s policies and procedures issued from time to time.

Financial / Operational Performance:

a) Strategy & Objectives

The main objectives of financial strategy of the Company are as follows:

- To make available funds by effective cash flow management.
- To effectively execute tax planning.
- To meet the expectations of various stakeholders.
- To maintain standards of financial reporting by following the mandatory Indian Accounting Standards.

b) Performance Highlights

(Rs. in Lakhs)

Particulars	Financial Year ended March 31, 2024	Financial Year ended March 31, 2023
Total Income	10080.31	8004.90
Total Expenses	9614.21	7107.89
Profit / (Loss) Before Tax	466.10	897.01
Less: Tax Expense	189.11	197.34
Profit / (Loss) After Tax	273.49	700.09

Human Resources / Industrial Relations:

As on March 31, 2024, total manpower of the Company was 16 employees, out of which 6 employees were on secondment from Bharat Electronics Limited, 1 employee on secondment from THALES and 9 employees on the rolls of your Company. The industrial relations scenario continued to be on a cordial and harmonious note. During the financial year 2023-24, there was no loss of man-days on account of industrial unrest. Employee training and development continued to receive key focus. During the year, employees of the Company attended various training programmes, workshops, webinars etc. during the financial year 2023-24, achieving 38 training man-days.

Environmental Protection and Conservation:

Your Company is committed to ensuring that our business growth does not harm the environment. Your Company has implemented various measures to decouple the environmental footprint to alternate sources of energy. As a responsible corporate citizen, BTSL works to promote and put into practice energy-efficient measures. Your Company continuously strives to mitigate the environmental impact that may arise from its business activities.

Corporate Social Responsibility:

Your Company as a socially responsible Corporate understands and acknowledges its responsibilities towards the communities, the environment and all other stakeholders involved in the process. CSR function at your Company aims to promote social good and integrate economic, environmental and social objectives with the company's operations and growth. In alignment with the vision of your Company, the CSR initiatives strive to enhance value creation in the society and the communities in which it operates, through its services, conduct & initiatives, promote sustained growth for the society, the community and those at the bottom of the pyramid, with the long-term goal of contributing towards the development of prosperous and inclusive India. Your Company has complied with DPE guidelines regarding spending on identified Thematic Areas, i.e. Health & Nutrition.

**For and on behalf of the Board of Directors
BEL-THALES Systems Limited**

Sd/-

**Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183**

Date : 22nd July 2024

Place: Bengaluru

Annexure “IV” to Board’s Report

Corporate Governance Report

Company’s philosophy on Guidelines on Corporate Governance:

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interests of various stakeholders in the Company. Your Company philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision making and avoiding conflicts of interests. The Corporate structure, business and disclosure practices have been aligned to the Corporate Governance philosophy.

Board of Directors:

BEL-THALES Systems Limited (“BTSL”) is a joint venture of Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS. The Board of Directors is the apex body constituted by shareholders for overseeing the Company’s overall functioning. The Company is managed by a strong Board who are well acquainted with their duties and responsibilities.

Composition of Board of Directors:

The Board of Directors of your Company comprise of four Directors. Three Directors nominated by Bharat Electronics Limited, and one Director nominated by THALES. As on 31st March 2024 the composition of the Board of Directors of your company was as under:

Sr. No.	DIN	Name of the Directors	Designation
1.	09749046	Shri Manoj Jain	Chairman & Nominee Director
2.	09780732	Shri Damodar Bhattad	Nominee Director
3.	10200827	Shri Venkata Suresh Kumar Kaipa	Nominee Director
4.	07924215	Shri Ashish Arun Saraf	Nominee Director

Board Meetings:

During the financial year 2023-24, five (05) Board meetings were held. The said Meetings were held on 15th May 2023, 21st July 2023, 16th October 2023, 12th January 2024 and 21st February 2024. Necessary Quorum was present for all the Board Meetings. Detail of Board meetings and attendance of Director in the Board Meetings are as follows:

Name of the Director(s)	DIN	Meeting No.					Number of Meetings which director was entitled to attend	Number of Meetings attended	Attendance at Last AGM	Directorships held in other Companies*	No of Committee Membership in other Companies**	
		Meeting Date									As Chairman	As Member
		51	52	53	54	55						
		15.05.2023	21.07.2023	16.10.2023	12.01.2024	21.02.2024						
Shri Vinay Kumar Katyal (Ceased w.e.f. 31 st July 2023)	08281078	Yes	Yes	NA	NA	NA	2	2	NA	NA	NA	NA
Shri Manoj Jain	09749046	Yes	Yes	Yes	Yes	Yes	5	5	Yes	3	NIL	NIL
Shri Damodar Bhattad	09780732	Yes	Yes	Yes	Yes	Yes	5	5	Yes	2	1	1
Shri Venkata Suresh Kumar Kaipa (Appointed w.e.f. 04 th August 2023)	10200827	NA	NA	Yes	Yes	Yes	3	3	No	1	NIL	NIL
Shri Ashish Arun Saraf	07924215	Yes	Yes	Yes	Yes	Yes	5	5	No	9	NIL	NIL

* Directorship held in Indian Companies has been considered.

** Membership(s)/Chairpersonship(s) of Audit Committee and Stakeholders' Relationship Committee held in other companies have been considered.

Brief resume of directors seeking appointment or reappointment at the Annual General Meeting is appended to the Notice calling the Annual General Meeting.

Committees of the Board:

Our Board has constituted sub-committees of the Board of Directors to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. All decisions and recommendations of the Committees are placed before the Board for information and approval respectively. The Company ("BTSL") has following sub-committees of the Board as on 31st March 2024:

1. Audit Committee
2. Nomination and Remuneration Committee

Audit Committee:

The term of reference of Audit Committee is in accordance with Section 177(4) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs, which includes the following:

- i. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii. review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. examination of the financial statement and the auditors' report thereon;
- iv. approval or any subsequent modification of transactions of the company with related parties;
- v. scrutiny of inter-corporate loans and investments;
- vi. valuation of undertakings or assets of the company, wherever it is necessary;
- vii. evaluation of internal financial controls and risk management systems;
- viii. monitoring the end use of funds raised through public offers and related matters.
- ix. any other roles and responsibilities as assigned by the Board from time to time or under the Companies Act, 2013

During the year, there is no instance where the Board has not accepted any recommendation(s) of the Audit Committee.

The constitution of the Audit Committee of the Company as on 31.03.2024 was as under:

Sr. No.	DIN	Name	Designation
1	09780732	Shri Damodar Bhattad	Chairman of the committee
2	09749046	Shri Manoj Jain	Member
3	10200827	Shri Venkata Suresh Kumar Kaipa	Member
4	07924215	Shri Ashish Arun Saraf	Member

During the year 2023-24, four (4) meetings of Audit Committee were held on 15th May 2023, 21st July 2023, 16th October 2023, 12th January 2024. The attendance of Members in these Meetings was as under:

Name of the Member(s)	Meeting Number			
	Date of the Meeting			
	32	33	34	35
	15.05.2023	21.07.2023	16.10.2023	12.01.2024
Shri Damodar Bhattad	Yes	Yes	Yes	Yes
Shri Vinay Kumar Katyal (Ceased w.e.f. 31 st July 2023)	Yes	Yes	NA	NA
Shri Manoj Jain	Yes	Yes	Yes	Yes
Shri Venkata Suresh Kumar Kaipa (Appointed w.e.f. 04 th August 2023)	NA	NA	Yes	Yes
Shri Ashish Arun Saraf	Yes	Yes	Yes	Yes

Nomination & Remuneration Committee:

The term of reference of Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, which is as under:

- (i) identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal;
- (ii) formulate the criteria for determining qualifications, positive attributes & recommend to the board a policy relating to the remuneration for, KMP & other employees;
- (iii) any other roles and responsibilities as assigned by the Board from time to time or under the Companies Act, 2013.

The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2024 was as under:

Sr. No.	DIN	Name	Designation
1	10200827	Shri Venkata Suresh Kumar Kaipa	Chairman of the committee
2	09749046	Shri Manoj Jain	Member
3	09780732	Shri Damodar Bhattad	Member
4	07924215	Shri Ashish Arun Saraf	Member

During the year, four (4) Meetings of the Committee were held on 15th May 2023, 16th October 2023, 12th January 2024, 21st February 2024.

The attendance of Members in these Meetings was as under:

Name of the Member(s)	Meeting Number			
	Date of the Meeting			
	24	25	26	27
	15.05.2023	16.10.2023	12.01.2024	21.02.2024
Shri Vinay Kumar Katyal (Ceased w.e.f. 31 st July 2023)	Yes	NA	NA	NA
Shri Manoj Jain	Yes	Yes	Yes	Yes
Shri Damodar Bhattad	Yes	Yes	Yes	Yes
Shri Venkata Suresh Kumar Kaipa (Appointed w.e.f. 04 th August 2023)	NA	Yes	Yes	Yes
Shri Ashish Arun Saraf	Yes	Yes	Yes	Yes

Remuneration policy/Details of remuneration to all the Directors:

Since, the Directors are nominated by BEL and THALES, they are governed by the remuneration policy as applicable to their parent organizations.

No remuneration/sitting fees is payable to the Directors for any meeting of the Board of Directors and Committee thereof.

General Body meetings:

The attendance of Directors at Annual General Meeting held during the FY 2023-24 is as under:

Name of the Director(s)	DIN	AGM
		25.08.2023
Shri Manoj Jain	09749046	Yes
Shri Damodar Bhattad	09780732	Yes
Shri Venkata Suresh Kumar Kaipa	10200827	No
Shri Ashish Arun Saraf	07924215	No

Forthcoming AGM: Date, Time and Venue:

The 10th Annual General Meeting of the Company (AGM) is scheduled on Thursday, 22nd August 2024 at 10:30 A.M. (IST) at the registered office of the Company at CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru, Karnataka-560013.

Location and Time of the last three AGMs:

The location, time and details of the special resolutions passed during last three AGMs are as follows:

AGM	7 th	8 th	9 th
Date and Time	23 rd September, 2021 at 10:00 A.M.	22 nd August, 2022 at 10:00 A.M.	25 th August 2023 at 10:30 A.M.
Venue	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013
Special Resolution Passed	-	-	-

Disclosures:

- i. The Annual Financial Statements FY 2023-24 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of “Related Party Disclosures” are being disclosed in Notes to the accounts in the Annual Report.
- ii. Every Director of the Company had disclosed his nature of interest/ concern in the company or companies or bodies corporate, firms, or other association of individuals as required under the Companies Act, 2013 from time to time.
- iii. CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.
- iv. As a part of BTSL’s persisting endeavor to set high standard of conduct for a “Code of Business Conduct and Ethics for Board Members and Senior Management” were laid down. All Board Members and Senior Management personnel affirm compliance with the BTSL’s Code of Conduct annually. A declaration signed by the Chairman to this effect is placed as part of this report.
- v. There have been no penalties or strictures imposed on the Company by any statutory authority on any matter related to the guidelines issued by the Government during the last three years.
- vi. The Company has complied with the provisions of DPE guidelines on Corporate Governance, to the extent same is applicable under the provisions of Companies Act, 2013.
- vii. During the year under review, no Presidential Directive was received by your Company.
- viii. There is no expenditure debited in the books of accounts, which are not for the purposes of the business during the financial year ended March 31, 2024.
- ix. There is no expense incurred by the Company for the financial year ended March 31, 2024, which is personal in nature and incurred for the Board of Directors and top management.
- x. The administrative & office expenses were 7 % of the total expenses in the current year as compared to 10 % in the previous year.
- xi. The company has a system in place for monitoring various statutory and procedural compliances. Further, a compliance certificate on applicable laws is placed on a yearly basis to the Board.

Means of communication:

The Company communicates with its shareholders through its Annual Report and General Meetings. Documents are sent to the shareholders at their email address to ensure prompt delivery of documents, less paper consumption, save trees and avoid loss of documents in transit. The Company also has a website www.btsl-india.co.in

Registered Office / Address for Correspondence:

Company Name : BEL-THALES Systems Limited
Registered Office : CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru, Karnataka – 560013.
Fax : 080-28381801
E-mail : btsl@bel.co.in
Telephone : 080-28381803
Website : www.btsl-india.co.in

Audit qualifications:

Your Company has ensured to remain in the regime of unqualified statement.

Training of Board Members:

As the Board Members are the Nominees of BEL and THALES, they are being imparted training by their parent organisations. Detailed presentations were made by senior executives on business-related issues at the Board/Committee meetings as and when required.

**For and on behalf of the Board of Directors
BEL-THALES Systems Limited**

Sd/-
Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183

Date: 22nd July 2024

Place: Bengaluru

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,

The Board of Directors
BEL-THALES Systems Limited
CIN: U32106KA2014GOI076102
CNP Area, BEL Industrial Estate, Jalahalli
Bengaluru, Karnataka-560013

We, **Nikhil Kumar Jain, Chief Executive Officer and Amresh Kumar Jha, Chief Financial Officer** certify that:

- A) We have reviewed the financial statements and Cash flow statement for the year ended 31st March 2024 and to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statement 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) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2024 are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken or propose to take to rectify these deficiencies.
- D) We have indicated to the Auditors and the Audit Committee
- i) Any significant changes in internal control over financial reporting during the year;
 - ii) Any significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Any instances of significant fraud of which they 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.

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Place: Bengaluru

Date: 03.05.2024

Declaration of Compliance with the Code of Business Conduct and Ethics

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 14th May 2010, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, KMPs & Senior Management of BEL- THALES Systems Limited, for the year ended 31st March 2024.

**For and on behalf of the Board of Directors
BEL-THALES Systems Limited**

Sd/-

**Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183**

Date: 22nd July 2024

Place: Bengaluru

Annexure “V” to Board’s Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company:

The Corporate Social Responsibility (CSR) Policy of the company (BTSL) is approved by the Board of Directors and is in line with the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. The objective is to implement CSR initiatives in both letter and spirit through appropriate procedures and reporting, and Initiate projects that benefit the community at large. The CSR Policy has been uploaded in the website of the Company.

2. Composition of CSR Committee:

As per the provisions of Section 135 (9) of the Companies Act, 2013, your Company is not required to constitute the Corporate Social Responsibility (CSR) Committee, the functions of the CSR Committee were discharged by the Board of Directors of the Company.

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company:

www.btstl-india.co.in

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:

As per sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, company having average CSR obligation of ten crore rupees or more in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years, is required to undertake impact assessment. During the financial year 2023-24, your Company is not having an average CSR obligation of ten crore rupees or more, hence not applicable.

5. (a) Average net profit of the company as per sub-section (5) of section 135:

The average net profit of the Company as per section 135 (5) of the Companies Act, 2013, is Rs 6,18,33,219.82

(b) Two percent of average net profit of the company as per sub-section (5) of section 135:

The Company as per the requirement of the Companies Act, 2013, is required to spend 2% of Rs 6,18,33,219.82 i.e., Rs 12,36,664 in the financial year 2023-24.

(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)]: The total CSR Obligation for the financial year 2023-24 is Rs 12,36,664.

6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**
Rs. 12,23,048
- (b) **Amount spent in administrative overheads:** Rs. 14,423
- (c) **Amount spent on Impact Assessment, if applicable:** Not Applicable
- (d) **Total amount spent for the Financial Year [(a)+(b) +(c)]:** Rs 12,37,471
- (e) **CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (In Rs.)	Amount Unspent (in Rs.)				
	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
12,37,471	NIL		NIL		

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in Rs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	12,36,664
(ii)	Total amount spent for the Financial Year	12,37,471
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	807
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (In Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (In Rs.)	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		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Sd/-

Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183

Date : 22nd July 2024

Place: Bengaluru

Annexure “VI” to Board’s Report

Sustainability Report

The Government of India, Department of Public Enterprises (DPE) vide Office Memorandum No. 3(9)-2010-DPE (MoU) dated 23rd September 2011 issued guidelines on Sustainable Development for Central Public Sector Enterprises.

Above DPE guidelines define “Sustainable Development” as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility.

Sustainable Development Activities:

Waste Management: The company is operating from the building provided by BEL on a lease basis. Hence the water discharged by the company is being treated at STP Located near to Company building.

Energy Management and Promotion of Renewable Energy: The Company has installed LED lights in the entire building.

On-Site Emergency Plan and Systems: Mock Drill are conducted periodically & On-Site Emergency Plan has been displayed in premises at prominent locations.

Ecological Sustainability: The Company is committed to sustaining the environment with growth. It maintains a green environment in its premises. The Company premises has total area of 13962.20 sft, out of which around 3,800 sft has been utilized for development of environment. The Company focuses on planting trees and maintaining a green and clean environment.

**For and on behalf of the Board of Directors
BEL-THALES Systems Limited**

Sd/-

**Bhanu Prakash Srivastava
Chairman & Additional Director
DIN: 09578183**

Date: 22nd July 2024

Place: Bengaluru

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS
No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

Report on the Audit of the Financial Statements:

Opinion

We have audited the accompanying standalone financial statements of **BEL-THALES Systems Limited** ('the Company'), having **CIN U32106KA2014GOI076102** which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows for year then ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "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 Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2024, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("The Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for Our opinion.

Key Audit Matters:

In our opinion and to the best of our information there are no key audit matters.

Responsibility of Management for Financial Statements:

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013, with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013.

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CHARTERED ACCOUNTANTS**

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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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

A further description of our responsibilities for the audit of the Ind AS financial statements is included in **Annexure "A"** of this auditor's report.

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 Companies Act, 2013, we give in the **Annexure "B"**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Companies Act, 2013, 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 in electronic mode on servers located in India so far as it appears from our examination of those books. The Company has maintained backup of its accounts and other records, however not on a daily basis as specified in the Companies (Accounts) Fourth Amendment Rules, 2022 dt.5th Aug 2022.

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- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (to the extent applicable) prescribed under Section 133 of the Companies Act, 2013.
- e) The Company being a Government Company, the provisions of Section 164(2) of the Companies Act, 2013, in respect of disqualification of Directors are not applicable.
- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"**.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement of Section 197(16) of the Companies Act, 2013, as amended:
The company being a Government Company, the provisions in relation to payment of managerial remuneration as mandated by Section 197 read with Schedule V to the Companies Act, 2013, is not applicable.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have pending litigations which would impact its financial position, except for the appeals filed with the Income Tax Department for AY 2015-16 & AY 2016-17 as detailed in Point No. vii (b) of the report given in Annexure B. As per the Management, the Company is not anticipating any major impact on these appeals.
 - 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) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 person or entity, including foreign entity ("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;

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- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entity ("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 the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has declared dividend of Rs.210.30 Lakhs for the year 2022-23 and has paid the same during the year and hence the compliance with section 123 of the Companies Act, 2013, is applicable to the Company.
- vi. Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account for the year ended March 31, 2024, which does not have a feature of recording audit trail (edit log) facility.
3. As required under Section 143(5) of the Companies Act, 2013, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the standalone financial statements of the Company in **Annexure "D"**.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA M.R.VENKATESH BABU

Partner

M.No. 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15th May 2024

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS

No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2023-24 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

**S.R. & M.R. Associates
CHARTERED ACCOUNTANTS**

No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

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 financial statements of the current period 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.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA M.R.VENKATESH BABU

Partner

M.No. 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15th May 2024

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS

No. 2885, 14th Main Road, 'E' Block,
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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2023-24 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

- i. According to the information and explanations given to us,
- a) A) the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - B) the Company has maintained proper records showing full particulars of Intangible assets;
 - b) The Property, Plant and Equipment were physically verified by the management in accordance with a regular programme of verification at reasonable intervals and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of its assets.
 - c) According to the information and explanations given to us, the company does not own any immovable property, hence this clause is not applicable.
 - d) The Company has not revalued its Property, Plant and Equipment during the year and hence the provisions of paragraph 3(i)(d) of the Order is not applicable to the Company.
 - e) There are 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, and hence the provisions of paragraph 3(i)(e) of the Order is not applicable to the Company.
- ii. According to the information and explanations given to us,
- a) Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification, and in our opinion, the coverage and procedure of such verification by the management is appropriate;
 - b) the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets during any point of time of the year, and the provisions of paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii. The Company has not made investment, provided any guarantee or security or granted any loans and advances in nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence paragraph 3 (iii) (a) to (f) of the Order are not applicable to the Company.
- iv. The company being a Government company, the provisions of section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees, and security, are not applicable.

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS

No. 2885, 14th Main Road, 'E' Block,
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- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year from the public covered under section 73 to Sec 76 of the Companies Act, 2013, and hence reporting under paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government of India has *not* prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the activities of the company and accordingly Paragraph 3(vi) of the Order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of Statutory dues:
- a. the Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Customs Duty, Goods and Service Tax (GST), Cess and any other material statutory dues applicable to it, with the appropriate authorities during the year.
There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Custom Duty, Cess and any other material statutory dues in arrears as at 31st of March, 2024 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 31st of March 2024 on account of disputes are given below:

Sl. No.	Name of the statute	Nature of dues	Period to which amount is due	Outstanding amount (Rs.)	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax & Interest Demand vide Assessment Order U/Sec. 143(3) dt. 10.11.2017	Assessment Year 2015-16	10,46,520	Commissioner of Income Tax (Appeals), National Faceless Appeal Centre. Appeal preferred on 22.11.2017
2	Income Tax Act, 1961	Income Tax & Interest Demand vide Assessment Order U/Sec. 143(3) dt. 11.12.2018	Assessment Year 2016-17	38,06,972	Commissioner of Income Tax (Appeals), National Faceless Appeal Centre. Appeal preferred on 09.01.2019
Total Disputed Amount				48,53,492	
Total Amount paid under protest against pending final orders				9,70,699	

- viii. According to the information and explanation given and our examination of the records of the Company, there are no transactions that are not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS

No. 2885, 14th Main Road, 'E' Block,
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-
- ix. According to the information and explanation give to us, there are no loans or other borrowings as at 31st March 2024. Hence the provision of paragraph 3(ix)(a) to (f) is not applicable to the Company
- x. According to the information and explanation given to us, in respect of moneys raised by way of initial public offer or further public offer and preferential allotment or private placement, we report the following:
- a) the Company has not raised moneys by way of initial public offer or further public offer including debt instruments. Hence, the provision of paragraph 3(x)(a) is not applicable to the Company.
 - b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the provision of paragraph 3(x)(b) is not applicable to the Company.
- xi. To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company and no material fraud on the Company has been noticed or reported during the year. Hence provision of paragraph 3(xi)(a) to (c) is not applicable to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) (a) to (c) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us, with respect to internal audit we report the following:
- a) The Company has an internal audit system commensurate with the size and nature of its business
 - b) We have considered the reports of the internal auditors in forming our audit opinion.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013, are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of paragraph 3(xvi)(a) to (d) are not applicable to the Company.
- xvii. Company has not incurred cash losses in the financial year and in the immediately preceding financial year. Hence the provisions of paragraph 3(xvii)(a) to (d) are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors of the Company during the year, hence clause XVIII is not applicable to the company.

**S.R. & M.R. Associates
CHARTERED ACCOUNTANTS**

No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

- xix. on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is 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;
- xx. With respect to Corporate Social Responsibility, we report as below:
- a) There are no ongoing projects for which requirements of sub-section (5) of Section 135 of the Companies Act, 2013, are applicable
 - b) There are no amounts remaining unspent as per sub-section (5) of section 135 of the Companies Act, 2013. Hence the provisions of paragraph 3(xx)(b) are not applicable to the Company.
 - c) We are reporting on the standalone Financial Statements of BEL-THALES Systems Limited. There are no subsidiaries to the Company and hence the provisions of paragraph 3(xx)(c) are not applicable to the Company.
- xxi. Company's financial statements are standalone financial statements and hence the provisions of paragraph 3(xxi) is not applicable to the company.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA M.R.VENKATESH BABU

Partner

M.No. 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15th May 2024

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS

No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2023-24 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

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 BEL-THALES Systems Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls:

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility:

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**S.R. & M.R. Associates
CHARTERED ACCOUNTANTS**

No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

Meaning of Internal Financial Controls over Financial Reporting:

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 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 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 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, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA M.R.VENKATESH BABU

Partner

M.No. 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15th May 2024

S.R. & M.R. Associates
CHARTERED ACCOUNTANTS

No. 2885, 14th Main Road, 'E' Block,
2nd Stage, Rajajinagar, Bengaluru-560010

ANNEXURE "D" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2023-24 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

Report under Section 143(5) of the Companies Act, 2013:

Sl. No.	Directions/Sub-directions	Action Taken	Impact on Financial Statement
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system and no transactions are processed outside IT System.	Nil
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?(In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender Company)	No	Nil
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from central/state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	According to the information and explanations provided to us and based on the verification of records, the company has not received any funds from central/state agencies.	Nil

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA M.R.VENKATESH BABU

Partner

M.No. 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15th May 2024



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

By Speed Post
Confidential

सं./No. Inspection-I/BELThales Accs 23-24/2024-25/113

प्रधान निदेशक रक्षा-वाणिज्यिक लेखापरीक्षा का कार्यालय
बेंगलूरु - 560 001

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
DEFENCE-COMMERCIAL, BENGALURU - 560 001

03.07.2024

दिनांक / DATE.

To
Shri Manoj Jain,
Chairman,
BEL-THALES Systems Limited,
CNP Area, BEL Industrial Estate,
Jalahalli, Bengaluru – 560 013.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of **BEL-THALES Systems Limited**, Bengaluru for the year ended 31 March 2024.

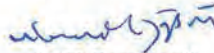
I forward **Nil Comments Certificate** of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements of **BEL-THALES Systems Limited**, Bengaluru for the year ended 31 March 2024.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6) (b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication in the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,


(J N Perumal)
Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा एवं लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560001
1st Floor, Basava Bhavan, Sri Basweswara Road, Bengaluru - 560 001.

दूर.भा./Phone : 080-2226 7646 / 2226 1168
Email : pda.dc.blr@cag.gov.in

फैक्स /Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BEL-THALES SYSTEMS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of **BEL-THALES SYSTEMS LIMITED, BENGALURU** for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **BEL-THALES SYSTEMS LIMITED, BENGALURU** for the year ended 31 March 2024 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited to primarily inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records.

On the basis my supplementary audit, nothing significant has come to my knowledge which would give raise to any comment upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the
Comptroller & Auditor General of India**


(Rajesh Ranjan)

Principal Director of Audit (Defence – Commercial), Bengaluru

Place: Bengaluru
Date: 03 July 2024

BEL-THALES Systems Limited
Balance Sheet

(All amounts are in Lakhs ₹, unless otherwise stated)

Particulars	Note No.	As at 31 March 2024	As at 31 March 2023
I ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	179.20	183.16
(b) Capital Work in Progress	2	32.30	27.20
(c) Other Intangible Asset	3	1,400.15	-
(d) Intangible Assets under Development	4	-	1,401.30
(e) Financial Assets			
(i) Trade Receivables	8	-	-
(ii) Other Financial Assets	5	0.29	0.29
(f) Deferred Tax Assets (Net)	6	51.61	33.34
(g) Inventories	7	-	-
		1,663.55	1,645.29
2 Current Assets			
(a) Inventories	7	9.12	604.68
(b) Financial Assets			
(i) Trade Receivables	8	1,134.37	926.98
(ii) Cash & Cash equivalents	9	2,012.12	2,181.91
(iii) Bank balances other than (ii) above	10	3,100.00	1,800.00
(iv) Other Financial Assets	5	545.11	112.14
(c) Current Tax Assets (net)	11	101.60	55.75
(d) Other Current Assets	12	486.70	625.01
		7,389.02	6,306.47
Total Assets		9,052.57	7,951.76
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	13	5,761.54	5,761.54
(b) Other Equity	14	1,131.07	1,067.88
Total Equity		6,892.61	6,829.42
Liabilities			
2 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	15	-	-
(ii) Provisions	18	11.26	4.80
		11.26	4.80
3 Current liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	15	-	47.85
(ii) Trade Payables :			
A. Total outstanding dues to Micro Enterprises & Small Enterprises	16	-	-
B.Total outstanding dues to creditors other than Micro Enterprises & Small Enterprises		1,858.73	732.75
(iii) Other Financial Liabilities	17	268.40	317.20
(b) Provisions	18	0.17	10.06
(c) Other Current Liabilities	19	21.40	9.68
		2,148.70	1,117.54
Total Equity and Liabilities		9,052.57	7,951.76

Material accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

for S.R. & M.R. ASSOCIATES

Chartered Accountants

FRN No. 008094S

Sd/-

CA. M.R. Venkatesh Babu

Partner

Membership No: 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15.05.2024

for and on behalf of the Board of Directors

Sd/-

Manoj Jain
Chairman

(DIN: 09749046)

Sd/-

Damodar Bhattad
Director

(DIN: 09780732)

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary

BEL-THALES Systems Limited
Statement of Profit and Loss

(All amounts are in Lakhs ₹, unless otherwise stated)

Particulars	Note No.	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Continuing Operations			
I Revenue from Operations	20	9,377.68	7,819.05
II Other income	21	702.63	185.85
III Total Income (I+II)		10,080.31	8,004.90
IV Expenses			
(a) Cost of Material Consumed	22	8,283.95	5,771.04
(b) Changes in Inventories of Finished stock & Work-in-progress	23	-	482.77
(c) Employee Benefit Expense	24	454.37	399.63
(d) Finance Cost	25	2.24	6.05
(e) Depreciation and Amortisation Expense	26	71.24	134.59
(f) Other Expenses	27	802.41	313.81
Total Expenses (IV)		9,614.21	7,107.89
V Profit/(loss) before exceptional items and tax (III-IV)		466.10	897.01
VI Exceptional items			-
VII Profit/(loss) before tax (V-VI)		466.10	897.01
VIII Tax Expense	42		
(1) Current tax		213.00	207.00
(2) Earlier year tax		(5.61)	-
(3) Deferred tax		(18.27)	(9.66)
Total tax expense		189.11	197.34
IX Profit/(loss) for the year (VII-VIII)		276.98	699.67
X Other Comprehensive income			
A) Items that will not be reclassified to profit or loss		(3.49)	0.42
B) Items that will be reclassified to profit or loss		-	-
Other Comprehensive income for the year, net of tax		(3.49)	0.42
XI Total Comprehensive income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		273.49	700.09
XII Earnings per equity share (Face value of INR 100 each)	28		
(1) Basic earnings per share		4.81	12.14
(2) Diluted earnings per share		4.81	12.14

Material accounting policies and accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

for S.R. & M.R. ASSOCIATES

Chartered Accountants
FRN No. 008094S

Sd/-

CA. M.R. Venkatesh Babu

Partner

Membership No: 206878

UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15.05.2024

for and on behalf of the Board of Directors

Sd/-

Manoj Jain
Chairman

(DIN: 09749046)

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Sd/-

Damodar Bhattad
Director

(DIN: 09780732)

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary

BEL-THALES Systems Limited
Cash Flow Statement

(All amounts are in Lakhs ₹, unless otherwise stated)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
A. Cash flow from Operating Activities		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	466.10	897.01
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and Amortisation Expense	71.24	134.59
Interest Income	(287.71)	(185.85)
Sale of PPE	(368.19)	-
Finance costs	2.24	6.05
Provision for gratuity	1.46	1.30
Provision for compensated absences	0.85	(1.21)
Operating Profit before Working capital changes	(114.01)	851.89
Working capital adjustments: Increase/ (Decrease) due to		
Inventory	595.56	1,499.76
Trade Receivables	(207.39)	252.91
Other Current Financial Assets	(432.96)	(111.47)
Other Current Assets	138.31	529.51
Provision	(9.24)	(4.18)
Trade Payables	1,125.98	(148.67)
Other Current Financial Liabilities	(48.80)	155.17
Other Current Liabilities	11.72	(1,614.34)
Cash flow from operating activities	1,059.15	1,410.58
Income tax paid (net)	253.24	114.22
Net cash (used in) / flow from Operating Activities (A)	805.91	1,296.36
B. Cash flow from Investing Activities		
Purchase of property, plant and equipment	(71.21)	(28.13)
Sale of Property Plant Equipment	368.19	-
Term deposits with Bank more than 3 months and less than 12 months	(1,300.00)	(1,800.00)
Interest received	287.71	185.85
Net cash flow used in Investing Activities (B)	(715.31)	(1,642.28)
C. Cash flow from Financing Activities		
Dividend Paid	210.30	(156.14)
Repayment of Lease Liability	(47.85)	(41.66)
Finance costs	(2.24)	(6.05)
Net cash used in Financing Activities (C)	160.21	(203.85)
Net Increase/(Decrease) in cash and cash equivalents (A + B + C)	250.81	(549.76)
Cash and Cash equivalents at the beginning of the year	2,181.91	2,731.67
Cash and Cash equivalents at the year end	2,432.72	2,181.91

Note: The Cash Flow Statement has been prepared under "Indirect Method" as set out in Ind-AS - 7 on Statement of Cash Flows notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).

Material accounting policies and accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

for S.R. & M.R. ASSOCIATES

 Chartered Accountants
 FRN No. 008094S

Sd/-

CA. M.R. Venkatesh Babu

Partner

 Membership No: 206878
 UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15.05.2024

for and on behalf of the Board of Directors

Sd/-

Manoj Jain
 Chairman
 (DIN: 09749046)

Sd/-

Damodar Bhattad
 Director
 (DIN: 09780732)

Sd/-

Nikhil Kumar Jain
 Chief Executive Officer

Sd/-

Amresh Kumar Jha
 Chief Financial Officer

Sd/-

Kirti Sewani
 Company Secretary

BEL-THALES Systems Limited
Statement of Changes in Equity

(All amounts are in Lakhs ₹, unless otherwise stated)

A. Equity Share Capital

Particulars	Equity shares	
	Number	Amount In (Lakhs)
Equity Shares of INR 100 each issued, subscribed, fully paid		
As at 1 April 2023	57,61,537	5,762
Add: Issued and subscribed during the year	-	-
As at 31 March 2024	57,61,537	5,762

Particulars	Equity shares	
	Number	Amount In (Lakhs)
Equity Shares of INR 100 each issued, subscribed, fully paid		
As at 1 April 2022	57,61,537	5,762
Add: Issued and subscribed during the year	-	-
As at 31 March 2023	57,61,537	5,762

B. Other Equity

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2023	1,067.46	0.42	1,067.88
Profit for the year	276.98		276.98
Other Comprehensive income	-	(3.49)	(3.49)
Dividend paid for 2022-23	(210.30)		(210.30)
As at 31 March 2024	1,134.14	(3.07)	1,131.07

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2022	523.93	-	523.93
Profit for the year	699.67	-	699.67
Other Comprehensive income	-	0.42	0.42
Dividend Paid for 2021-22	(156.14)	-	(156.14)
As at 31 March 2023	1,067.46	0.42	1,067.88

Material accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

for S.R. & M.R. ASSOCIATESChartered Accountants
FRN No. 008094S

Sd/-

CA. M.R. Venkatesh Babu
PartnerMembership No: 206878
UDIN: 24206878BKEBIR7731

Place: Bengaluru

Date : 15.05.2024

for and on behalf of the Board of Directors

Sd/-

Manoj Jain
Chairman
(DIN: 09749046)

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Sd/-

Damodar Bhattad
Director
(DIN: 09780732)

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 1 - Property, Plant and Equipment
Property, Plant and Equipment as at 31st March 2024

Assets	Gross Carrying Amount				Depreciation/ Amortisation				Net Carrying Amount		
	As at 1st April 2023	Additions	Deductions/ adjustments during the year	As at 31 March 2024	Accumulated Depreciation/ amortisation as at 1st April 2023	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	
Owned Assets											
Buildings	9.08	-	-	9.08	2.75	0.31	-	3.06	6.02	6.33	
Plant & Machinery	247.57	-	102.98	144.59	139.11	12.1	102.98	48.23	96.36	108.46	
Electronic equipment	325.46	-	325.46	-	316.13	9.33	325.46	-	-	9.33	
Office Equipment	9.05	43.42	-	52.47	8.87	3.71	-	12.58	39.89	0.18	
Furniture & Fixtures	33.31	15.13	-	48.44	18.16	3.81	-	21.97	26.47	15.15	
Computer Systems	52.51	7.56	-	60.07	45.44	4.17	-	49.61	10.46	7.07	
Right of Use Asset											
Factory Building	183.24	-	-	183.24	146.6	36.64	-	183.24	-	36.64	
Total	860.22	66.11	428.44	497.89	677.06	70.07	428.44	318.69	179.20	183.16	

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Property, Plant and Equipment as at 31st March 2023

Assets	Gross Carrying Amount				Depreciation/ Amortisation				Net Carrying Amount	
	As at 1st April 2022	Additions	Deductions/ adjustments during the year	As at 31 March 2023	Accumulated Depreciation/ Amortisation as at 1st April 2022	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Owned Assets										
Buildings	9.08	-	-	9.08	2.44	0.31	-	2.75	6.33	6.64
Plant & Machinery	247.57	-	-	247.57	110.39	28.72	-	139.11	108.46	137.18
Electronic equipment	325.46	-	-	325.46	254.3	61.83	-	316.13	9.33	71.16
Office Equipment	8.98	0.07	-	9.05	8.77	0.1	-	8.87	0.18	0.21
Furniture & Fixtures	32.45	0.86	-	33.31	15.05	3.11	-	18.16	15.15	17.4
Computer Systems	52.51	-	-	52.51	41.57	3.87	-	45.44	7.07	10.94
Right of Use Asset										
Factory Building	183.24	-	-	183.24	109.95	36.65	-	146.6	36.64	73.29
Total	859.29	0.93	-	860.22	542.47	134.59	-	677.06	183.16	316.82

(i) Deemed Cost

On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its property, plant and equipment as at 01st April 2015 measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

(ii) Estimation of Useful Life of Assets

The management has estimated the useful life of the following categories of tangible assets (for assets which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

The estimated useful lives of various categories of Tangible Assets are as follows.

Assets Class	Years
Buildings	20-40
Plant & Machinery	5 to 15
Electronic Equipments	5
Office Equipment	5-7
Furniture, Fixtures & Equipments	6-10
Computer Systems	5

(iii) Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets. Leased Assets are amortised on a straight-line basis over their estimated useful lives or their respective lease term whichever is shorter.

(iv) Method of Accounting Depreciation

Depreciation / Amortisation has been calculated as per the Accounting Policy No. 8 of the Company and recognised as expenses in the Statement of Profit and Loss. Amount of Depreciation recognised as part of Cost of Other Asset is Nil (Nil).

Note 2 - Capital Work in Progress

Particulars	As at 31 March 2024	As at 31 March 2023
SAP- ERP *	32.30	27.20
Total	32.30	27.20

* represents expenditure incurred towards Software Licenses/ Implementation of Enterprise Resource Planning (SAP). Pending activities under execution is identification and implementation of ESS Server and implementation of FLM Module.

Disclosure of Capital Work in Progress as at 31-03-2024:

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	5.10	27.20	-	-	32.30

Disclosure of Capital Work in Progress as at 31-03-2023:

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	27.20	-	-	-	27.20

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 3 - Other Intangible Assets**Intangible Assets as at 31st March 2024**

Assets	Gross Carrying Amount				Depreciation/ Amortisation				Net Carrying Amount	
	As at 1st April 2023	Additions	Deductions/ adjustments during the year	As at 31 March 2024	Accumulated Depreciation/ amortisation as at 1st April 2023	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
PHAROS Module	-	1,401.30	-	1,401.30	-	1.15	-	1.15	1,400.15	-
Total	-	1,401.30	-	1,401.30	-	1.15	-	1.15	1,400.15	-

An amount of Rs. 1401.30 was kept under development for want of additional development requirement. The Development stands completed and the domain expertise getting converged into production.

Intangible Assets as at 31st March 2023

Assets	Gross Carrying Amount				Depreciation/ Amortisation				Net Carrying Amount	
	As at 1st April 2022	Additions	Deductions/ adjustments during the year	As at 31 March 2023	Accumulated Depreciation/ amortisation as at 1st April 2022	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
PHAROS Module	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

(i) Deemed Cost

On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its property, plant and equipment as at 01st April 2015 measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment.

(ii) Estimation of Useful Life of Assets

The management has estimated the useful life of the following categories of tangible assets (for assets which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

The estimated useful lives of various categories of Intangible Assets are as follows.

Assets Class	Years
PHAROS Module	10

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

(iii) Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets. Leased Assets are amortised on a straight-line basis over their estimated useful lives or their respective lease term whichever is shorter.

(iv) Method of Accounting Depreciation

Depreciation / Amortisation has been calculated as per the Accounting Policy No. 8 of the Company and recognised as expenses in the Statement of Profit and Loss.

Note 4 - Intangible assets under development

Particulars	As at 31 March 2024	As at 31 March 2023
Internally developed - Intangible asset under development #	-	1,401.30
Total	-	1,401.30

represents expenditure incurred towards development of intangibles for Pharos project from which economic benefits are expected to flow to the company.

Disclosure of Intangible Assets under Development as at 31-03-2024:

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	-	-	-	-	-

Disclosure of Intangible Assets under Development as at 31-03-2023:

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	0.00	0.00	129.89	1271.41	1401.30

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 5 - Other Financial Assets

Particulars	As at 31 March 2024	As at 31 March 2023
Non-Current		
Unsecured, Considered Good		
Security deposits	0.29	0.29
	0.29	0.29
Current		
Interest accrued on fixed deposits	166.10	112.14
Receivables other than Trade receivables (Sale of PPE)	379.01	-
	545.11	112.14
Total	545.40	112.43

Note 6 - Deferred Tax Assets (Net)

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred Tax Asset	51.61	33.34
Deferred Tax Liability	-	-
Total	51.61	33.34

Note 7 - Inventories

Particulars	As at 31 March 2024	As at 31 March 2023
Non-Current		
Raw Materials & Components	587.26	-
Work in Progress	-	-
Finished Goods	-	-
	587.26	-
Less: Provision for Obsolescence	(587.26)	-
	(0.00)	-
Current		
Raw Materials & Components	9.12	604.68
Work in Progress	-	-
Finished Goods	-	-
Total	9.12	604.68

Additional Note:

- i) Valuation of inventories has been made as per Company's Accounting Policy No.17
- ii) Obsolescence provision created against the PHAROS prototype because of no foreseeable future order.
- iii) Inventory issued to Sub Contractors is NIL (NIL)

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 8 - Trade Receivables

Particulars	As at 31 March 2024	As at 31 March 2023
Non-Current		
Unsecured, Considered Good		
Trade receivables from related parties	4.80	-
Trade receivables	-	-
Less: Allowance for Expected Credit Loss	(4.80)	
Current	-	-
Unsecured, Considered Good		
Trade receivables from related parties	779.20	646.84
Trade receivables	355.17	280.14
Less: Allowance for Expected Credit Loss	-	-
	1,134.37	926.98
Total	1,134.37	926.98

Disclosure of trade receivables as at 31-03-2024:

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months to 1 year	1 - 2 year	2 - 3 year	More than 3 year	Total
Undisputed Trade Receivables considered good	1,139.16	-	0.01	-	-	1,139.17
Undisputed Trade Receivables considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total (A)	1,139.16	-	0.01	-	-	1,139.17
Less: Allowance for bad and doubtful debts (expected credit loss allowance)	(4.80)	-	-	-	-	(4.80)
Total (B)	1,134.36	-	0.01	-	-	1,134.37

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Disclosure of trade receivables as at 31-03-2023:

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months to 1 year	1 - 2 year	2 - 3 year	More than 3 year	Total
Undisputed Trade Receivables considered doubtful	926.98	-	-	-	-	926.98
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total (A)	926.98	-	-	-	-	926.98
Less: Allowance for bad and doubtful debts (expected credit loss allowance)	-	-	-	-	-	-
Total (B)	926.98	-	-	-	-	926.98
Unbilled dues included above						

Note 9 - Cash and Cash Equivalents

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with banks		
- On current accounts	112.12	197.42
- Deposits with original maturity of less than 3 months	1,900.00	1,984.49
Total	2,012.12	2,181.91

Note 10 - Bank balances other than above

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with banks		
- Deposits with original maturity of more than 3 months but less than 12 months	3,100.00	1,800.00
Total	3,100.00	1,800.00

Note 11 - Current Tax Assets (Net)

Particulars	As at 31 March 2024	As at 31 March 2023
Current		
Advance income-tax (Net of Provision for Tax Rs. 213.00 (Previous year Rs. 207.00))	101.60	55.75
Total	101.60	55.75

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 12 - Other Current Assets

Particulars	As at 31 March 2024	As at 31 March 2023
Current		
Contract Assets #	251.15	193.94
Balances with government authorities##	225.05	429.53
Other Assets###	10.50	1.54
Total	486.70	625.01

Movement of Contract Assets

Particulars	As at 31 March 2024	As at 31 March 2023
Opening Balance (A)	193.94	102.80
Additions		
Against Sales recognised during the year *	251.15	193.94
Receipt of advance from Customer during the year	-	-
Total - (B)	251.15	193.94
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance	-	-
Contract liability adjusted against- Revenue recognised during the year out of Current year balance	-	-
Conversion of Contract Asset to Trade receivable	193.94	102.80
Impairment of Contract Asset if any	-	-
Write back of Contract Liability if any	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)	-	-
Total -(C)	193.94	102.80
Grand Total (Closing Balance) D = (A+B-C)	251.15	193.94

* Amount represents the contractual obligation fulfilled but not billed as per the terms of the Contract:

- Rs. 155.09 represents amount accrued on account of ERV Claim towards supply of BGA Components;

- Rs. 52.59 represents CMC Services rendered to Bharat Electronics Ltd (Holding Company)- Radar Plant, Ghaziabad; and

- Rs. 43.47 represents Radar Repair Services rendered to HAL Nashik.

Impairment of Contract Assets during the year is NIL (NIL).

Includes deposits of Rs.9.71 for matters are pending before Appellate authorities. Refere note 30.

Includes Prepaid insurance of Rs. 1.17 and Rs. 9.33 towards AMC of Video Conference System installed.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 13 - Equity Share Capital

Name of the Company	As at 31 March 2024	As at 31 March 2023
Authorised Share Capital		
Equity shares of INR 100 each		
80,00,000(80,00,000) equity shares	8,000.00	8,000.00
Issued Share Capital		
Equity shares of INR 100 each issued, subscribed and fully paid		
57,61,537(57,61,537) equity shares	5,761.54	5,761.54

i) Reconciliation of the number of shares outstanding at the beginning and at the end of the Period

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the Period	57,61,537	5,761.54	57,61,537	5,761.54
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back etc. during the year	-	-	-	-
Number of shares at the end of the Period	57,61,537	5,761.54	57,61,537	5,761.54

ii) Shares held by Holding Company

Name of the Company	As at 31 March 2024	As at 31 March 2023
Bharat Electronics Limited	42,63,538	42,63,538

iii) Details of the Number of Shares held by each Shareholder holding 5% or more Shares in the Company

Name of the Shareholder	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2023
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Bharat Electronics Limited	42,63,538	74%	42,63,538	74%
Thales India Private Limited	12,09,923	21%	12,09,923	21%
Thales LAS France SAS	2,88,076	5%	2,88,076	5%

iv) Shares reserved for issue under options and Contracts/Commitments for the sale of shares/disinvestment - Nil

v) The aggregate value of calls unpaid, forfeited - Nil

vi) The Company has only one class of share viz, Equity shares having a par value of ₹ 100 per share

Rights, preferences and restrictions attached to equity shares

vii) Each holder of Equity Shares is entitled to one vote per share on show of hands and in poll in proportion to the Number of shares held by him/her

viii) Each Shareholder has a right to receive the dividend declared by the Company on pro-rata to their respective shareholdings in the Company.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

- ix) On winding of the Company, the equity shareholders will be entitled to get the realised value of the remaining assets of the Company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.
- x) Shares allotted as fully paid up pursuant to contract without payment being received in cash, Shares allotted as fully paid up by way of bonus shares, Shares bought back during the last five years - Nil

Shares held by promoters as at

Promoter Name	31 March 2024			31 March 2023	
	No. of Shares	Percentage of total shares	Percentage of change during the year	No. of Shares	Percentage of total shares
Bharat Electronics Limited	42,63,538	74%	0%	42,63,538	74%
Thales India Private Limited	12,09,923	21%	0%	12,09,923	21%
Thales LAS France SAS	2,88,076	5%	0%	2,88,076	5%

Note 14 - Other Equity

Particulars	As at 31 March 2024	As at 31 March 2023
Reserves & Surplus		
Retained Earnings	1,134.14	1,067.46
Other Comprehensive Income	(3.07)	0.42
Total	1,131.07	1,067.88

Reserves & Surplus

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Retained Earnings		
Opening Balance as on 1st April 2023	1,067.46	523.93
Add: Profit/(Loss) for the Year	276.98	699.67
Less: Dividends Paid	210.30	156.14
Closing balance as on 31st March 2024	1,134.14	1,067.46
(ii) Other items of OCI		
Opening Balance as on 1st April 2023	0.42	-
Add: Additions during the year	(3.49)	0.42
Less: Reclassified to profit or loss	-	-
Closing balance as on 31st March 2024	(3.07)	0.42
Total reserves and surplus	1,131.07	1,067.88

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 15 - Lease Liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Lease Liability for Right of Use		
- Non-Current	-	-
- Current	-	47.85
Total	-	47.85

Note 16 - Trade Payables

Particulars	As at 31 March 2024	As at 31 March 2023
Trade payables		
Dues to Micro Enterprises & Small Enterprises	-	-
Other than Micro Enterprises & Small Enterprises	1,852.47	732.00
Trade payables to related parties	6.26	0.75
Total	1,858.73	732.75

Disclosure of Trade Payables as at 31 March 2024

Particulars	Outstanding for following period from due date of payment				
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year	Total
MSME					-
Others	1,858.71	-	0.02	-	1,858.73
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Total	1,858.71	-	0.02	-	1,858.73

Disclosure of Trade Payables as at 31 March 2023

Particulars	Outstanding for following period from due date of payment				
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year	Total
MSME					-
Others	720.70	11.67	-	0.38	732.75
Disputed dues - MSME					-
Disputed dues - Others					-
Total	720.70	11.67	-	0.38	732.75

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 17 - Other Financial Liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Current		
Outstanding Expenses	268.40	317.20
	268.40	317.20
Total	268.40	317.20

Note 18 - Provisions

Particulars	As at 31 March 2024	As at 31 March 2023
Non-Current		
Provision for employee benefits		
-Gratuity	8.68	3.60
-Compensated Absences	2.58	1.20
	11.26	4.80
Current		
Provision for employee benefits		
-Gratuity	0.10	0.22
-Compensated Absences	0.07	0.60
Provisions for Performance Warranty **	-	9.24
	0.17	10.06
Total	11.43	14.86

**** Movement of provisions for the year ended 2023-24**

Particulars	Performance Warranty
Opening Balance as on 1st April 2023	9.24
Additional provision recognized during the year	-
Amount used during the year	-
Amount reversed during the year	9.24
Closing Balance as on 31st March 2024	-

**** Movement of provisions for the year ended 2022-23**

Particulars	Performance Warranty
Opening Balance as on 1st April 2022	13.42
Additional provision recognized during the year	9.24
Amount used during the year	-
Amount reversed during the year	13.42
Closing Balance as on 31st March 2023	9.24

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 19 - Other Current Liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Current		
Contract Liabilities - Customer Advances #	-	-
Dues to Statutory Authorities	21.40	9.68
Total	21.40	9.68

Movement of Contract Liabilities

Particulars	As at 31 March 2024	As at 31 March 2023
Opening Balance (A)	-	1,589.25
Additions		
Against Sales recognised during the year	-	-
Receipt of advance from Customer during the year	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)		
Total - (B)	-	
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance	-	1,589.25
Contract liability adjusted against- Revenue recognised during the year out of Current year balance	-	-
Conversion of Contract Asset to Trade receivable	-	-
Impairment of Contract Asset if any	-	-
Write back of Contract Liability if any	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)	-	-
Total -(C)	-	1,589.25
Grand Total (Closing Balance) D = (A+B-C)	-	-

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 20 - Revenue from Operations

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Sale of products	8,078.99	7,016.61
Income from Service	1,289.27	798.26
Revenue from Contracts with Customers	9,368.26	7,814.87
Other Operating Revenue		
Provision Withdrawn - Performance Warranty	9.24	4.18
LD Recovered	0.18	-
Total Other Operating Revenue	9.42	4.18
Total	9,377.68	7,819.05

i) Disaggregation of Revenue Recognised against contracts with customers

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Income from Sale of Goods		
-Defence	8,078.99	4,358.87
-Non Defence	-	-
-Others	-	-
-Exports	-	2,657.74
Total	8,078.99	7,016.61
Income from Sale of Services		
-Defence	1,171.77	712.51
-Non Defence	-	38.07
-Others	-	-
-Exports	117.50	47.69
Total	1,289.27	798.26
Grand Total	9,368.26	7,814.87

ii) Reconciliation of revenue recognised in Statement of Profit & Loss with Contract Price

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Revenue Recognised as per Statement of Profit & Loss		
Income from Sale of Goods	8,078.99	7,016.61
Income from Sale of Services	1,289.27	798.26
Total (a)	9,368.26	7,814.87
Add/ (Less) adjustment to Contract Price		
Foreign Exchange Variation Claim	(155.10)	(232.77)
Price Revision (Custom Duty on Circulator)	(49.42)	(46.19)
Discount & Rebate Offered	-	-
Others	-	-
Total Adjustment (b)	(204.52)	(278.96)
Contract Price (a+b)	9,163.74	7,535.91

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 21 - Other Income

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Interest income on Bank deposits	284.94	181.06
Interest income on Income Tax Refund	2.77	4.53
Miscellaneous income	0.90	0.26
Foreign exchange gain	45.83	-
Profit on Sale of PPE	368.19	-
Total	702.63	185.85

Note 22 - Cost of Material Consumed

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Opening Stock		
- Raw Materials & Components	604.68	1,621.67
	604.68	1,621.67
Add: Purchases		
- Raw Materials & Components	8,275.65	4,754.05
	8,275.65	4,754.05
Less: Closing Stock*		
- Raw Materials & Components	9.12	604.68
- Provision for Obsolescence	587.26	-
	596.38	604.68
Total	8,283.95	5,771.04

* Out of the Closing Stock of Rs. 596.36 an amount of Rs. 587.26 has been provided for Material obsolescence. Accordingly the closing stock as on 31st Mar 2024 is Rs. 9.12 (Net of Provision for Obsolescence). Refer Note 7

Note 23 - Changes in Inventories of Finished stock & Work-in-progress

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Inventories at the end of the year		
- Finished goods	-	-
- Work-in-progress	-	-
Inventories at the beginning of the year		
- Finished goods	-	-
- Work-in-progress	-	482.77
	-	482.77
Total	-	482.77

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 24 - Employee Benefit Expenses

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Salaries and Allowances	385.75	336.85
Contribution to provident and other funds	28.03	24.64
Expenses for Compensated Absences	15.65	12.85
Superannuation Fund	9.42	8.95
Gratuity Expense	14.96	14.37
Staff Welfare Expenses	0.56	1.97
Total	454.37	399.63

Additional notes:

- i) The company contributes 12% of (Basic + DA+Deputation allowance) and 7% of (Basic + DA) to Provident Fund and BEL Superannuation (Pension) Fund respectively i.r.o employees on deputation from BEL.
- ii) The company contributes 11% of (Basic + DA+Deputation allowance) towards Annual Leave entitled during deputation i.r.o employees on deputation from BEL.
- iii) The company contributes at the rate of (monthly wage*15/(26*12) towards Gratuity contribution i.r.o employees on deputation from BEL. Monthly wage means the maximum of scale of pay in BEL plus DA.
- iv) The company contributes Provident Fund at the rate of 12% of Basic and Gratuity at the rate of (monthly wage*15/(26*12) i.r.o employees on deputation from Thales India Private Limited

Note 25 - Finance Cost

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Interest on lease liabilities	2.24	6.05
Total	2.24	6.05

Note 26 - Depreciation and Amortisation Expense

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Depreciation on Property, Plant & Equipment	33.44	97.95
Depreciation on right-of-use assets	36.65	36.64
Amortisation of Other Intangible Assets	1.15	-
Total	71.24	134.59

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 27 - Other Expenses

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Power and Fuel	5.91	6.48
Water Charges	0.85	0.17
Rent	21.60	2.55
Rates & Taxes	0.50	10.03
Insurance Charges	7.31	7.32
Technical Service Charges	-	(87.55)
Legal & Professional Charges	14.33	23.45
Payment to Auditors	1.80	1.71
Repairs & Maintenance	12.42	6.90
Manpower Charges	58.23	47.54
Bank charges	9.03	11.00
Printing and Stationery	3.66	4.43
Travelling & Conveyance	41.46	25.80
Telephone & Lease Line Charges	2.76	3.15
Postage, Courier & Freight	5.78	7.12
Foreign Exchange Loss	-	224.82
Provision for Liquidated Damages	4.80	-
Provision for Material Obsolescence	587.26	-
Miscellaneous Expenses	12.34	9.39
Corporate Social Responsibility	12.37	9.49
Total	802.41	313.81

Note 27.1 - Payment to Auditors

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Payments to Statutory Auditors (Excluding GST)		
For statutory Audit	1.20	1.20
For other taxation matters	0.60	0.51
Total	1.80	1.71

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 28 - Earnings per share

- (a) The amount used as the numerator in calculating basic and diluted earning per share is the net profit/loss after tax for the period disclosed in the Statement of Profit and Loss.
- (b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earning per share is 57,61,537 (57,61,537).

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Net Profit/(loss) after tax ₹ in lakhs	276.98	699.67
Weighted average number of equity shares (Nos.)	57,61,537	57,61,537
Basic and diluted earnings per share (for continuing operations)*(a)/(b) ₹	4.81	12.14
Basic and diluted earnings per share (for discontinued operations) ₹	-	-
Nominal value per share ₹	100.00	100.00

Note 29 - Material Accounting policies

Material accounting Policies adopted in preparation of these financial statements are annexed to the financial statements. These policies have been consistently applied to all the years presented.

Note 30 - Contingent liabilities

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March 2024 –Rs. Nil (Nil).
- (b) Other Commitments – i.e. Non-cancellable contractual commitments as on 31st March 2023–Nil (Nil).
- (c) Contingent liabilities:

Particulars	As at 31 March 2024	As at 31 March 2023
Claims against the company not acknowledged as debts*	48.53	48.53

Note: As at 31st March, 2024, the amount is relating to income tax matters and against this the company deposited an amount Rs.9.71 (previous year - Rs. 9.71) with relevant authorities on appeal. These matters are pending before Appellate authorities and the management expects that its position will likely to uphold on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of the operations.

Note 31 - Operating Leases
As a Lessee:

The Company has taken the Registered Office Building on a non-cancellable operating lease for 9 years and 4 months from M/s. Bharat Electronics Limited, (the Holding Company) with an option to renew the lease after this period, The operating lease rentals under Building contract are payable on monthly basis. There are no sub-leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
Not later than one year	-	47.85
Later than one year and not later than five years	-	-
Later than five years	-	-

BEL-THALES Systems Limited

Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 32 - Related Party Disclosures

As per the Ind AS24 on 'Related Party Disclosure' the related parties of the Company are as follows:

a) Name of the related party and nature of relationship

Name of Related Party	Nature of Relationship
Bharat Electronics Limited (BEL)	Holding Company (74%)
Thales India Private Ltd (TIPL)	Significant Investor - Equity Holding (21%)
Thales LAS France SAS (Previously known as Thales Air Systems S.A.S (TR6))	Investor - Equity Holding (5%)

b) The nature and volume of transactions carried out with the above related parties in the ordinary course of business and at Arm's length basis are as follows:

Nature of Transactions	Name of Related Party	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Sale of services	Bharat Electronics Limited	801.75	585.48
	Thales India Private Limited	-	37.47
	Thales LAS France SAS	-	47.69
Sale of Goods	Bharat Electronics Limited	8,078.99	4,358.87
Purchase of services	Bharat Electronics Limited	0.70	0.70
	Thales India Private Limited	-	49.25
	Thales LAS France SAS	483.92	183.99
Purchase of Goods	Bharat Electronics Limited	0.00	722.85
Leasing arrangements - Office Premises	Bharat Electronics Limited	68.21	47.71
Sale of PPE	Thales LAS France SAS	384.09	-
Other services availed	Bharat Electronics Limited	5.54	33.65
Dividend Paid	Bharat Electronics Limited	155.62	115.54
	Thales India Private Limited	44.16	32.79
	Thales LAS France SAS	10.52	7.81

c) Outstanding balances arising from rendering of services, receiving of services and others

Nature of Transactions	Name of Related Party	Receivable as at		Payable as at	
		31 March 2024	31 March 2023	31 March 2024	31 March 2023
Sale of services	Bharat Electronics Limited	231.70	61.20	-	-
	Thales India Private Limited	-	-	-	-
	Thales LAS France SAS	-	0.16	-	-
Sale of Goods	Bharat Electronics Limited	552.30	585.48	-	-
Purchase of services	Bharat Electronics Limited	-	-	0.75	0.75
	Thales India Private Limited	-	-	-	-
	Thales LAS France SAS	-	-	210.09	289.34
Sale of PPE	Thales LAS France SAS	379.01	-	-	-
Other services availed	Bharat Electronics Limited	-	-	5.51	-

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

d) Directors of the Company are as follows:

Sl. No.	Name of Directors	Designation
(a)	Shri Manoj Jain	Director
(b)	Shri Ashish Arun Saraf	Director
(c)	Shri Damodar Bhattad	Director
(d)	Shri. Venkata Suresh Kumar Kaipa (From 04.08.2023)	Director
(e)	Shri. Vinay Kumar Katyal (upto 31.07.2023)	Director

All the above Directors are Nominee Directors. No remuneration has been paid by the company to the above directors during the year

Other Key Managerial Personnel

Sl. No.	Name of Key Management Personnel	Designation
(a)	Shri. Narasimha Prasad K (Upto 29.02.2024)	CEO
(b)	Shri Nikhil Kumar Jain (From 01.03.2024)	CEO
(c)	Shri Amresh Kumar Jha	CFO
(d)	Ms Kirti Sewani	Company Secretary

Compensation to Other Key Managerial Personnel i.e. Chief Executive Officer, Chief Financial Officer, Company Secretary is follows.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term benefits	90.22	83.18
Post-employment benefits	13.38	12.81
Other long-term employee benefits	-	-
Termination benefits	-	-
Share based payment	-	-
Total Compensation	103.60	95.99

e) Seven Officials of BEL (the Holding Company) and one official of Thales India Private Limited have been deputed to the Company and their Salary and Other Expenses were paid the Company during the year as per terms and conditions of employment.

Note 33 - Segment Reporting

The primary focus of the Company is to design, develop, Supply and Support of Radars. As the Company is being Government Company in the defence sector, the disclosures as per the Ind AS - 108 on "Operating Segments" are not applicable for the company as specific exemption has been granted by the Government vide Notification No. 463 (E) / [F.No.1/2/2014-CL.-V], dated. 5th June, 2015 & S.O.802(E) Dated. 23rd February, 2018.

Note 34 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Enterprises, to whom the company owes dues as at the Balance Sheet date. The above information has been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

BEL-THALES Systems Limited

Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 35 - Impairment of Assets

The Company which is a single composite cash generating unit, on the basis of assessment of internal and external factors found that there are no indication of impairment of its assets and hence no provision for the same is considered necessary.

Note 36 - Research and Development Expenditure

Research and Development expenditure recognised as an expense during the period – Nil (Nil)

Note 37 - Corporate Social Responsibility

a) Gross amount required to be spent by the company during the FY 2023-24 is Rs. 12.37.

b) Amount Spent During the FY 2023-24

SI No	Particulars	In cash	Yet to be paid in cash	Total	Appropriation/ Provision * for unspent Amount	CSR Grand Total
i)	Preventive Healthcare	12.10	-	12.10	-	12.10
ii)	Contribution to PM Cares Fund	0.27	-	0.27	-	0.27

c) Movement of CSR Provision

SI No	Particulars	Year ended 31 March 2024	Year ended 31 March 2023
i)	As at 1st April	-	-
ii)	Additional Provision/ Appropriation recognised during the year	12.37	9.48
iii)	Less Amount used during the year	12.37	9.49
iv)	Less Amount reversed during the year	-	-
v)	As at 31st March	-	-

Note 38 - Employee benefits

Defined Contribution Plans

The employees in the company are on deputation from the holding company "M/s. Bharat Electronics Limited" & related party "Thales India Private Limited" and employees of BEL - Thales Systems Limited. As per the deputation orders of respective Companies the following contributions at specified percentages of employee salaries (refer Note No.21) remitted periodically to the Holding Company & Thales India Private Limited:

- Contribution to Provident Fund
- Employee Superannuation Fund
- Gratuity
- Employees' Leave Benefits

The contributions are charged to Statement of profit and Loss as they accrue (Please refer current service cost under the head Employee benefit expenses in Note no.14).

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

The Company has a defined benefit gratuity plan (unfunded) for employees of BEL - Thales Systems Limited.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Contribution to Provident Fund included under contribution to provident and other funds.	37.45	33.59
	37.45	33.59

Defined Benefit Plans
(i) Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date. As at March 31, 2023 the Gratuity plan of the company is unfunded and no assets are maintained by the company and asset values are taken as zero; there is liquidity risk in that they may run out of cash

These plans typically expose the company to actuarial risks such as: Interest rate risk, Liquidity risk, Salary escalation risk, demographic Risk and Regulatory risk.

Interest rate risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Liquidity risk	This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20,00,000).

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Actuarial Valuation Method:

The valuation has been carried out using the Projected Unit Credit Method as per Ind AS 19 to determine the Present Value of Defined Benefit Obligations and the related Current Service Cost and, where applicable, Past Service Cost.

Particulars	Gratuity For the year ended	
	31 March 2024	31 March 2023
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	1.18	1.10
Interest cost on benefit obligation	0.28	0.20
Past Service Cost		
Expected return on plan assets		
Sub Total	1.46	1.30
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year on plan obligations	3.49	(0.42)
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss		-
Effect of Balance Sheet asset limit		-
Sub Total	3.49	(0.42)
Net benefit expense recognised in Statement of Profit & Loss	4.95	0.87

<u>Balance Sheet</u>	As at 31 March 2024	As at 31 March 2023
Benefit asset / liability		
Present value of defined benefit obligation	8.78	3.82
Fair value of plan assets	-	-
Assets / (Liability) recognized in the balance sheet	8.78	3.82
<u>Change in the present value of the defined benefit obligation</u>		
Opening defined benefit obligation	3.82	2.95
Interest Cost	0.28	0.20
Current Service Cost	1.18	1.10
Actuarial (gain)/loss on obligation	3.49	(0.42)
Acquisition Adjustments	-	-
Present Value of defined Benefit Obligation at the end of the period	8.77	3.82

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Bifurcation of Present Value of Obligation at the end of the year	As at 31 March 2024	As at 31 March 2023
Current Liability (Short term)	0.10	0.22
Non-Current Liability (Long term)	8.68	3.61
Present Value of Obligation	8.78	3.82
Change in the fair value of plan assets		
Opening fair value of plan assets	-	-
Contributions by employer	-	-
Investment Income	-	-
Benefits paid	-	-
Return on plan assets, excluding amount recognised in net interest expenses		
Closing fair value of plan assets	-	-
Assumptions		
Discount Rate (% p.a)	7.00%	7.27%
Expected rate of salary increase (%)	6.00%	6.00%
Mortality rate	(% of IALM 2012-14)	(% of IALM 2012-14)
Normal retirement age	60.00	60.00
Attrition / Withdrawal rates per annum	28.54%	28.54%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts of Defined benefit plan for the current and previous periods are as follows

	Present value of Defined benefit obligation	Surplus / (deficit)	Experience adjustments on plan liabilities - (loss)/gain	Impact of Change in Assumptions on Plan Liabilities- (loss)/gain	Experience adjustments on plan assets - (loss)/gain
March 31, 2024	8.78	(8.78)	(3.27)	(0.22)	-

Sensitivity analysis of the defined benefit obligation

Assumptions	Discount Rate		Salary Growth Rate	
	+50 basis point	-50 basis point	+50 basis point	-50 basis point
Sensitivity Level				
0.50% movement	7.50%	6.50%	6.50%	5.50%
Increase/(decrease) in defined benefit Obligation	3.75	3.90	3.91	3.74
Increase/(decrease) in Current Service Cost	1.16	1.21	1.21	1.16

BEL-THALES Systems Limited

Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Particulars	As at 31 March 2024	As at 31 March 2023
Compensated absences		
Charge in the Statement of Profit and Loss	15.65	12.85
Liability as at the year end	1.80	1.80
Actuarial assumptions		
Discount rate	7.27%	7.27%
Salary escalation	6.00%	6.00%
Retirement age	60 Yrs	60 Yrs
Attrition rate	28.54%	28.54%

Note 39 - Fair Value Measurements

Financial Instruments by Category

The carrying amount of Loans, Deposits, trade receivables, Unbilled revenues, trade payables, capital creditors and cash and cash equivalents, bank balances other than cash and cash equivalents are considered to be the same as their fair values.

Financial Assets carried at Amortised Cost

Particulars	As at 31 March 2024	As at 31 March 2023
Trade Receivables	1,134.37	926.98
Cash & Cash equivalents	2,012.12	2,181.91
Bank balances other than above	3,100.00	1,800.00
Other Financial Assets	545.40	112.44
Total Financial Assets	6,791.88	5,021.33

Financial Liabilities carried at Amortised Cost

Particulars	As at 31 March 2024	As at 31 March 2023
Trade Payables	1,858.73	732.75
Lease Liabilities	-	47.85
Other Financial Liabilities	268.40	317.20
Total Financial Liabilities	2,127.13	1,097.80

Note 40 - Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance.

The Company's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. For this purpose, the Board has established a Treasury function which is responsible for conducting transactions to mitigate financial risk as per the appropriate policies and procedures formulated by the senior management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. However, the Company does not have a policy of trading in derivatives for speculation.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks.

The Company has a credit policy and procedures in place aiming to minimise collection losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors.

The carrying amount of trade and other receivables, advances to suppliers, cash and cash equivalents and other bank balance, interest receivable on deposits on other deposits represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Deposits and cash balances are placed with reputable banks.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. The management analyses each new customer individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

Particulars	As at 31 March 2024	As at 31 March 2023
India	1,139.17	793.88
France	379.01	138.56

At 31st March 2024, the Company's most significant customers, Bharat Electronics Limited, the holding company, Thales India Private Limited and THALES LAS FRANCE SAS accounted for INR 784 lakhs (INR 652.10 lakhs) and INR 379.01 lakhs (INR 0.16) respectively.

The credit quality of the financial assets is satisfactory.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting their obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Company will face difficulty in raising financial resources required to fulfil its commitments. The Company's approach to managing liquidity is to ensure, as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The company's principal sources of liquidity are cash and cash equivalents, other bank balances and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the cash and cash equivalents are sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

Exposure to liquidity risk

The table below details the company's remaining contractual maturity for its financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

BEL-THALES Systems Limited

Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

The amount disclosed in the financial statements are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	1 year or less	More than 1 year	Adjustments	Carrying Value
31st March 2024				
Lease Liabilities	-	-	-	-
Trade Payable	1,858.73	-	-	1,858.73
Other Financial Liabilities	268.40	-	-	268.40
	2,127.13	-	-	2,127.13
31st March 2023				
Lease Liabilities	47.85	-	-	47.85
Trade Payable	732.75	-	-	732.75
Other Financial Liabilities	317.20	-	-	317.20
	1,097.80	-	-	1,097.80

c) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates that affects the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Company enters into forward derivative contracts case by case depending upon risk tolerance limits to manage the risks of loss arising due to foreign exchange exposure. However, the Company has not entered into any derivative contracts during the year. Market risk exposures are measured using a sensitivity analysis. During the year ended 31 March 2021, there was no change to the manner in which the Group manages or measures market risk.

Currency risk

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Company's future cash flows and profitability in the ordinary course of business. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or selling in foreign currencies.

The Company is exposed to currency risk on account of trade receivables and trade payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts on case by case basis based on the risk tolerance limits to hedge its currency risk, most with a maturity of less than one year from the reporting date.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Exposure to foreign currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2024 and 31 March 2023 are as below:

Particulars	31 March 2024 EUR Amount	31 March 2024 INR (in Lakhs)
Financial Liabilities		
Trade and other payables	1991666.00	1825.18
Payable towards Capital Purchases	-	-
Contract Liabilities	229251.00	210.09
Total Payable	2220917.00	2,035.27
Financial Assets		
Trade Receivables	427000.00	379.01
Total Receivables	427000.00	379.01
Net Exposure	1793917.00	1656.26

Particulars	31 March 2023 EUR Amount	31 March 2023 INR (in Lakhs)
Financial Liabilities		
Trade and other payables	782931.36	712.53
Payable towards Capital Purchases	-	-
Contract Liabilities	317920.00	289.34
Total Payable	1100851.36	1,001.87
Financial Assets		
Trade Receivables	152151.00	138.56
Total Receivables	152151.00	138.56
Net Exposure	948700.36	863.30

The following significant exchange rates have been applied during the year:

Particulars	Average Rate for the year ended		Year-end Spot Rate	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
EUR	89.88	82.72	91.64	91.01

Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the Indian Rupee against Euro at 31 March 2021 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

As at 31 March 2024

Effect in INR	Profit / (loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
EUR sensitivity				
10% movement	165.63	(165.63)		

As at 31 March 2023

Effect in INR	Profit / (loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
EUR sensitivity				
10% movement	86.33	(86.33)	Nil	Nil

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

Exposure to interest rate risk

The Company does not have any borrowings. Hence not subject to interest rate risks.

The Company's interest-bearing financial instruments (deposits with bank) as reported to the management of the Company is as follows

Particulars	As at 31 March 2024	As at 31 March 2023
Fixed-rate instruments		
Financial assets – Deposits with original maturity of less than 3 months	1,900.00	1,984.49
Financial assets – Deposits with original maturity of less than 12 months	3,100.00	1,800.00

The company financial assets are fixed rate instruments. Hence not subject to sensitivity analysis

Note 41 - Capital Management

The Company maintain a strong capital base so as to maintain investor, creditor and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company monitors capital using a ratio of 'debt' to 'adjusted equity'. For this purpose, debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

The Company's adjusted net debt to equity ratio:

Particulars	As at 31 March 2024	As at 31 March 2023
Total borrowings #	-	-
Total equity	6,892.61	6,829.42
Less: Other components of equity	-	-
Adjusted equity	-	-
Adjusted net debt to adjusted equity ratio	00:01	00:01

Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities

Note 42 - Income taxes
a) Amount recognised in statement of profit and loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expenses:		
Current tax*	213.00	207.00
Changes in Estimates related to earlier years	(5.61)	
Deferred tax (income)/expense:		
Origination and reversal of temporary differences	(18.27)	(9.66)
Tax expense for the year	189.11	197.34

*For the FY 2022-23 the Company has adopted the Concessional Income Tax rate under Section 115BAA (i.e. 22% Tax rate with Surcharge (10%) and Cess (4%)).

b) Income tax recognised in OCI – Nil (31 March 2023 - Nil)
c) Reconciliation of effective income tax rate

Particulars	For the year ended 31 March 2024		For the year ended 31 March 2023	
	Rate %	Amount	Rate %	Amount
Profit/(Loss) before tax from continuing operation		466.10		897.01
Tax using the company's domestic tax rate (Income tax)	25.17%	117.31	25.17%	225.76
Tax effect of:				
Carry forward of business losses			-14.33%	(32.08)
Provision on Material Obsolescence	25.17%	147.50		
Others	-9.77%	(75.69)		
Total income tax expense for the year	40.57%	189.11	10.84%	193.68

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

d) Movement in deferred tax balances

Deferred tax assets and liabilities are attributable to the following:

Particulars	Deferred tax assets as at		Deferred tax liabilities as at		Deferred tax (liabilities) / asset, net as at	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Property, plant and equipment & RoU	48.73	29.60	-	-	48.73	29.60
Provisions	2.88	3.74	-	-	2.88	3.74
	51.61	33.34	-	-	51.61	33.34

Movement in temporary differences

Particulars	As at 1 April 2023		Recognition during the year		As at 31 March 2024	
	Deferred tax assets	Deferred tax liabilities	Recognised in profit or loss	Recognised in OCI	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment & RoU	29.60	-	(19.13)	-	48.73	-
Provisions	3.74	-	0.86	-	2.88	-
	33.34	-	(18.27)	-	51.61	-

Particulars	As at 1 April 2022		Recognition during the year		As at 31 March 2023	
	Deferred tax assets	Deferred tax liabilities	Recognised in profit or loss	Recognised in OCI	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment & RoU	18.93	-	(10.67)	-	29.60	-
Provisions	4.75	-	1.01	-	3.74	-
	23.68	-	(9.66)	-	33.34	-

e) Unrecognised deferred tax assets

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

Particulars	As at 31 March 2024	As at 31 March 2023
Tax Losses	-	-

f) Unrecognised tax losses carried forward expire as follows:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Amount	Expiry date	Amount	Expiry date
Expire	-		-	
Never Expire	-		-	

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 43 - Analytical Ratios

The following are the analytical ratios for the year ended:

Particulars	Numerator	Denominator	31 March 2024	31 March 2023	Variance in Ratios	Reasons for variance
Current Ratio	Current Assets	Current Liabilities	3.44	5.64	-39%	1
Debt-Equity Ratio	Total Debt	Shareholder's Equity	-	0.01	-100%	2
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	-	14.62	0%	3
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.04	0.11	-62%	4
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	26.99	4.62	485%	5
Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	9.10	7.42	23%	6
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	6.39	5.89	8%	7
Net Capital Turnover Ratio	Revenue	Working Capital	1.79	1.51	19%	8
Net Profit Ratio	Net Profits	Net Sales	0.03	0.09	-67%	9
Return on Capital Employed	Earnings before interest and taxes	Capital employed	0.07	0.13	-48%	10
Return on Investment	Income generated from Investments	Time weighted Average Investments	0.00	0.00	0%	

- Reduction in current Ratio during the F.Y. 2023-24 as compared to F.Y. 2022-23 is mainly due to increase in Trade Payables by Rs. 1125.96, Creation of Provision for Material Obsolescence (Rs. 586.05 Lakhs). Increase in Trade receivables by Rs. 212.20 Lakhs and in Bank balances by Rs. 1300 Lakhs.
- Reduction is due to Lease Liability being fully paid.
- Reduction is due to Lease liability being fully paid.
- During the F.Y. 2023-24 PAT reduced by 71.54% (Due to creation of provision for Material Obsolescence) as compared to PAT of F.Y. 2022-23.
- During the F.Y. 2023-24 Inventory provision of Rs. 586 lakhs was created towards Obsolescence. Hence there is an increase in Inventory Turn Over Ratio.
- The variance is due to increase in sales (19.93%) and increase in Average Trade Receivables (22.89%) during the F.Y 2023-24 as compared to F.Y. 2022-23.

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(All amounts are in Lakhs ₹, unless otherwise stated)

7. The reason for variance is due to substantial increase in purchase and in Average Trade Payable during F.Y. 2023-24 as compared to F.Y. 2022-23.
8. The reason for variance is due to Increase in Revenue from Operations (20%) during F.Y. 2023-24 as compared to F.Y. 2022-23.
9. Net Profit Ratio has decreased because of creation of Provision towards Material Obsolescence during F.Y. 2023-24.
10. During the current year there is reduction in Operating profit due to creation of provision for Material Obsolescence. Resulted in reduction in Return on Capital Employed.

Note 44 - Value of remaining Performance Obligations (Pending Orders to be executed)

Unrecognised revenue from contracts with customer which are partially satisfied or unsatisfied (Pending orders to be executed)

As at 31 March 2024

Particulars	Total	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year
Sale of Services	1,219.00	924.00	271.00	24.00	-
Sale of Products	16,996.00	9,937.00	7,059.00	-	-
Total	18,215.00	10,861.00	7,330.00	24.00	-

As at 31 March 2023

Particulars	Total	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year
Sale of Services	1,000.24	546.28	323.48	130.48	-
Sale of Products	9,820.00	8,757.46	1,062.54	-	-
Total	10,820.24	9,303.74	1,386.02	130.48	-

Note 45 - The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

Note 46 - The Company does not have any transactions with struck off companies.

Note 47 - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Note 48 - The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

BEL-THALES Systems Limited
Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

Note 49 - The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding 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

Note 50 - The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- 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.

Note 51 - The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

Note 52 - Estimation of uncertainty relating to the global health pandemic from Covid-19

In view of the unprecedented COVID-19 pandemic and economic forecasts, the management has evaluated the impact on the Company's financial statements for the year and noted that there are no adjustments required to revenue, debtors provisioning and actuarial assumptions. In assessing the recoverability of its assets including receivables, the management has considered internal and external information including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions as the situation evolves.

Note 53 - Recent Accounting 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. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property, Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and

BEL-THALES Systems Limited

Notes to the financial statements

(All amounts are in Lakhs ₹, unless otherwise stated)

equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material

Note 54 - Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 1.44 (INR 3.65) per share.[Represents absolute figure.]

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting and if approved would result in cash outflow of approximately Rs. 82.97 Lakhs.

Note 55 - Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary. Figures in brackets relate to Previous Year.

for S.R. & M.R. ASSOCIATES

Chartered Accountants
FRN No. 008094S

Sd/-

CA. M.R. Venkatesh Babu

Partner

Membership No: 206878

UDIN: 24206878BKKEBIR7731

Place: Bengaluru

Date : 15.05.2024

for and on behalf of the Board of Directors

Sd/-

Manoj Jain
Chairman

(DIN: 09749046)

Sd/-

Damodar Bhattad
Director

(DIN: 09780732)

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary

BEL-THALES Systems Limited**Notes to the financial statements for the year ended 31 March 2024****Material Accounting Policies on Ind AS Standalone Financial Statements****Corporate Information**

The accompanying financial statements comprise the financial statements of BEL-THALES Systems Limited (BTSL). The Company was incorporated in India on August 28, 2014 under the Companies Act, 2013. The Company is a Subsidiary of Bharat Electronics Limited (Holding Company). BTSL was formed under the Joint Venture Agreement between Bharat Electronics Limited, Thales India Private Limited and Thales LAS France SAS, France.

The primary focus of the Company is to Design, Development, Marketing, Supply and Support of Civilian and select Defence Radars for Indian and Global markets.

Material Accounting Policies**1. Basis of Preparation**

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP) comprises the mandatory Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability and contingent assets as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account of all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. Basis of Measurement

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments, if any
- Financial assets and liabilities that are qualified to be measured at fair value
- The defined benefit asset / liability is recognised as the present value of defined benefit obligation less fair value of plan assets.

4. Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company.

5. Revenue Recognition**A. Revenue from Contract with Customers**

- i. Revenue is recognized when (or as) the company satisfies a performance obligation by transferring a promised goods or services (i.e., an Asset) to a Customer.

ii. Satisfaction of performance obligation over time

- a. Revenue is recognised over time where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
 - the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
 - the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
 - the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date
- b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.
- c. In case of AMC contracts, where passage of time is the criteria for satisfaction of performance obligation, revenue is recognised using the output method.

iii. Satisfaction of performance obligation at a point in time

- a. In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.
- b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
 - the company has transferred physical possession of the asset
 - the customer has legal title to the asset
 - the customer has accepted the asset
 - when the company has a present right to payment for the asset
 - the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco-terms of the contracts

Ex-Works contract – In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.

FOR Contracts – In the case of FOR contracts, revenue is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period.
- c. Bill and hold Sales Bill and hold sales is recognised when all the following criteria are met:
 - the reason for the bill and hold sales is substantive
 - the product is identified separately as belonging to the customer

- the product is currently ready for physical transfer to the customer
- the company does not have the ability to use the product or to direct it to another customer

iv. Measurement

- a. Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

In case of price escalation and ERV, revenue is recognised at most likely amount to be realised from customer in line with contractual terms.

- b. In case where the contracts involve multiple performance obligations, the company allocates the transaction price to each performance obligation on the relative stand-alone selling price basis.

Bundled Contracts - In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies the recognition criteria to separately identifiable components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on stand-alone selling price.

Multiple Elements - In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their standalone selling price.

- c. If the standalone selling price is not available the company estimates the stand alone selling price.

v. Penalties

Penalties (including levy of liquidated damages for delay in delivery) specified in a contract are not treated as an inherent part of Transaction Price if the levy of same is subject to review by the customer.

vi. Significant financing component

Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties.

In respect of other contracts, the existence of significant financing component is reviewed on a case to case basis

B. Other Income

Recognition of other income is as follows

i. Interest Income

Interest income is recognised using the effective interest rate method.

ii. Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established.

iii. Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increase in rentals are in line with expected inflation or otherwise justified.

iv. Other Income

Other income not specifically stated above is recognised on accrual basis.

6. Property, Plant and Equipment, Capital Work-in-Progress

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and cumulative impairment losses, if any. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

The cost of fixed assets not ready for their intended use as at each balance sheet date is disclosed as capital work-in-progress.

Capital work-in-progress comprises supply-cum erection contracts, the value of capital supplies received at site and accepted, capital goods in transit and under inspection and the cost of Property, Plant and equipment that are not yet ready for their intended use as at the balance sheet date.

7. Intangible Assets, Intangible Asset under Development

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an Intangible Asset in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development".

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset. Cost of Developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

Carrying amount includes amount funded by the company to external agencies towards developmental project(s) and expenditure incurred by the company towards material cost, employee cost and other direct expenditure.

Intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation and cumulative impairment losses, if any. An intangible asset is derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on derecognition of intangible assets, if any, are recognised in the statement of profit and loss.

8. Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful lives which are different from the useful

life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Where cost of a part of the asset is significant to total cost of the asset and estimated useful life of that part is different from the estimated useful life of the remaining asset, estimated useful life of that significant part is determined separately and the significant part is depreciated on straight-line basis over its estimated useful life.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The residual values, useful lives and amortisation methods, are reviewed periodically at each financial year end.

9. Disposal of Property, Plant and Equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds, if any and the carrying amount of the property, plant and equipment) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

10. Research and Development Expenditure

- i. Expenditure on Research activity is recognised as an expense in the period when it is incurred.
- ii. Development expenditure (other than on specific development - cum sales contracts and Developmental projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development - cum - sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

Development expenditure incurred in respect of Joint development projects which are not fully compensated by the development partner are carried forward where the company is nominated as a production agency and future economic benefits are expected.

Developmental projects are reviewed periodically and the amount carried forward, if any, is charged off in the event of the project being declared closed by the customer / end user without any commitment to place order.

- iii. Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.
- iv. Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received.

In case customer order is immediately not forthcoming:

- the amount is capitalised if further economic benefit is expected from its use, or
- the amount is charged off in the event of the project being closed by the customer / end user without any commitment to place order

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrance unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

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

Reversal of impairment provision is made when there is an increase in the estimated service potential of an asset or Cash Generating Unit (CGU), either from use or sale, on reassessment after the date when impairment loss for that asset was last recognised.

14. Leases

Company as a Lessee

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of "right of use" is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of property, plant and equipment.

Subsequent measurement of right-of-use asset is made using Cost model.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the Statement of Profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

Company as a Lessor

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS 116 – Leases

a. Finance Lease:

At commencement date, amount equivalent to the "net investment in the lease" is presented as a Receivable. The implicit interest rate is used to measure the value of the "net investment in Lease".

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the Statement of Profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in Lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109 – Financial Instruments.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

b. Operating Lease:

The company recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis, if required.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

15. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

16. Government Grants

Grants from Government are measured at fair value and initially recognised as Deferred Income.

The amount lying in Deferred Income on account of acquisition of Fixed Assets is transferred to the

credit of Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

The amount lying in Deferred Income on account of Revenue Expenses is transferred to the credit of Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the government grant received.

17. Inventories

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula.

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads. Adequate provision is made for inventory which are more than five years old which may not be required for further use.

18. Income Taxes

Income tax comprises of current and deferred tax.

i. Current Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity respectively and not in the Statement of profit and loss.

ii. Deferred Tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

19. Provision for Warranties

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend based estimates.

In cases where a trend is not ascertainable, provision for warranty is made based on the best estimate of management.

20. Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of profit and loss. Nonmonetary items that are measured in terms of

historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

21. Employee Benefits

- i. All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits and they are valued on undiscounted basis and recognised during the period in which the related services are rendered.
- ii. Incremental liability for payment of long term compensated absences such as Earned Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.
- iii. Defined Contributions to the Government administered Employee State insurance Fund, Employees Provident Fund and Pension Scheme are made on monthly accrual basis at applicable rates and charged as expenses during the period in which the employees perform the services.
- iv. Incremental liability for payment of Gratuity to all eligible employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the carrying value of the provision contained in the balance sheet and provided for.
- v. Actuarial liability for the year is determined with reference to employees at the end of January of each year.
- vi. Employee benefits - Employees deputed in the Company
Employee benefits to be borne by the company are as per terms and conditions of the deputation order. They are accounted on accrual basis and charged off and remitted periodically to the deputing company wherever applicable.

22. Provision & Contingent Liabilities/Assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting

is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities/Assets

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

23. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

24. Fair value Measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

25. Financial Assets

i. Initial Recognition and Measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

ii. Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments measured at amortised cost,
- Debt instruments measured at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

iii. Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

iv. Trade and Other Receivables

Receivables are initially recognised at fair value, which in most cases approximates the nominal

value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

26. Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

27. Embedded Derivative

The embedded derivative, if required, is separated from host contract and measured at fair value.

28. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value. Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

29. Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

- a. Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
- b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense / income in the statement of profit and loss.

30. Financial Liabilities

i. Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate. Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

ii. Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:
Financial Liabilities at fair value through Profit or Loss: Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

iii. Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised as profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

iv. Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

31. Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

32. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

33. Cash Dividend and Non-Cash distribution to Equity Holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

34. Errors and Estimates

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

35. Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

36. Events after the Reporting Period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

for S.R. & M.R. ASSOCIATES

Chartered Accountants
FRN No. 008094S

Sd/-

CA. M.R. Venkatesh Babu

Partner

Membership No: 206878

UDIN: 24206878BKKEBIR7731

Place: Bengaluru

Date : 15.05.2024

for and on behalf of the Board of Directors

Sd/-

Manoj Jain

Chairman

(DIN: 09749046)

Sd/-

Damodar Bhattad

Director

(DIN: 09780732)

Sd/-

Nikhil Kumar Jain
Chief Executive Officer

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary





BEL-THALES Systems Limited

(A Government of India Enterprise, Ministry of Defence)

CIN: U32106KA2014GOI076102

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