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Amrit Mahotsav

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BHARAT



**BEL - THALES Systems**

# Annual Report 2021-22



## 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

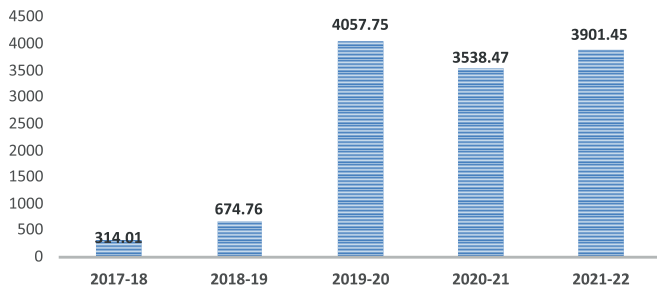
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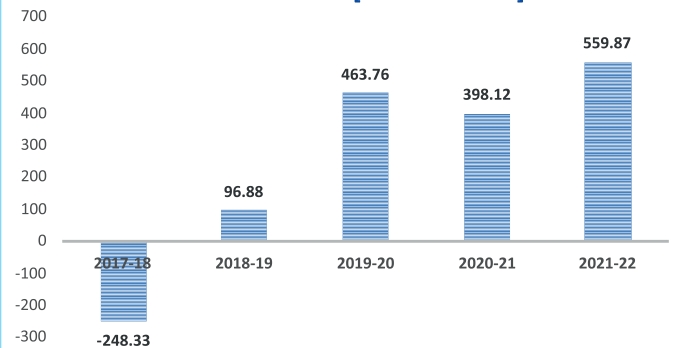
## Financial Highlights - Five Years at a Glance

Particulars	Rs. in Lakhs				
	2018	2019	2020	2021	2022
Total Income	645.11	937.64	4430.18	3872.40	4091.20
Total Expenses	893.44	840.76	3966.42	3474.28	3531.33
Profit Before Tax	-248.33	96.88	463.76	398.12	559.87
Profit After Tax	-258.80	104.19	334.36	315.38	521.43
Reserve & Surplus	-750.16	-645.97	-311.62	3.76	523.93
Net Worth	5011.38	5115.57	5449.92	5765.30	6285.47
Earnings Per Share (in Rs.)	-4.49	1.81	5.80	5.47	9.05

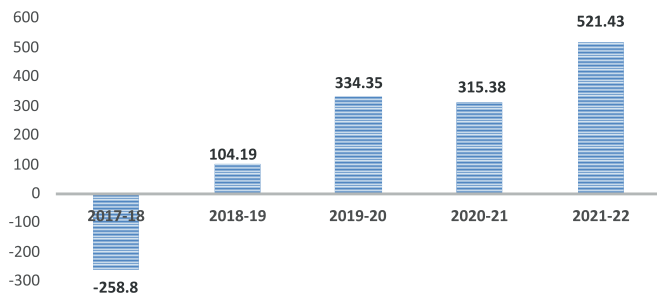
### TURNOVER [RS. IN LAKHS]



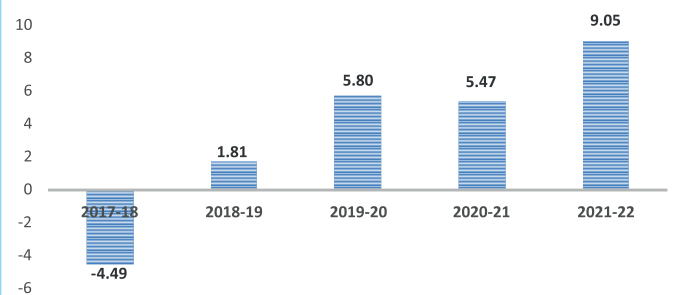
### PROFIT BEFORE TAX [RS. IN LAKHS]



### PROFIT AFTER TAX [RS. IN LAKHS]



### EARNINGS PER SHARE [ IN RS.]



# Chairman's Letter

## Dear Shareholders,

It is a matter of pleasure to communicate with you directly and to share with you the 08<sup>th</sup> Annual Report of the Company.

At the outset, I would like to extend my gratitude to each one of you for your continued support to BTSL. I take this opportunity to share the performance highlights during the year and future outlook for the Company.

## On the Manufacturing front

I am extremely happy to inform you that the Company has started production of LBREC and successfully delivered 24 LBREC's to the Customer during F.Y. 2021-22. Further this product has passed all the requirements i.e. Documentation, qualification & Acceptance Tests, as prescribed by customer.

## Financial Performance

During F.Y. 2021-22 your Company has registered a turnover of Rs. 3901.45 Lakhs as against Rs. 3538.47 Lakhs in F.Y. 2020-21. Profit after Tax for F.Y. 2021-22 stood at Rs. 521.43 Lakhs as against profit of Rs. 315.38 Lakh for F.Y. 2020-21 by registering a growth of 65%.

## Exports

The turnover from export during F.Y. 2021-22 stood at Rs. 3305.80 Lakhs i.e. 84.73% of the turnover and the turnover from new projects contributed to Rs. 69.13 Lakhs i.e. 1.77% of the turnover.

## Future Outlook

As you all know this Company was established in the year 2014 with an objective of Design, Develop, Market, Supply and Support of Civilian and Select Defence Radars for Indian and Global Markets and other mutually agreed end-user applications. However due to various reasons the identified projects could not take off.

We are continuously trying to identify various other areas by keeping in mind the long-term sustainability of the Company. In this regard few deliberations were held in the Senior Management levels of the JV Partners to relook the objectives of the JV and also discussion was held to find out the new business potential for the Company.



The Company is in a process of identifying the new areas to enhance its scope of works and grow atleast 20% YoY for next 15-20 years.

The Order Book as on 31.03.2022 is Rs. 3811 Lakhs. The order book comprises mainly of programs like AMC of STAR2000 Radar for Indian Navy, Serial Production of Low Band Receiver (LBREC), Maintenance of Air Traffic Management Radar (ATM) and Retro-engineering of 6809 based PCB.

Apart from this, the Company has submitted quotes for the following programs for which the Order Intake is expected in the FY 2022-23: Supply of BGA, CORECHIP, LNA, EMI, MOSFET, PCBs, Circulator and FPGA for manufacturing TR Modules, Supply of AMC Services (including repairs) of PSR & MSSR Radar for HAL Bangalore, Supply of AMC services of STAR2000 Radar installed at ICG Daman for 36 months, Repair of Modules for STAR2000 Radar at ICG Daman.

As we progress ahead we are witnessing rise in inflation in the world market, with the European conflict and continuing COVID-19 impact in some geographies creating supply chain constraints. Looking forward, the future for your Company looks promising as well as challenges are inherent.

### **Governance and Sustainability**

Your company endeavours to uphold the best practices in the Corporate Governance. A report on compliance of the guidelines on Corporate Governance as per the guidelines issued by the Department of Public Enterprises for CPSEs forms part of the Board's Report.

### **Acknowledgements**

I would like to thank my fellow Directors on the Board for their wisdom and guidance. I deeply appreciate our shareholders, customers, prospective customers and our business associates for their continuing support. I also wish to express my sincere gratitude to all the officers and employees of BEL-THALES Systems Limited for their dedication and commitment which is responsible for driving growth in the company. It shall be our continuous endeavour to build on these strengths to face future challenges in the journey of profitable growth.

Best Wishes.

Sincerely,



**Vinay Kumar Katyal**  
Chairman

**DIN: 08281078**

Bengaluru

Date: 13.07.2022

## BOARD OF DIRECTORS



**Mr. Vinay Kumar Katyal**  
Chairman



**Mr. Dinesh Kumar Batra**  
Director



**Mr. M V Rajasekhar**  
Director



**Mr. Ashish Arun Saraf**  
Director

## KEY EXECUTIVES



**Mr. Narasimha Prasad K**  
Chief Executive Officer



**Mr. G. Ravi**  
Vice CEO



**CA. Amresh Kumar Jha**  
Chief Financial Officer  
w.e.f 01.07.2022



**CS. Sanjog Mohapatra**  
Company Secretary

## AUDITORS

### Statutory Auditor

J A A & Associates  
Chartered Accountants  
Bengaluru

### Secretarial Auditor

CS. Venugopalan V  
Practicing Company Secretary  
Bengaluru

## BANKER

State Bank of India  
Jalahalli Branch, Bengaluru



## Board's Report

To,

### The Members of BEL-THALES Systems Limited.

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of the Company together with the Audited Standalone Ind AS Financial Statements for the financial year ended March 31, 2022.

### Financial Highlights

During the year under review, the performance of your company is as under:

Rs. in Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total Revenue	4091.20	3872.40
Total Expenses	3531.33	3474.28
Profit / (Loss) Before Tax	559.87	398.12
Less: Tax Expense	38.44	82.74
Profit / (Loss) After Tax	521.43	315.38

The Order Book as on 31.03.2022 is Rs. 3811 Lakhs.

### State of Company's Affairs and Future Outlook

The primary focus of the Company is to Design, Develop, Market, Supply and Support of Civilian and Select Defence Radars for Indian and Global Markets and other mutually agreed end-user applications without in any manner adversely affecting the existing businesses of the parent companies.

The Company is expected to grow as a center for Development, Upgradation and Customization of select Products and Solutions.

During the Financial Year 2021-22 your Company has registered a turnover of Rs. 3901.45 Lakhs as against Rs. 3538.47 Lakhs in Financial Year 2020-21. Profit after Tax for FY 2021-22 stood at Rs 521.43 Lakhs as against profit of Rs. 315.38 Lakh for FY 2020-21 by registering a growth of 65%.

The turnover from export during the financial year 2021-22 stood at Rs. 3305.80 Lakhs i.e. 84.73% of the turnover and the turnover from new projects contributed to Rs. 69.13 Lakhs i.e. 1.77 % of the turnover.

The Order Book as on 31.03.2022 is Rs. 3811 Lakhs. The order book comprises mainly of programs like AMC of STAR2000 Radar for Indian Navy, Serial Production of Low Band Receiver (LBREC), Maintenance of Air Traffic Management Radar (ATM), and Retro-engineering of 6809 based PCB.

Apart from this, the Company has submitted quotes for the following programs for which the Order Intake of Rs.162 Crores (approx.) is expected in the FY 2022-23: Supply of BGA, CORECHIP, LNA, EMI, MOSFET, PCBs, Circulator and FPGA for manufacturing TR Modules, Supply of AMC Services (including repairs) of PSR & MSSR Radar for HAL Bangalore, Supply of AMC services of STAR2000 Radar installed at ICG Daman for 36 months, Repair of Modules for STAR2000 Radar at ICG Daman.

Other major programs that are targeted by the Company includes: Supply of Passive Radars to IAF, Manufacturing and Supply of ATOLS and supply of additional LBREC, Supply of additional Qty of BGAs, Design, Development for supply of Doppler velocity Sensor ("DVS") and Supply of AMC Services (including repairs) of MSSR Radar for HAL Nasik.

Your Company is presently engaged in the Co-development of a Multi-Target Tracking Radar (PHAROS) with Thales Netherlands to address the Indian and the global requirement. Looking forward, the future for your Company looks promising as well as challenges are inherent.

### Major orders/projects executed

Major orders/projects executed during the year were:

- Supply of Qty 24 serial LBRECs to TRDS under Rafale Offset
- Comprehensive AMC services for STAR 2000 Radar for Indian Navy

- c. Support and Services for MFCR Radar (WP7)
- d. Maintenance of Air Traffic Management Radar (ATM)
- e. Supply of Multiplatform Architecture & 3D Model for DVS
- f. Supply of Retro-engineering of 6809 based PCB

#### **Dividend**

The Board of Directors has recommended a final dividend of Rs. 2.71 per equity share (2.71%), amounting to Rs. 156.14 Lakh for the F.Y. 2021-22.

#### **Amount transferred to Reserves**

It is not proposed to carry any amount to any reserves of the Company for the year.

#### **Annual Return**

The copy of the annual return of the Company for the Financial Years 2021-22 is available in format MGT-7 on the web-link <https://www.btsl-india.co.in>.

#### **Number of Board Meetings**

During the Financial Year 2021-22, six meetings of the Board of Directors of the Company were held on May 19, 2021, June 25, 2021, July 27, 2021, October 25, 2021, January 17, 2022 and March 21, 2022.

#### **Particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013**

There were no loans given, guarantees provided, investments in securities and acquisition made pursuant to Section 186 of the Companies Act, 2013 during the year under review and hence, the said disclosure requirements are not applicable.

#### **Particulars of the Contracts or Arrangements made with Related Parties made pursuant to Section 188 of the Companies Act, 2013**

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company at large. The transactions with related parties that were entered into during the financial year were on an arm's length basis and

were in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee for approval. Members may refer to the notes to the accounts for details on the Related Party Transaction. Information pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure-1**.

#### **Statutory Auditor**

Pursuant to Section 139 (5) of the Companies Act, 2013, the Comptroller and Auditor General of India appointed J A A & Associates, Chartered Accountants (ICAI FRN: 013699S) as the Statutory Auditors of the Company for the Financial Year 2021-22. The Auditors have audited the Accounts and their Report is placed as a part of the Annual Report.

#### **Explanation to the Statutory Auditor's Remarks**

There was no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditor in his Report.

#### **Details in Respect of Fraud Reporting by Auditors**

There are no frauds reported for the period under review by the Auditor's under section 143(12) of the Companies Act, 2013 other than those which are reportable to the Central Government and hence, the said disclosure requirements are not applicable.

#### **Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS. Venugopalan V, a Practising Company Secretary (CoP No. 16910) for the financial year 2021-22 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in MR - 3 format is annexed to this report at **Annexure 2**.

#### **Explanation to the Secretarial Auditor's Remarks**

During the period under review, the Secretarial Auditor in his report observed the following:

Article 78.1 of the Articles of Association of the Company stipulates:

"The Board of Directors shall consist of nine members ["Director(s)"]. Unless the Shareholders agree otherwise, there shall be:

- a) Three Directors proposed by BEL;
- b) One Director proposed by THALES;
- c) One Full time Director, acting as Managing Director & Chief Executive Officer ("MD & CEO"), to be selected by Public Enterprise Selection Board and appointed on the terms and conditions (including remuneration ) as per relevant Government of India Guidelines;
- d) One Director proposed by the Indian Government ("IG Director"); and
- e) Three Independent Directors proposed by Administrative Ministry (MoD), Government of India."

As against above, during the audit period, the Company had only four Directors (three Directors proposed by BEL and one Director proposed by THALES).

Explanation: The appointment of requisite number of directors as per Article 78.1 of Article of Association will be taken up by the Company in the due course.

#### **Cost Records**

Since the turnover of the Company during the immediately preceding financial year is less than the amount specified under the Companies (Cost Records and Audit) Rules, 2014, the said disclosure requirements is not applicable.

#### **Material Changes and Commitments affecting the Financial Position of the Company**

There were no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this Board's Report.

#### **Conservation of Energy, 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 is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4 September 2015 has granted exemption to Defence Public Sector Undertakings.

#### **Details of Subsidiaries, Joint Ventures or Associate Companies**

The Company does not have any subsidiaries. The Company has not acquired or disinvested any subsidiaries, joint ventures or associate companies during the year under review.

#### **Risk Management Policy**

The Risk Management Policy outlines 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.

#### **Details of Directors and Key Managerial Personnel**

Upon withdrawal of Nomination by BEL, Mrs. Anandi Ramalingam has ceased to be the Chairperson/ Director of the Company w.e.f 19.07.2021.

Upon withdrawal of Nomination by Thales India, Mr. Emmanuel de Roquefueil, ceased to Director of the Company w.e.f July 06, 2021.

Mr. Vinay Kumar Katyal was re-designated as Director w.e.f September 09, 2020.

Mr. Dinesh Kumar Batra, was re-designated as Director w.e.f September 23, 2021. He retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Asish Saraf, was appointed as Additional Director w.e.f. 07<sup>th</sup> July, 2021 and re-designated as Director w.e.f September 23, 2021.

Mr. M V Rajasekhar, Director was appointed as Additional Director w.e.f 27<sup>th</sup> July, 2021 and re-designated as Director w.e.f September 23, 2021.

Mr. Narasimha Prasad K, CEO, Mr. Abhishek Kumar, CFO and Mr. Sanjog Mohapatra, Company Secretary are the KMPs of the Company as on 31<sup>st</sup> March 2022.

### **Directors' Responsibility Statement**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your directors confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit and loss of the Company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. 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.

### **Details of Significant and Material Orders passed by the Regulators / Courts / Tribunal**

There were no significant and material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations.

### **Events Subsequent to the Date of Financial Statement**

There are no material changes and commitments affecting the financial position of the Company which have occurred between 31 March 2022 and date of signing of this report.

### **Statement in Respect of Adequacy of Internal Financial Control with Reference to the Financial Statements**

The Company has in place, adequate internal financial controls with reference to the financial statements.

### **Deposits**

The Company is not having any deposits under Chapter V of the Companies Act, 2013 and hence, disclosure under Rule 8 (5) (v) and (vi) of the Companies (Accounts) Rules, 2014 are not applicable.

### **Declaration by Independent Directors**

The Company did not have any independent directors during the financial year and hence, the declaration by Independent Directors is not applicable.

### **Corporate Social Responsibility**

The provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 relating to Corporate Social Responsibility is not applicable to the Company.

### **Audit Committee**

Since the Company was exempted from appointment of Independent Directors, accordingly the Audit Committee was formed with the existing Directors.

Some of the important functions performed by the Audit Committee are as follows:

- the recommendation for remuneration of auditors of the company
- review and monitor the auditor's independence and performance, and effectiveness of the audit process
- examination of the financial statement and the auditors' report thereon
- approval or any subsequent modification of transactions of the company with related parties
- scrutiny of inter-corporate loans and investments
- valuation of undertakings or assets of the company, wherever it is necessary

- evaluation of internal financial controls and risk management systems
- monitoring the end use of funds raised through public offers and related matters
- any other roles and responsibilities as assigned by the Board from time to time or under the Companies Act, 2013

All the Recommendations made by the Audit Committee were accepted by the Board.

Refer **Annexure 4** - Report on Corporate Governance for details about composition of the Audit Committee along with the members' attendance.

### **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 2021 -22 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.

### **Nomination and Remuneration Committee**

Since the Company was exempted from appointment of Independent Directors, accordingly the Nomination and Remuneration Committee was formed with the existing Directors.

Some of the important functions performed by the Nomination and Remuneration Committee are as follows:

- identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board, their appointment and removal
- formulate the criteria for determining qualifications, positive attributes and

recommend to the Board a policy, relating to the remuneration for key managerial personnel and other employees

- any other roles and responsibilities as assigned by the Board from time to time or under the Companies Act, 2013.

Refer **Annexure 4** - Report on Corporate Governance for details about composition of the Nomination and Remuneration Committee along with the members' attendance.

### **Disclosure on Establishment 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, the Vigilance supervision in the Company is monitored by the Chief Vigilance Officer of BEL.

### **Management Discussion and Analysis Report**

Management Discussion and Analysis Report as required under the Government (DPE) guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this report at **Annexure-3**.

### **Corporate Governance**

The Report on Corporate Governance is attached to this report at **Annexure 4**.

### **Particulars of Employees information as per Rule 5(2) of the Companies (Appointment and 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.

### **Sustainability Report**

Pursuant to the Guidelines on "Corporate Social Responsibility and Sustainability" issued by the Department of Public Enterprises, the Government of India, the Report on Sustainability is attached to this report at **Annexure 5**.

### **Human Resource**

Your Company employed 14 persons as on 31st March 2022. Of these employees 7 were deputed from Bharat Electronics Limited and 1 from Thales India Pvt. Ltd and remaining employees are from BEL-THALES Systems Ltd.

### **Constitution of Internal Complaints Committee and Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

Your Company has constituted an Internal Complaints Committee as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to consider and resolve sexual harassment complaints. The Company has conducted the workshop to sensitize the employees with respect to prevention of Sexual Harassment. No complaint was reported by any employee pertaining to Sexual Harassment, during the year under review.

### **Disclosure Requirements under the Employment and Labour Laws**

There are no complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the financial year and hence, the said disclosure requirements are not applicable.

### **MCA-21 Compliance**

The e-governance initiative of the Ministry of Corporate Affairs in the administration of the Companies Act, 2013 (MCA-21) provides the public, corporate entities and others, an easy and secure online access to the corporate information including the filing of documents and public access to information required to be in public domain under

the statute, at any time and from anywhere. The Company has complied with all mandatory e-filing requirements under MCA-21 for the Financial Year 2021-22.

### **Acknowledgements**

The Board expresses its gratitude for the support received from the employees of the Company, the holding company Bharat Electronics Limited and the Joint Venturers Thales India Private Limited and Thales LAS France SAS.

The Directors place on record their gratitude for the valuable support received and express their sincere thanks to the Comptroller and Auditor General of India, Reserve Bank of India, Ministries of Government of India, various departments of Central & State Governments, Statutory Auditors, Secretarial Auditors, Bankers, Customers and Vendors.

Directors express their appreciation and gratitude to all the stakeholders for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

**For and on behalf of the Board**

**Vinay Kumar Katyal**  
**Chairman**  
**DIN: 08281078**

Bengaluru  
Date: 13.07.2022

## Annexure 1

**Form AOC-II**

*(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/agreements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of 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
  - (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
  - (f) Date(s) of approval by the Board: Not Applicable
  - (g) Amount paid as advances, 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 arrangements or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: Not Applicable
  - (b) Nature of 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
  - (e) Date(s) of approval by the Board: Not Applicable
  - (f) Amount paid as advances, if any: None

**For and on behalf of the Board**

**Vinay Kumar Katyal**  
Chairman  
DIN: 08281078

Bengaluru  
Date: 13.07.2022

## Annexure 2

**Form No.MR 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

[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,  
CIN U32106KA2014GOI076102,  
CNP Area, BEL Industrial Estate,  
Jalahalli, Bengaluru – 560013,  
Karnataka, India.

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEL-THALES SYSTEMS LIMITED (hereinafter called “the Company” or “BTSL”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2022 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:
3. I 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, 2022 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder [Not applicable to the Company during the audit period];
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder [Not applicable to the Company during the audit period];
  - (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:-



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [Not applicable to the Company during the audit period];
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Not applicable to the Company during the audit period];
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Not applicable to the Company during the audit period];
  - (d) The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 [Not applicable to the Company during the audit period];
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008[Not applicable to the Company during the audit period];
  - (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 to the Company during the audit period];
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009[Not applicable to the Company during the audit period]; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Not applicable to the Company during the audit period];
- (vi) The Company has not identified any other law as specifically applicable to the company;
4. I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
  - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Not applicable to the Company during the audit period].
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
- (i) Article 78.1 of the Articles of Association of the Company stipulates:
 

"The Board of Directors shall consist of nine members ["Director(s)"]. Unless the Shareholders agree otherwise, there shall be:

    - (a) three Directors proposed by BEL;
    - (b) one Director proposed by THALES;
    - (c) one Fulltime Director, acting as Managing Director & Chief Executive Officer ("MD & CEO"), to be selected by Public Enterprise Selection Board and appointed on the terms and conditions (including remuneration) as per relevant Government of India Guidelines;
    - (d) one Director proposed by the Indian Government ("IG Director"); and
    - (e) three Independent Directors proposed by Administrative Ministry (MoD), Government of India."

As against above, during the audit period, the Company had only four Directors (three Directors proposed by BEL and one Director proposed by THALES).

6. I further report that:
- 6.1 Subject to my observations (i) Paragraph-5 above, during the period under audit the Board of Directors of the Company is duly constituted with Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - 6.2 Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and 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.
  - 6.3 Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
7. I 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.
8. I further report that during the audit period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

Name and Signature : VENUGOPALAN VENKITAN  
Designation : Practicing Company Secretary  
Stamp : ACS No.13511; COP No.16910  
UDIN : A013511D000344490

Bengaluru

Date: 18-05-2022

Note: This report is to be read with my 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,  
CIN U32106KA2014GOI076102,  
CNP Area, BEL Industrial Estate,  
Jalahalli, Bengaluru – 560013,  
Karnataka, India.

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

- (1) Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
- (2) I 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. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Wherever required, I 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. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Name and Signature : VENUGOPALAN VENKITAN  
Designation : Practicing Company Secretary  
Stamp : ACS No.13511; COP No.16910  
UDIN : A013511D000344490

Bengaluru  
Date: 18-05-2022

## Annexure 3

## Management Discussion and Analysis Report

### 1. Strengths, Weaknesses, Opportunities and Threats

#### a) Strengths

- Strong backing and support of the Joint Venturers (Bharat Electronics Limited (BEL), Thales India Private Limited (TIPL) and Thales LAS France SAS (TLF)) for business development and growth.
- Availability of the business resources, essential technological capabilities and capital from the Joint Venturers to start business operations.

#### b) Weaknesses

- Weak defence manufacturing ecosystems due to lack of Electronic System Design and Manufacturing (ESDM) companies.
- Non availability of trained manpower with domain knowledge and expertise in the initial stages.

#### c) Opportunities

- Technological capabilities acquired with the support of the Joint Venturers will lead to design, development and marketing of modern Civilian and Defence Radars, both in India and abroad.
- The existing manufacturing infrastructure, facilities and expertise at BEL will be utilised for producing state of the art Radars and Other Systems.

#### d) Threats

- Competition from private industry and joint ventures of other leading global Radar and Avionics manufacturers will lead to the stiff competition in niche civilian market segments as well as the select defence areas targeted.
- Long gestation period of product evaluation and acceptance in the defence segment would be a strain for the newly formed company.
- The Company is obliged to keep away from the existing business being addressed by the Joint Venturers as per the Joint Venture Agreement.
- Non-existent MSMEs for sourcing components and subsystems for the manufacture of state of the art Radars would be a challenge.

### 2. Major initiatives undertaken and planned to ensure sustained performance and growth

**Pharos:** The Company is making efforts towards co-development and local production of a Ka-Band Multi-Target Tracking Radar to address emerging potential market segment. During the year, First Article Inspection (FAI) of and qualification testing on the Pharos Prototype was completed. The qualification test results are under analysis by Thales Netherlands. As a marketing initiative, the Company displayed a prototype during the Aero India, 2019. The prototype was showcased to Indian Navy for use on the new ships that are to be built in India. Since the Indian market is yet to open, the company is actively pursuing with Thales Netherlands for global opportunities. As per latest information available, Thales Netherlands is expected to procure Qty 07 Radars with the order for first 05 radars in Q3 of 2022.

**Passive Radar:** The Company has successfully installed Passive Radar Demonstrator at the Company's premises and in the process of identifying prospective customers. In addition to the Indian Air Force, the company is pursuing opportunities with prospective customers such as Cabinet Secretariat and National Technical Research Organisation. As a marketing initiative, a demonstrator was displayed during the Aero India, 2019 and was a great source of interest for both Indian and Global Customers. To further the business prospect, a NC-NC trial was successfully conducted for CABSEC along the northern borders of India in Dec 2019 and performance of the system demonstrated. The trial report was presented to CABSEC management in Jan 2020.

**Low Band Receiver (LBREC):** The Company has set up a state of art well-equipped 'defence confidential' integration and verification facility for high-end avionics equipment. Integration activities are completed and Twenty-Nine numbers of production version of LBREC's have been delivered to customer. The success of this project is expected to result in other avionics equipment integration at BTSL to enable Thales to meet its offset obligations in Defence Market.

In addition to the above, the company is also targeting other projects such as the following to meet the requirement of global and Indian defence market in the near

Future:-

- a) Design Development and manufacture of Doppler Velocity Sensor for helicopters
- b) Design Development and manufacture Automatic Take-Off & landing Systems for high-speed aircraft.
- c) Supply of BGAs to BEL for manufacture of TRMs

### 3. Internal Control Systems and its adequacy

The Company has an adequate system of Internal Control commensurate with its 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.

### 4. 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

Particulars	Rs. in Lakhs	
	Year ended March 31, 2022	Year ended March 31, 2021
Total Revenue	4091.20	3872.40
Total Expenses	3531.33	3474.28
Profit / (Loss) Before Tax	559.87	398.12
Less: Tax Expense	38.44	82.74
Profit / (Loss) After Tax	521.43	315.38

**Annexure 4**

## Report on Corporate Governance

### Philosophy and Code of Governance

The Company's philosophy of 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

#### Composition

As on 31.03.2022, the Board of Directors comprises of four Directors including the Chairman. The Director (BGCX) of BEL is the Chairman of the Board. Three Directors are nominated by BEL (including the Chairman) and one Director is nominated by THALES.

The Composition of the Board of Directors is given below:

- |    |                                  |                                 |
|----|----------------------------------|---------------------------------|
| 1. | Mr. Vinay Kumar Katyal, Director | Director (BGCX), BEL            |
| 2. | Mr. Dinesh Kumar Batra, Director | Director (Finance), BEL         |
| 3. | Mr. M V Rajasekhar, Director     | Director (R&D), BEL             |
| 4. | Mr. Ashish Saraf, Director       | Managing Director, Thales India |

### Meetings and Attendance

#### Board Meetings

During the year, Six Board Meetings were held on May 19, 2021, June 25, 2021, July 27, 2021, October 25, 2021, January 17, 2022 and March 21, 2022 such that the maximum interval between two Board Meetings was 90 days. The details of Attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other Directorships / Committee memberships held by them as on March 31, 2022 are given below:

Sl. No.	Directors	No. of Board Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on September 23, 2021	No. of other Directorships held	Number of Committee Membership across all companies *	
						As Chairman	As Member
1	Mrs. Anandi Ramalingam (Ceased to be director w.e.f 19.07.2021)	2	2	NA	2	0	2
2	Mr. Emmanuel de Roquefeuil (Ceased to be director w.e.f 06.07.2021)	2	2	NA	10	0	1
3	Mr. Vinay Kumar Katyal	6	6	Yes	2	0	1

Sl. No.	Directors	No. of Board Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on September 23, 2021	No. of other Directorships held	Number of Committee Membership across all companies *	
						As Chairman	As Member
4	Mr. Dinesh Kumar Batra	6	4	Yes	2	2	1
5	Mr. Ashish Saraf (appointed w.e.f. 07.07.2021)	4	4	Yes	9	0	1
6	Mr. M V Rajasekhar (appointed w.e.f. 27.07.2021)	4	4	Yes	3	0	2

\* Membership of Audit Committee and Shareholders' Grievance Committee is only considered.

### Audit Committee Meetings

The Composition of the Audit Committee during the financial year 2021-22 and the details of the Members participation at the Meeting are as under:

Name	Attendance at the Audit Committee Meeting held on			
	May 19, 2021	July 27, 2021	October 23, 2021	January 17, 2022
Mrs. Anandi Ramalingam (ceased to be director w.e.f 19.07.2021)	✓		NA	
Mr. Emmanuel de ROQUEFEUIL (ceased to be director w.e.f 06.07.2021)	✓		NA	
Mr. Vinay Kumar Katyal	✓	✓	×	✓
Mr. Dinesh Kumar Batra	✓	✓	✓	✓
Mr. Ashish Saraf	NA	✓	✓	✓
Mr. M V Rajasekhar	NA	NA	✓	✓

✓ **Attended** × **Not Attended**

Note: The Audit Committee was reconstituted w.e.f. July 27, 2021 with the following members:

1. Mr. Dinesh Kumar Batra
2. Mr. Vinay Kumar Katyal
3. Mr. Ashish Saraf
4. Mr. M V Rajasekhar

### Nomination and Remuneration Committee Meetings

The Composition of the Nomination and Remuneration Committee during the financial year 2021-22 and the details of the Members participation at the Meeting are as under:

Name	Attendance at the Nomination and Remuneration Committee Meeting held on		
	June 25, 2021	October 25, 2021	January 17, 2022
Mrs. Anandi Ramalingam (ceased to be director w.e.f 19.07.2021)	✓	NA	
Mr. Emmanuel de ROQUEFEUIL (ceased to be director w.e.f 06.07.2021)	✓	NA	
Mr. Vinay Kumar Katyal	✓	✓	✓
Mr. Dinesh Kumar Batra	✓	×	✓
Mr. Ashish Saraf	NA	✓	✓
Mr. M V Rajasekhar	NA	✓	✓

✓ **Attended** × **Not Attended**

The Nomination and Remuneration Committee was reconstituted w.e.f. October 25, 2021 with the following members:

1. Mr. M V Rajasekhar
2. Mr. Vinay Kumar Katyal
3. Mr. Dinesh Kumar Batra
4. Mr. Ashish Saraf

**Details of the last three Annual General Meeting are as follows:**

AGM No.	Year	Location	Date & Time
Seventh	2020-21	BEL-THALES Systems Limited, CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013, Karnataka, India.	September 23, 2021 at 10.00 AM
Sixth	2019-20	BEL-THALES Systems Limited, CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013, Karnataka, India.	September 09, 2020 at 10.00 AM
Fifth	2018-19	BEL-THALES Systems Limited, CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013, Karnataka, India.	August 28, 2019 at 11.45 AM

All the resolutions, including Special Resolutions, set out in the respective Notices of the last three Annual General Meeting were passed by the Shareholders. During the last three years, no Special Resolutions were passed.

No resolutions were put through postal ballot during the year.



### Details of Eighth Annual General Meeting

The Eighth Annual General Meeting of the Company is proposed to be held on Monday, August 22, 2022 at 10.00 AM and at the Registered Office of the Company, CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013, Karnataka, India.

### Code of Conduct

The Board of Directors of your Company has laid down a Code of Business Conduct and Ethics for Board Members, Key Managerial Personnel and Senior Management of the Company as per the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises. All Board Members, Key Managerial Personnel and Senior Management have affirmed compliance with the Code during the Financial Year 2021-22. A declaration to this effect signed by the Chairman is attached to this Report.

### Remuneration

The Company does not pay any remuneration to its Directors. The Company has not issued any stock options to its Directors.

### Directors' Shareholdings

As on 31.03.2022 Mr. Vinay Kumar Katyal, Mr. Dinesh Kumar Batra the Directors holds one share each in the Company. Mr. M V Rajasekhar and Mr. Ashish Saraf do not hold any shares in the Company.

### Shareholding Pattern as on 31.03.2022

SI No.	Shareholders Name	Category	No of shares	% of Holding
1	Bharat Electronics Limited	Body Corporate	42,63,534	74.00
2	Thales India Private Limited	Body Corporate	12,09,923	21.00
3	Thales LAS France S.A.S.	Foreign Body Corporate	2,88,076	5.00
4	Mrs. Anandi Ramalingam	Individual	1	0.00
5	Mr. Vinay Kumar Katyal	Individual	1	0.00
6	Mr. Dinesh Kumar Batra	Individual	1	0.00
7	Mr. Narasimha Prasad K	Individual	1	0.00
<b>Total</b>			<b>57,61,537</b>	<b>100.00</b>

### Disclosures

- The Company has not entered into materially significant related party transactions that may have potential conflict with the interests of company at large.
- There were no cases of non-compliance by the company, penalties, strictures imposed on the company by any statutory authority, on any matter related to any guidelines issued by Government during the last three years.
- The Company has complied with the requirements of the Corporate Governance guidelines.
- No items of expenditure, debited in books of accounts, which are not for the purposes of the business or incidental thereto.

- (e) No expenses, which are personal in nature, were incurred for the Board of Directors, Key Managerial Personnel and Top Management.
- (f) Administrative and Office Expenses constitutes 8.60% as a percentage of Total Expenses and Financial Expenses constitutes 0% as a percentage of Total Expenses.

**CEO and CFO Certification**

In terms of the requirements of DPE Guidelines, the CEO and CFO Certificate has been obtained and placed before the Audit Committee / Board.

**Registered Office / Address for Correspondence**

Company Name	: BEL-THALES Systems Limited
Registered Office	: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru - 560013, Karnataka, India
Phone	: 8028381805
Fax	: 8028381801
e-mail	: cosec@belthales.co.in

**For and on behalf of the Board**

**Vinay Kumar Katyal**  
Chairman  
DIN: 08281078

Bengaluru  
Date: 13.07.2022

**Declaration of Compliance with the Code of Conduct  
by the Board Members and the Senior Management personnel  
of the Company during the Financial Year 2021-22**

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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 22 June 2007, 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 31 March 2022.

**For and on behalf of the Board**

**Vinay Kumar Katyal**  
Chairman  
DIN: 08281078

Bengaluru  
Date: 13.07.2022

**Annexure 5****Report on Sustainability**

The Government of India, Public Enterprises (DPE) vide DPE OM F No. 15(13)/2013 - DPE (GM), dated November 20, 2014 issued Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises.

The above DPE guidelines define "Corporate Social Responsibility and Sustainability" as company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

The Company is committed to sustain the environment with growth. It maintains a green environment in its premises.

The Company premises has total area of 9,114 sft, out of which around 3,800 sft has been utilized for development of environment. During the period, the Company has incurred Rs. 3.05 Lakhs towards maintenance of the garden / environment development. The Company focuses on planting trees and maintaining a green and clean environment.

J A A & Associates

**CHARTERED ACCOUNTANTS**

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
35th 'A' Cross, Jayanagar 4th T Block, Bangalore-560041

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED**

#### **Report on the Audit of the Standalone Financial Statements**

##### **Opinion**

We have audited the accompanying standalone financial statements of **BEL-THALES Systems Limited** ('the Company'), which comprise the Balance Sheet as at 31st March 2022, 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 Act 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, 2022, 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 thereunder, 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 Act 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 Act.

**J A A & Associates**  
**CHARTERED ACCOUNTANTS**

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
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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. This description, which is located at page number 5 of this report, forms part of our 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 Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

**J A A & Associates**  
**CHARTERED ACCOUNTANTS**

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
35th 'A' Cross, Jayanagar 4th T Block, Bangalore-560041

- 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 Act.
- 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.
  - 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;
  - (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;

**J A A & Associates**  
**CHARTERED ACCOUNTANTS**

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
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- (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 not declared dividend or paid during the year and hence the compliance with section 123 of the Companies Act, 2013 is not applicable to the Company.
3. As required under Section 143(5) of the Act, 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 J A A & Associates**  
Chartered Accountants  
FRN No. 013699S

**Archana Ashok**  
Partner  
Membership No. 214453  
UDIN: 22214453AJCMB4875

Place: Bengaluru  
Date: 17-05-2022



J A A & Associates

CHARTERED ACCOUNTANTS

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
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### **Annexure A to the Independent Auditor's Report of even date 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 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.

**J A A & Associates  
CHARTERED ACCOUNTANTS**

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
35th 'A' Cross, Jayanagar 4th T Block, Bangalore-560041

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

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

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.

J A A & Associates

CHARTERED ACCOUNTANTS

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**Annexure B to the Independent Auditor's Report of even date  
on the financial statements 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 title deeds of all the immovable properties are held in the name of the Company as at the balance sheet date.
  - 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.

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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 for any of the activities of the company and accordingly Paragraph 3(vi) of the Order is not applicable.
- 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, 2022 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 31<sup>st</sup> of March 2022 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
<b>Total Disputed Amount</b>				<b>48,53,492</b>	
<b>Total Amount paid under protest against pending final orders</b>				<b>9,70,699</b>	

- 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.

**J A A & Associates  
CHARTERED ACCOUNTANTS**

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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 2022. 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 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. However, we have been appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2021-2022 as statutory auditors of the Company. As incoming auditors, we have communicated with the outgoing auditors. There were no issues, objections or concerns raised by the outgoing auditors.

**J A A & Associates**  
**CHARTERED ACCOUNTANTS**

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- 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 Act are applicable
  - b) There are no amounts remaining unspent as per sub-section (5) of section 135 of the Companies Act. 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 **J A A & Associates**  
Chartered Accountants  
FRN No. 013699S

**Archana Ashok**  
Partner  
Membership No. 214453  
UDIN: 22214453AJCMB4875

Place: Bengaluru  
Date: 17-05-2022

J A A & Associates

CHARTERED ACCOUNTANTS

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
35th 'A' Cross, Jayanagar 4th T Block, Bangalore-560041

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## **Annexure C to the Independent Auditor's Report of even date on the financial statements 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, 2022 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 judgement, 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.

**J A A & Associates**  
**CHARTERED ACCOUNTANTS**

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
35th 'A' Cross, Jayanagar 4th T Block, Bangalore-560041

### 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, 2022, 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 **J A A & Associates**  
Chartered Accountants  
FRN No. 013699S

**Archana Ashok**  
Partner  
Membership No. 214453  
UDIN: 22214453AJCMB4875

Place: Bengaluru  
Date: 17-05-2022



J A A &amp; Associates

CHARTERED ACCOUNTANTS

No 364, Aswath Lakshmi Mansion 2nd Floor, 16th Main,  
35th 'A' Cross, Jayanagar 4th T Block, Bangalore-560041

### Annexure D to the Independent Auditor's Report of even date on the financial statements 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 J A A &amp; Associates

Chartered Accountants

FRN No. 013699S

**Archana Ashok**

Partner

Membership No. 214453

UDIN: 22214453AJCMB4875

Place: Bengaluru

Date: 17-05-2022



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

स्पीड पोस्ट द्वारा  
गोपनीय

सं./No. नि./बेल थलेस Accs 21-22/2022-23/109

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD,  
BENGALURU - 560 001.

दिनांक/ DATE. 05.07.2022

सेवा में,  
श्री विनय कुमार कात्याल, अध्यक्ष,  
मेसेर्स बेल थलेस सिस्टम लिमिटेड,  
सी.एन.पी. एरिया, बेल इंडस्ट्रियल इस्टेट,  
जलहल्ली, बेंगलूरु - 560 013.

महोदय,

विषय: कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के  
नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

मैं 31 मार्च 2022 को समाप्त वर्ष के मेसर्स - बेल थलेस सिस्टम लिमिटेड, बेंगलूरु के लेखाओं पर  
कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक का  
"शून्य टिप्पणी प्रमाण पत्र" अग्रोषित करता हूँ।

कृपया सुनिश्चित करें कि टिप्पणियाँ

1. बिना कोई संशोधन किये पूर्ण रूप से छापी जाये।
2. सूचि में उचित संकेत के साथ कंपनी की वार्षिक रिपोर्ट में सांविधिक लेखापरीक्षकों की रिपोर्ट के आगे रखा जाये।
3. कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत आवश्यकतानुसार वार्षिक आम बैठक में रखा जाये।

कृपया पत्र की पावती भेजें।

भवदीय,

(जे एन पेरूमल)

उप निदेशक (प्रशासन)

संलग्न: यथोपरि

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001.



लोकहितार्थ सत्यनिष्ठा  
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सं./No. Insp/BELThales Accs 21-22/2022-23/109

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर - 560 001.  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL  
AUDIT and ex-Officio MEMBER, AUDIT BOARD,  
BENGALURU - 560 001.

दिनांक/ DATE. 05.07.2022

To  
Shri Vinay Kumar Katyal,  
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 2022.

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 2022.

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)  
Dy. Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 560 001.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@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 2022**

The preparation of financial statements of **BEL-THALES SYSTEMS LIMITED, BENGALURU** for the year ended 31 March 2022 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 17 May 2022.

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 2022 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**

  
**(Santosh Kumar)**

**Pr. Director of Commercial Audit**

Place: Bengaluru  
Date: 05 July 2022

**BEL-THALES Systems Limited**  
**Balance Sheet as at 31 March 2022**

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

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
<b>I ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	1	316.83	449.92
(b) Intangible Assets under Development	2	1,401.30	1,401.30
(c) Financial Assets			
(i) Other Financial Assets	3	0.29	0.29
(d) Deferred Tax Assets (Net)	4	23.68	6.91
		<b>1,742.10</b>	<b>1,858.42</b>
<b>2 Current Assets</b>			
(a) Inventories	5	2,104.44	1,859.72
(b) Financial Assets			
(i) Trade Receivables	6	1,179.89	650.79
(ii) Cash & Cash equivalents	7	2,731.67	1,233.33
(iii) Bank balances other than (ii) above	8	-	3,500.00
(iv) Other Financial Assets	3	0.68	57.42
(c) Current Tax Assets (net)	9	148.52	147.62
(d) Other Current Assets	10	1,154.52	614.40
		<b>7,319.72</b>	<b>8,063.28</b>
<b>Total Assets</b>		<b>9,061.83</b>	<b>9,921.70</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	11	5,761.54	5,761.54
(b) Other Equity	12	523.93	3.76
<b>Total Equity</b>		<b>6,285.47</b>	<b>5,765.30</b>
<b>Liabilities</b>			
<b>2 Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease Liabilities	13	47.85	89.00
(b) Provisions	16	5.34	-
		<b>53.19</b>	<b>89.00</b>
<b>3 Current liabilities</b>			
(a) Financial Liabilities			
(i) Lease Liabilities	13	41.66	36.60
(ii) Trade Payables :			
A. Total outstanding dues to Micro Enterprises & Small Enterprises	14	-	-
B.Total outstanding dues to creditors other than Micro Enterprises & Small Enterprises		881.42	484.75
(iii) Other Financial Liabilities	15	162.03	6.80
(b) Provisions	16	14.04	2.29
(c) Other Current Liabilities	17	1,624.02	3,536.96
		<b>2,723.16</b>	<b>4,067.41</b>
<b>Total Equity and Liabilities</b>		<b>9,061.83</b>	<b>9,921.70</b>

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

As per our report of even date attached.

for **J A A & Associates**  
Chartered Accountants  
FRN No.013699S

for and on behalf of the Board of Directors

Vinay Kumar Katyal  
ChairmanDinesh Kumar Batra  
Director**Archana Ashok**  
Partner  
Membership No: 214453**Narasimha Prasad K**  
Chief Executive Officer**Abhishek Kumar**  
Chief Financial Officer**Sanjog Mohapatra**  
Company SecretaryPlace: Bengaluru  
Date : 17.05.2022

**BEL-THALES Systems Limited**
**Statement of Profit and Loss**

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

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
<b>Continuing Operations</b>			
<b>I</b> Revenue from Operations	<b>18</b>	3,901.45	3,538.47
<b>II</b> Other income	<b>19</b>	189.75	333.93
<b>III</b> <b>Total Income (I + II)</b>		<b>4,091.20</b>	<b>3,872.40</b>
<b>IV</b> <b>Expenses</b>			
(a) Cost of Material Consumed		3,025.30	2,731.90
(b) Changes in Inventories of Finished stock & Work-in-progress	<b>20</b>	(482.77)	-
(c) Employee Benefit Expense	<b>21</b>	380.44	297.93
(d) Finance Cost	<b>22</b>	9.35	12.19
(e) Depreciation and Amortisation Expense	<b>24</b>	136.12	136.60
(f) Other Expenses	<b>25</b>	462.90	295.66
<b>Total Expenses (IV)</b>		<b>3,531.33</b>	<b>3,474.28</b>
<b>V</b> <b>Profit/(loss) before exceptional items and tax (III-IV)</b>		<b>559.87</b>	<b>398.12</b>
<b>VI</b> Exceptional items		-	-
<b>VII</b> <b>Profit/(loss) before tax (V-VI)</b>		<b>559.87</b>	<b>398.12</b>
<b>VIII</b> <b>Tax Expense</b>			
(1) Current tax		55.21	94.00
(2) Deferred tax		(16.77)	(11.26)
<b>Total tax expense</b>		<b>38.44</b>	<b>82.74</b>
<b>IX</b> <b>Profit/(loss) for the year (VII-VIII)</b>		<b>521.43</b>	<b>315.38</b>
<b>X</b> <b>Other Comprehensive income</b>			
A) Items that will not be reclassified to profit or loss		(1.26)	-
B) Items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive income for the year, net of tax</b>		<b>(1.26)</b>	<b>-</b>
<b>XI</b> <b>Total Comprehensive income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>520.17</b>	<b>315.38</b>
<b>XII</b> <b>Earnings per equity share (Face value of INR 100 each)</b>	<b>17</b>		
(1) Basic earnings per share		<b>9.05</b>	<b>5.47</b>
(2) Diluted earnings per share		<b>9.05</b>	<b>5.47</b>

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

for **J A A & Associates**  
Chartered Accountants  
FRN No.013699S

for and on behalf of the Board of Directors

**Archana Ashok**  
Partner  
Membership No: 214453

**Vinay Kumar Katyal**  
Chairman

**Dinesh Kumar Batra**  
Director

**Narasimha Prasad K**  
Chief Executive Officer

**Abhishek Kumar**  
Chief Financial Officer

**Sanjog Mohapatra**  
Company Secretary

Place: Bengaluru  
Date : 17.05.2022

**BEL-THALES Systems Limited**
**Cash Flow Statement for the year ended 31 March 2022**

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>A. Cash flow from Operating Activities</b>		
<b>Net Profit/(Loss) before tax as per Statement of Profit and Loss</b>	<b>559.87</b>	<b>398.12</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and Amortisation Expense	136.12	136.60
Interest Income	(189.75)	(333.93)
Finance costs	9.35	12.19
Provision for gratuity	1.69	-
Provision for compensated absences	3.01	-
<b>Operating Profit before Working capital changes</b>	<b>520.29</b>	<b>212.99</b>
<b>Working capital adjustments:</b>		
Decrease/(Increase) in Other Non-Current Financial Assets	-	-
Decrease/(Increase) in Inventory	(244.72)	(1,050.45)
Decrease/(Increase) in Trade Receivables	(529.10)	(272.37)
Decrease/(Increase) in Other Current Financial Assets	56.74	199.22
Decrease/(Increase) in Other Current Assets	(540.12)	21.74
Increase/(Decrease) in Provision	11.13	2.29
Increase/(Decrease) in Trade Payables	396.67	(3,171.33)
Increase/(Decrease) in Other Current Financial Liabilities	155.23	55.30
Increase/(Decrease) in Other Current Liabilities	(1,912.95)	1,278.33
<b>Cash flow from operating activities</b>	<b>(2,086.83)</b>	<b>(2,724.28)</b>
Income tax paid (net)	56.12	94.00
<b>Net cash (used in) / flow from Operating Activities (A)</b>	<b>(2,142.95)</b>	<b>(2,818.28)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of property, plant and equipment	(3.03)	(128.87)
Term deposits with Bank more than 3 months and less than 12 months	3,500.00	73.54
Interest received	189.75	333.93
<b>Net cash flow used in Investing Activities (B)</b>	<b>3,686.72</b>	<b>278.60</b>
<b>C. Cash flow from Financing Activities</b>		
Repayment of Lease Liability	(36.08)	(31.07)
Finance costs	(9.35)	(12.19)
<b>Net cash used in Financing Activities (C)</b>	<b>(45.43)</b>	<b>(43.26)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A + B + C)</b>	<b>1,498.34</b>	<b>(2,582.94)</b>
Cash and Cash equivalents at the beginning of the year	1,233.33	3,816.28
<b>Cash and Cash equivalents at the year end</b>	<b>2,731.67</b>	<b>1,233.33</b>

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).

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

for **J A A & Associates**  
Chartered Accountants  
FRN No.013699S

for and on behalf of the Board of Directors

**Vinay Kumar Katyal**  
Chairman

**Dinesh Kumar Batra**  
Director

**Archana Ashok**  
Partner  
Membership No: 214453

**Narasimha Prasad K**  
Chief Executive Officer

**Abhishek Kumar**  
Chief Financial Officer

**Sanjog Mohapatra**  
Company Secretary

Place: Bengaluru  
Date : 17.05.2022

**BEL-THALES Systems Limited**
**Statement of Changes in Equity as at 31 March 2022**

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

**A. Equity Share Capital**

Particulars	Equity shares	
	Number	Amount In (Lakhs)
<b>Equity Shares of INR 100 each issued, subscribed, fully paid</b>		
As at 1 April 2020	57,61,537	5,762
Add: Issued and subscribed during the year	-	-
<b>As at 31 March 2021</b>	<b>57,61,537</b>	<b>5,762</b>

Particulars	Equity shares	
	Number	Amount In (Lakhs)
<b>Equity Shares of INR 100 each issued, subscribed, fully paid</b>		
As at 1 April 2021	57,61,537	5,762
Add: Issued and subscribed during the year	-	-
<b>As at 31 March 2022</b>	<b>57,61,537</b>	<b>5,762</b>

**B. Other Equity**

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2020	(311.62)	-	(311.62)
Profit for the year	315.38	-	315.38
Other Comprehensive income	-	-	-
<b>As at 31 March 2021</b>	<b>3.76</b>	<b>-</b>	<b>3.76</b>

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2021	3.76	-	3.76
Profit for the year	521.43	-	521.43
Other Comprehensive income	-	(1.26)	(1.26)
<b>As at 31 March 2022</b>	<b>525.19</b>	<b>(1.26)</b>	<b>523.93</b>

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

As per our report of even date attached.

 for J A A & Associates  
 Chartered Accountants  
 FRN No.013699S

for and on behalf of the Board of Directors

 Vinay Kumar Katyal  
 Chairman

 Dinesh Kumar Batra  
 Director

 Archana Ashok  
 Partner  
 Membership No: 214453

 Narasimha Prasad K  
 Chief Executive Officer

 Abhishek Kumar  
 Chief Financial Officer

 Sanjog Mohapatra  
 Company Secretary

 Place: Bengaluru  
 Date : 17.05.2022



**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 1- Property, Plant and Equipment**
**Property, Plant and Equipment for the Year Ended 31st March 2022**

Particulars	Owned Assets						Right of Use Asset	Total
	Buildings	Plant & Machinery	Electronic equipment	Office Equipment	Furniture & Fixtures	Computer Systems	Factory Building	
<b><u>Gross Carrying Amount</u></b>								
As at 31 March 2021	9.08	247.57	325.46	8.82	32.45	49.64	183.24	856.26
Additions	-	-	-	0.16	-	2.87	-	3.03
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2022	9.08	247.57	325.46	8.98	32.45	52.51	183.24	859.29
<b><u>Accumulated Depreciation</u></b>								
As at 31 March 2021	2.13	81.67	192.46	8.39	11.97	36.42	73.30	406.34
Depreciation charge for the year	0.31	28.72	61.84	0.38	3.08	5.15	36.65	136.12
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2022	2.44	110.39	254.30	8.77	15.05	41.57	109.95	542.46
<b><u>Net Carrying Amount</u></b>								
Balance as at 31 March 2022	6.64	137.18	71.16	0.21	17.40	10.94	73.29	316.83
Balance as at 31 March 2021	6.95	165.90	133.00	0.43	20.48	13.22	109.94	449.92

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Property, Plant and Equipment for the Year Ended 31st March 2021**

Particulars	Owned Assets						Right of Use Asset	Total
	Buildings	Plant & Machinery	Electronic equipment	Office Equipment	Furniture & Fixtures	Computer Systems	Factory Building	
<b><u>Gross Carrying Amount</u></b>								
As at 31 March 2020	9.08	247.18	325.46	8.82	32.45	47.68	183.24	853.91
Additions	-	0.39	-	-	-	1.96	-	2.35
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2021	9.08	247.57	325.46	8.82	32.45	49.64	183.24	856.26
<b><u>Accumulated Depreciation</u></b>								
As at 31 March 2020	1.81	52.97	130.62	7.48	8.69	28.16	36.65	266.38
Depreciation charge for the year*	0.32	28.70	61.84	0.91	3.28	8.26	36.65	139.96
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2021	2.13	81.67	192.46	8.39	11.97	36.42	73.30	406.34
<b><u>Net Carrying Amount</u></b>								
Balance as at 31 March 2021	6.95	165.90	133.00	0.43	20.48	13.22	109.94	449.92
Balance as at 31 March 2020	7.27	194.21	194.84	1.34	23.76	19.52	146.59	587.53

\* represents depreciation amount recognised in Statement of Profit and Loss Rs.136.59 Lakhs and amount transferred to carrying amount of Intangible assets under development Rs.3.36 Lakhs.

**(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 for the year ended 31 March 2022

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

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

Assets Class	Years
Plant & Machinery	5 to 15
Electronic Equipments	5
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 - Intangible assets under development

Particulars	As at 31 March 2022	As at 31 March 2021
Internally developed - Intangible asset under development #	1,401.30	1,401.30
<b>Total</b>	<b>1,401.30</b>	<b>1,401.30</b>

# 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 31-03-2022:

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	129.89	298.33	973.08	1401.30

#### Disclosure of Intangible Assets under Development as at 31-03-2021:

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	129.89	298.33	231.75	741.33	1401.30

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 3 - Other Financial Assets**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Non-Current</b>		
<b>Unsecured, Considered Good</b>		
Security deposits	0.29	0.29
	<b>0.29</b>	<b>0.29</b>
<b>Current</b>		
Interest accrued on fixed deposits	0.68	57.42
	<b>0.68</b>	<b>57.42</b>
<b>Total</b>	<b>0.97</b>	<b>57.71</b>

**Note 4 - Deferred Tax Assets (Net)**

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred Tax Asset	23.68	6.91
Deferred Tax Liability	-	-
<b>Total</b>	<b>23.68</b>	<b>6.91</b>

**Note 5 - Inventories**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Non-Current</b>		
Raw Materials & Components	-	-
Work in Progress	-	-
Finished Goods	-	-
	-	-
<b>Current</b>		
Raw Materials & Components	1,621.67	1,859.72
Work in Progress	482.77	-
Finished Goods	-	-
<b>Total</b>	<b>2,104.44</b>	<b>1,859.72</b>

**Additional Note:**

- i) Valuation of inventories has been made as per Company's Accounting Policy No.17.
- ii) Inventory issued to Sub Contractors is NIL (NIL).

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 6 - Trade Receivables**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Unsecured, Considered Good</b>		
Trade receivables from related parties	558.89	379.39
Trade receivables	621.00	271.40
Less: Allowance for Expected Credit Loss	-	-
<b>Total</b>	<b>1,179.89</b>	<b>650.79</b>

**Disclosure of trade receivables as at 31-03-2022:**

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	1,097.90	63.56	18.43	-	-	1,179.89
Undisputed Trade Receivables considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
<b>Total (A)</b>	<b>1,097.90</b>	<b>63.56</b>	<b>18.43</b>	<b>-</b>	<b>-</b>	<b>1,179.89</b>
Less: Allowance for bad and doubtful debts (expected credit loss allowance)	-	-	-	-	-	-
<b>Total (B)</b>	<b>1,097.90</b>	<b>63.56</b>	<b>18.43</b>	<b>-</b>	<b>-</b>	<b>1,179.89</b>
Unbilled dues included above						

**Disclosure of trade receivables as at 31-03-2021:**

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	624.68	26.10	-	-	-	650.78
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
<b>Total (A)</b>	<b>624.68</b>	<b>26.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650.78</b>
Less: Allowance for bad and doubtful debts (expected credit loss allowance)	-	-	-	-	-	-
<b>Total (B)</b>	<b>624.68</b>	<b>26.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650.78</b>
Unbilled dues included above						

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 7 - Cash and Cash Equivalents**

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- On current accounts	2,682.23	422.62
- Deposits with original maturity of less than 3 months	49.44	810.71
<b>Total</b>	<b>2,731.67</b>	<b>1,233.33</b>

There are no repatriation restrictions with regard to cash and cash equivalents

**Note 8 - Bank balances other than above**

Particulars	As at 31 March 2022	As at 31 March 2021
Balances with banks		
- Deposits with original maturity of more than 3 months but less than 12 months	-	3,500.00
<b>Total</b>	<b>-</b>	<b>3,500.00</b>

There are no repatriation restrictions with regard to bank balances.

**Note 9 - Current Tax Assets (Net)**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Advance income-tax (Net of Provision for Tax Rs. 147.9 (Previous year Rs.224.00))	148.52	147.62
<b>Total</b>	<b>148.52</b>	<b>147.62</b>

**Note 10 - Other Current Assets**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Other Contract Assets #	102.80	13.70
Balances with government authorities##	1,051.72	600.70
<b>Total</b>	<b>1,154.52</b>	<b>614.40</b>

**BEL-THALES Systems Limited****Notes to the financial statements for the year ended 31 March 2022**

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

## # Movement of Contract Assets

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Opening Balance (A)</b>	13.70	247.23
<b>Additions</b>		
Against Sales recognised during the year *	102.80	13.70
Receipt of advance from Customer during the year	-	-
Change in transaction price recognised during/previous year	-	-
Others ( if any )	-	-
<b>Total - (B)</b>	<b>102.80</b>	<b>13.70</b>
<b>Deductions</b>		
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	13.70	247.23
Impairment of Contract Asset if any	-	-
Write back of Contract Liability if any	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)	-	-
<b>Total - (C)</b>	<b>13.70</b>	<b>247.23</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>102.80</b>	<b>13.70</b>

\* Rs. 102.80 Lakhs represents amount accrued on account of CMC Services rendered to Bharat Electronics Ltd (Holding Company) during the year but not due and hence not billed as per contractual terms.

\* Rs. 13.70 Lakhs represents amount accrued on account of Technical Assistance Services rendered to Thales LAS France SAS (Investor) during the year but not due and hence not billed as per the contractual terms.

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

## Includes deposits of Rs.9.71 Lakhs for matters are pending before Appellate authorities. Refere note 28.

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 11 - Equity Share Capital**

Name of the Company	As at 31 March 2022	As at 31 March 2021
<b>Authorised Share Capital</b>		
<b>Equity shares of INR 100 each</b>		
80,00,000(80,00,000) equity shares	8,000.00	8,000.00
<b>Issued Share Capital</b>		
<b>Equity shares of INR 100 each issued, subscribed and fully paid</b>		
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 2022		As at 31 March 2021	
	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	<b>57,61,537</b>	<b>5,761.54</b>	<b>57,61,537</b>	<b>5,761.54</b>

**ii) Shares held by Holding Company**

Name of the Company	As at 31 March 2022	As at 31 March 2021
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 2022	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
	Number of Shares	% of Share- holding	Number of Shares	% of Share- holding
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.



## BEL-THALES Systems Limited

### Notes to the financial statements for the year ended 31 March 2022

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

#### 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.
- 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 2022			31 March 2021	
	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 12 - Other Equity

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Reserves &amp; Surplus</b>		
Retained Earnings	525.19	3.76
Other Comprehensive Income	(1.26)	-
<b>Total</b>	<b>523.93</b>	<b>3.76</b>

#### Reserves & Surplus

Particulars	As at 31 March 2022	As at 31 March 2021
<b>(i) Retained Earnings</b>		
Opening Balance	3.76	(311.62)
Add: Profit/(Loss) for the Year	521.43	315.38
<b>Closing balance</b>	<b>525.19</b>	<b>3.76</b>
<b>(ii) Other items of OCI</b>		
Opening Balance	-	-
Add: Additions during the year	(1.26)	-
Less: Reclassified to profit or loss	-	-
<b>Closing balance</b>	<b>(1.26)</b>	<b>-</b>
<b>Total reserves and surplus</b>	<b>523.93</b>	<b>3.76</b>

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 13 - Lease Liabilities**

Particulars	As at 31 March 2022	As at 31 March 2021
Lease Liability for Right of Use		
- Non-Current	47.85	89.00
- Current	41.66	36.60
<b>Total</b>	<b>89.51</b>	<b>125.60</b>

**Note 14 - Trade Payables**

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Dues to Micro Enterprises & Small Enterprises	-	-
Other than Micro Enterprises & Small Enterprises	190.67	117.97
Trade payables to related parties	690.75	366.78
<b>Total</b>	<b>881.42</b>	<b>484.75</b>

**Disclosure of Trade Payables as at 31 March 2022**

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	704.11	176.77	0.18	0.36	881.42
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>704.11</b>	<b>176.77</b>	<b>0.18</b>	<b>0.36</b>	<b>881.42</b>

**Disclosure of Trade Payables as at 31 March 2021**

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	307.16	177.23	0.36	-	484.75
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>307.16</b>	<b>177.23</b>	<b>0.36</b>	<b>-</b>	<b>484.75</b>

**BEL-THALES Systems Limited****Notes to the financial statements for the year ended 31 March 2022**

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

**Note 15 - Other Financial Liabilities**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Others	162.03	6.80
	<b>162.03</b>	<b>6.80</b>
<b>Total</b>	<b>162.03</b>	<b>6.80</b>

**Note 16 - Provisions**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Non-Current</b>		
Provision for employee benefits		
-Gratuity	2.94	-
-Compensated Absences	2.40	-
	<b>5.34</b>	<b>-</b>
<b>Current</b>		
Provision for employee benefits		
-Gratuity	0.01	-
-Compensated Absences	0.61	-
Provisions for Performance Warranty **	13.42	2.29
	<b>14.04</b>	<b>2.29</b>
<b>Total</b>	<b>19.38</b>	<b>2.29</b>

**\*\* Movement of provisions for the year ended 2021-22**

Particulars	Performance Warranty
<b>Opening Balance</b>	2.29
Additional provision recognized during the year	13.42
Amount used during the year	-
Amount reversed during the year	2.29
<b>Closing Balance</b>	<b>13.42</b>

**\*\* Movement of provisions for the year ended 2020-21**

Particulars	Performance Warranty
<b>Opening Balance</b>	-
Additional provision recognized during the year	2.29
Amount used during the year	-
Amount reversed during the year	-
<b>Closing Balance</b>	<b>2.29</b>

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 17 - Other Liabilities**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Current</b>		
Contract Liabilities - Customer Advances #	1,589.25	3,518.42
Dues to Statutory Authorities	34.77	18.54
<b>Total</b>	<b>1,624.02</b>	<b>3,536.96</b>

**# Movement of Contract Liabilities**

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Opening Balance (A)</b>	<b>3,518.42</b>	<b>2,173.80</b>
Additions		
Against Sales recognised during the year	-	-
Receipt of advance from Customer during the year	-	1,644.98
Change in transaction price recognised during/previous year	-	-
Others ( if any )	-	-
<b>Total - (B)</b>	<b>-</b>	<b>1,644.98</b>
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance	1,929.17	300.36
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)	-	-
<b>Total -(C)</b>	<b>1,929.17</b>	<b>300.36</b>
<b>Grand Total ( Closing Balance ) D = ( A+B-C)</b>	<b>1,589.25</b>	<b>3,518.42</b>

**BEL-THALES Systems Limited****Notes to the financial statements for the year ended 31 March 2022**

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

**Note 18 - Revenue from Operations**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Income from Sale of Goods	3,305.80	2,784.71
Income from Sale of Service	595.65	753.49
Rent receipts	-	0.27
<b>Total</b>	<b>3,901.45</b>	<b>3,538.47</b>

Additional note:

- i) Income from Sales & Service to Defence PSU is Rs. 431.31 Lakhs (Rs. 2888.78 Lakhs)
- ii) An amount of NIL (NIL) has been recognised as revenue during the year out of performance obligation satisfied in the previous periods.
- iii) Revenue from Export of Goods & Services is Rs 3305.80 Lakhs (Rs.590.70 Lakhs)

**Note 19 - Other Income**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest income on Bank deposits	185.26	332.61
Interest income on Income Tax Refund	4.34	1.24
Miscellaneous income	0.15	0.08
<b>Total</b>	<b>189.75</b>	<b>333.93</b>

**Note 20 - Changes in Inventories of Finished stock & Work-in-progress**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>Inventories at the end of the year</b>		
- Finished goods	-	-
- Work-in-progress	482.77	-
	<b>482.77</b>	-
<b>Inventories at the beginning of the year</b>		
- Finished goods	-	-
- Work-in-progress	-	-
	-	-
<b>Total</b>	<b>(482.77)</b>	-

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 21 - Employee Benefit Expenses**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and Allowances	322.69	276.92
Contribution to provident and other funds	21.95	22.65
Expenses for Compensated Absences	14.39	9.29
Superannuation Fund	7.24	5.91
Gratuity Expense	12.47	10.00
Staff Welfare Expenses	1.70	0.40
	<b>380.44</b>	<b>325.17</b>
Less: Amount transferred to Intangible assets under development	-	(27.23)
<b>Total</b>	<b>380.44</b>	<b>297.93</b>

**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  $(\text{monthly wage} \times 15 / (26 \times 12))$  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  $(\text{monthly wage} \times 15 / (26 \times 12))$  i.r.o employees on deputation from Thales India Private Limited.

**Note 22 - Finance Cost**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Interest on lease liabilities	9.35	12.19
<b>Total</b>	<b>9.35</b>	<b>12.19</b>

**Note 24 - Depreciation and Amortisation Expense**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, Plant & Equipment	99.47	99.95
Depreciation on right-of-use assets	36.65	36.65
<b>Total</b>	<b>136.12</b>	<b>136.60</b>

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 25 - Other Expenses**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Power and Fuel	6.59	4.40
Water Charges	0.25	0.11
Rent	-	1.19
Rates & Taxes	0.07	0.31
Insurance Charges	6.30	1.54
Technical Service Charges	271.15	248.21
Legal & Professional Charges	9.33	9.42
Payment to Auditors	1.25	1.25
Repairs & Maintenance	5.90	5.49
Manpower Charges	55.66	59.96
Bank charges	1.02	3.05
Printing and Stationery	4.48	3.08
Travelling & Conveyance	19.01	13.62
Telephone & Lease Line Charges	3.68	3.92
Postage, Courier & Freight	4.72	4.75
Foreign Exchange Loss	50.58	20.09
Provision for Performance Warranty	11.13	2.29
Miscellaneous Expenses	11.78	12.28
	<b>462.90</b>	<b>394.94</b>
Less: Amount transferred to Intangible assets under development	-	(99.28)
<b>Total</b>	<b>462.90</b>	<b>295.66</b>

**Note 25.1 : Payment to Auditors**

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Payments to Statutory Auditors (Excluding GST)		
For statutory Audit	0.75	0.75
For other taxation matters*	0.50	0.50
<b>Total</b>	<b>1.25</b>	<b>1.25</b>

\*Includes amount paid to erstwhile auditors

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 26 - 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	Year ended 31 March 2022	Year ended 31 March 2021
Net Profit/(loss) after tax ₹ in lakhs	521.43	315.38
Weighted average number of equity shares (Nos.)	57,61,537	57,61,537
Basic and diluted earnings per share (for continuing operations)* (a)/(b) ₹	9.05	5.47
Basic and diluted earnings per share (for discontinued operations) ₹	-	-
Nominal value per share ₹	100.00	100.00

**Note 27 - Significant Accounting policies**

Significant 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 28 - Contingent liabilities**

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March 2022 –Rs. Nil (Nil).
- (b) Other Commitments – i.e. Non-cancellable contractual commitments as on 31st March 2022–Nil (Nil).
- (c) Contingent liabilities:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Claims against the company not acknowledged as debts*	48.53	48.53

Note: As at 31st March, 2022, the amount is relating to income tax matters and against this the company deposited an amount Rs.9.71 lakhs (previous year - Rs. 9.71 Lakhs) 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 29 - 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	Year ended 31 March 2022	Year ended 31 March 2021
Not later than one year	47.71	45.43
Later than one year and not later than five years	50.09	97.80
Later than five years	-	-



**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 30 : 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	31 March 2022	31 March 2021
Sale of services	Bharat Electronics Limited	431.31	575.52
	Thales India Private Limited	45.01	45.01
	Thales LAS France SAS	119.32	13.70
Sale of Goods	Bharat Electronics Limited	0.00	2,313.25
Purchase of services	Bharat Electronics Limited	0.70	1.62
	Thales India Private Limited	271.15	247.89
	Thales LAS France SAS	0.00	184.43
Purchase of Goods	Bharat Electronics Limited	2,542.89	316.47
	Thales LAS France SAS	0.00	0.00
Leasing arrangements - Office Premises	Bharat Electronics Limited	45.43	43.27
Other services availed	Bharat Electronics Limited	7.46	1.40

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

Nature of Transactions	Name of Related Party	Receivable		Payable	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Sale of services	Bharat Electronics Limited	497.64	351.67	0.00	0.00
	Thales India Private Limited	13.28	13.70	0.00	0.00
	Thales LAS France SAS	150.77	26.56	0.00	0.00
Sale of Goods	Bharat Electronics Limited	0.00	0.00	0.00	0.00
Purchase of services	Bharat Electronics Limited	0.00	0.00	0.76	0.77
	Thales India Private Limited	0.00	0.00	292.84	60.44
	Thales LAS France SAS	0.00	0.00	67.80	68.99
Purchase of Goods	Bharat Electronics Limited	0.00	0.00	329.36	236.59
	Thales India Private Limited	0.00	0.00	0.00	0.00
	Thales LAS France SAS	0.00	0.00	0.00	0.00
Leasing arrangements - Office Premises	Bharat Electronics Limited	0.00	0.00	0.00	0.00
Other services availed	Bharat Electronics Limited	0.00	0.00	0.00	0.00

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**d) Key Management Personnel are as follows:**

SI. No.	Name of Key Management Personnel	Designation
(a)	Shri. Vinay Kumar Katyal	Director
(b)	Shri. Dinesh Kumar Batra	Director
(c)	Shri Ashish Arun Saraf (From 07.07.2021)	Director
(d)	Shri M V Rajasekhar (From 27.07.2021)	Director
(e)	Shri. Emmanuel de Roquefeuil (Ceased to be Director w.e.f 06.07.2021)	Director
(f)	Smt. Anandi Ramalingam (Ceased to be Director w.e.f 19.07.2021)	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**

SI. No.	Name of Key Management Personnel	Designation
(a)	Shri. Narasimha Prasad K	CEO
(b)	Shri. Abhishek Kumar	CFO
(c)	Shri. Sanjog Mohapatra	Company Secretary

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Short-term benefits	83.13	61.73
Post-employment benefits	11.69	8.45
Other long-term employee benefits	0.00	-
Termination benefits	0.00	-
Share based payment	0.00	-
<b>Total Compensation</b>	<b>94.82</b>	<b>70.18</b>

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 31 - 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 32 : 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 for the year ended 31 March 2022

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

#### Note 33 : 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 34 : Research and Development Expenditure

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

#### Note 35 - 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:

- a) Contribution to Provident Fund
- b) Employee Superannuation Fund
- c) Gratuity
- d) 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).

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Contribution to Provident Fund included under contribution to provident and other funds.	29.19	28.56
	<b>29.19</b>	<b>28.56</b>

##### 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, 2022 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.

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

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).

**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
	As at 31 March 2022
<b>Net Employee benefit expense recognized in the employee cost in statement of profit &amp; loss account</b>	
Current service cost	0.59
Interest cost on benefit obligation	0.05
Past Service Cost	1.04
Expected return on plan assets	-
<b>Sub Total</b>	<b>1.69</b>
<b>Recognised in Other Comprehensive Income</b>	
Net actuarial (gain)/loss recognized in the year on paln obligations	1.26
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-
Effect of Balance Sheet asset limit	-
<b>Sub Total</b>	<b>1.26</b>
<b>Net benefit expense</b>	<b>2.95</b>

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

Particulars	Gratuity
	As at 31 March 2022
<b>Balance Sheet</b>	
<b>Benefit asset / liability</b>	
Present value of defined benefit obligation	2.95
Fair value of plan assets	-
<b>Assets / (Liability) recognized in the balance sheet</b>	<b>2.95</b>
<b>Change in the present value of the defined benefit obligation</b>	
Opening defined benefit obligation	-
Benefit transferred in	-
Benefit transferred Out	-
Benefits paid	-
Acquisition Adjustments	-
<b>Expenses Recognised in Statement of Profit and Loss Account</b>	
Current service cost	0.59
Interest cost on benefit obligation	0.05
Past Service Cost	1.04
<b>Recognised in Other Comprehensive Income</b>	
Actuarial (gain)/loss on obligation	1.26
<b>Closing defined benefit obligation</b>	<b>2.95</b>

Bifurcation of Present Value of Obligation at the end of the year	As at 31 March 2022
Current Liability (Short term)	0.01
Non-Current Liability (Long term)	2.94
<b>Present Value of Obligation</b>	<b>2.95</b>
<b>Change in the fair value of plan assets</b>	
Opening fair value of plan assets	-
Contributions by employer	-
Investment Income	-
Benefits paid	-
Return on plan assets, excluding amount recognised in net interest expenses	
<b>Closing fair value of plan assets</b>	<b>-</b>
<b>Assumptions</b>	
Discount Rate (% p.a)	6.69%
Expected rate of salary increase (%)	3.00%
Mortality rate	(% of IALM 2012-14)
Normal retirement age	60.00
Attrition / Withdrawal rates per annum	14.28%

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

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, 2022	2.95	(2.95)	(0.55)	(0.71)	-

**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
0.50% movement	7.19%	6.19%	3.50%	2.50%
Increase/(decrease) in defined benefit Obligation	2.85	3.06	3.07	2.84
Increase/(decrease) in Current Service Cost	1.06	1.14	1.14	1.06

	As at 31 March 2022
<b>Compensated absences</b>	
Charge in the Statement of Profit and Loss	14.39
Liability as at the year end	3.01
<b>Actuarial assumptions</b>	
Discount rate	6.69%
Salary escalation	3.00%
Retirement age	60 Years
Attrition rate	14.28%

**Note 36 - 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 2022	As at 31 March 2021
Trade Receivables	1,179.89	650.79
Cash & Cash equivalents	2,731.67	1,233.33
Bank balances other than above	-	3,500.00
Other Financial Assets	0.97	57.71
<b>Total Financial Assets</b>	<b>3,912.53</b>	<b>5,441.83</b>

## BEL-THALES Systems Limited

### Notes to the financial statements for the year ended 31 March 2022

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

#### Financial Liabilities carried at Amortised Cost

Particulars	As at 31 March 2022	As at 31 March 2021
Trade Payables	881.42	484.75
Lease Liabilities	89.51	125.60
Other Financial Liabilities	162.03	6.80
<b>Total Financial Liabilities</b>	<b>1,132.96</b>	<b>617.15</b>

#### Note 37 - 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.

##### 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 2022	As at 31 March 2021
India	1,029.12	650.79
France	150.77	-

At 31st March 2022, the Company's most significant customers, Bharat Electronics Limited, the holding company, Thales India Private Limited and THALES LAS FRANCE SAS accounted for INR 394.84 lakhs (INR 352.83 lakhs), INR 13.28 lakhs (INR 26.56 lakhs) and INR 150.77 lakhs (NIL) respectively.

The credit quality of the financial assets is satisfactory.

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**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.

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
<b>31st March 2022</b>				
Lease Liabilities	41.66	47.85	-	89.51
Trade Payable	881.42	-	-	881.42
Other Financial Liabilities	162.03	-	-	162.03
	<b>1,085.11</b>	<b>47.85</b>	-	<b>1,132.96</b>
<b>31st March 2021</b>				
Lease Liabilities	36.60	89.00	-	125.60
Trade Payable	484.75	-	-	484.75
Other Financial Liabilities	6.80	-	-	6.80
	<b>528.15</b>	<b>89.00</b>	-	<b>617.15</b>

**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 2022, there was no change to the manner in which the Group manages or measures market risk.



**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**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.

**Exposure to foreign currency risk**

The currency profile of financial assets and financial liabilities as at 31 March 2022 and 31 March 2021 are as below:

Particulars	31 March 2022 EUR Amount	31 March 2022 INR (in Lakhs)
<b>Financial Liabilities</b>		
Trade and other payables	79540.00	68.48
Payable towards Capital Purchases	-	-
Contract Liabilities	1938962.20	1589.25
<b>Total Payable</b>	<b>2018502.20</b>	<b>1,657.72</b>
<b>Financial Assets</b>		
Trade Receivables	929391.33	771.77
<b>Total Receivables</b>	<b>929391.33</b>	<b>771.77</b>
<b>Net Exposure</b>	<b>1089110.87</b>	<b>885.95</b>

Particulars	31 March 2021 EUR Amount	31 March 2021 INR (in Lakhs)
<b>Financial Liabilities</b>		
Trade and other payables	78750.00	68.99
Payable towards Capital Purchases	-	-
Contract Liabilities	4292660.20	3518.42
<b>Total Payable</b>	<b>4371410.20</b>	<b>3,587.41</b>
<b>Financial Assets</b>		
Trade Receivables	321215.50	271.39
<b>Total Receivables</b>	<b>321215.50</b>	<b>271.39</b>
<b>Net Exposure</b>	<b>4050194.70</b>	<b>3316.01</b>

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

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

Particulars	Average Rate		Year-end Spot Rate	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
EUR	84.56	86.59	83.04	84.49

**Sensitivity analysis**

A reasonably possible strengthening/ (weakening) of the Indian Rupee against Euro at 31 March 2022 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.

**As at 31 March 2022**

Effect in INR	Profit / ( loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>EUR sensitivity</b>				
10% movement	88.60	(88.60)	Nil	Nil

**As at 31 March 2021**

Effect in INR	Profit / ( loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
<b>EUR sensitivity</b>				
10% movement	331.60	(331.60)	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	31 March 2022	31 March 2021
<b>Fixed-rate instruments</b>		
Financial assets – Bank Deposits	49.44	4,310.70
The company financial assets are fixed rate instruments. Hence not subject to sensitivity analysis		

## BEL-THALES Systems Limited

### Notes to the financial statements for the year ended 31 March 2022

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

#### Note 38 - 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.

The Company's adjusted net debt to equity ratio:

Particulars	31 March 2022	31 March 2021
Total borrowings #	-	-
Total equity	6,285.47	5,765.30
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 39 - Income taxes

##### a) Amount recognised in statement of profit and loss

Particulars	31 March 2022	31 March 2021
<b>Current tax expenses:</b>		
Current tax	55.21	94.00
<b>Deferred tax (income)/expense:</b>		
Origination and reversal of temporary differences	(16.77)	(11.26)
<b>Tax expense for the year</b>	<b>38.44</b>	<b>82.74</b>

##### b) Income tax recognised in OCI – Nil (31 March 2021 - Nil)

##### c) Reconciliation of effective income tax rate

Particulars	31 March 2022		31 March 2021	
	Rate %	Amount	Rate %	Amount
<b>Profit/(Loss) before tax from continuing operation</b>		559.87		398.12
<b>Tax using the company's domestic tax rate (Income tax)</b>	27.82%	155.75	27.82%	110.76
<b>Tax effect of:</b>				
Carry forward of Business Losses	-17.94%	(100.20)	-1.38%	(5.51)
Accelerated depreciation for tax purposes			-2.83%	(11.25)
<b>Total income tax expense for the year</b>	<b>9.88%</b>	<b>55.55</b>	<b>23.61%</b>	<b>94.00</b>

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

(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		Deferred tax liabilities		Deferred tax (liabilities) / asset, net	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Property, plant and equipment & RoU	18.93	6.91	-	-	18.93	6.91
Provisions	4.75	-	-	-	4.75	-
	<b>23.68</b>	<b>6.91</b>	-	-	<b>23.68</b>	<b>6.91</b>

**Movement in temporary differences**

Particulars	As at 1 April 2020		Recognition during the year		As at 31 March 2021	
	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	-	4.35	(11.26)	-	6.91	-
Provisions	-	-	-	-	-	-
	-	<b>4.35</b>	<b>(11.26)</b>	-	<b>6.91</b>	-

Particulars	As at 1 April 2021		Recognition during the year		As at 31 March 2022	
	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	6.91	-	(12.02)	-	18.93	-
Provisions	-	-	(4.75)	-	4.75	-
	<b>6.91</b>	-	<b>(16.77)</b>	-	<b>23.68</b>	-

**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	31 March 2022	31 March 2021
Tax Losses	117.86	548.05

**f) Unrecognised tax losses carried forward expire as follows:**

Particulars	31 March 2022		31 March 2021	
	Amount	Expiry date	Amount	Expiry date
Expire	74.19	2023-27	468.53	2023-27
Never Expire	43.67		79.52	Nil

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 40 - Analytical Ratios**

The following are analytical ratios for the year ended March 31, 2022

Particulars	Numerator	Denominator	Year ended 31 March 2022	Year ended 31 March 2021	Variance in Ratios	Reasons for variance
Current Ratio	Current Assets	Current Liabilities	2.69	1.98	36%	1
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.01	0.02	-35%	2
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	12.52	8.62	45%	3
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.09	0.06	54%	4
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	1.28	2.05	-37%	5
Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	4.26	6.88	-38%	6
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	4.08	1.86	120%	7
Net Capital Turnover Ratio	Revenue	Working Capital	0.85	0.89	-4%	-
Net Profit Ratio	Net Profits	Net Sales	0.13	0.09	50%	8
Return on Capital Employed	Earnings before interest and taxes	Capital employed	0.09	0.07	29%	9
Return on Investment	Income generated from Investments	Time weighted Average Investments	0	0	0%	

- Increase in current Ratio during the F.Y. 2021-22 as compared to F.Y. 2020-21 is mainly due to utilization of customer advance. Resulted in reduction of Current Liabilities in the F.Y. 2021-22.
- There is a reduction in Lease Liability in F.Y. 2021-22 from Rs. 125.60 Lakhs to Rs. 89.51 Lakhs. Resulted in reduction in Debt Equity Ratio.
- During F.Y. 2021-22 PAT was increased and there was a reduction in the Lease Liability. Resulted in increase in Debt Service Coverage Ratio.
- During the F.Y. 2021-22 PAT has increased 65% as compared to PAT of F.Y. 2020-21. Resulted in increase of Return on Equity Ratio.
- During the year previous year Closing stock was used for manufacturing of products. Hence there is a reduction in Inventory Turn Over Ratio.
- The reason variance is due to increase in sales and increase in Average Trade Receivables during the F.Y. 2021-22 as compared to F.Y. 2020-21.
- The reason for variance is due to decrease in purchase in F.Y. 2021-22 and decrease in Average Trade Payable in F.Y. 2021-22 as compared to F.Y. 2020-21.
- Net Profit Ratio has increased because of changes in the composition of Turnover during F.Y. 2021-22 as compared with F.Y. 2020-21.
- During the current year there is an increase in Operating profit as compared to F.Y. 2020-21. Resulted an increase in Return on Capital Employed.

**BEL-THALES Systems Limited**
**Notes to the financial statements for the year ended 31 March 2022**

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

**Note 41 - 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 2022**

Particulars	Total	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year
Sale of Services	1,034.58	626.58	340.00	68.00	-
Sale of Products	2,683.53	2,683.53	-	-	-
<b>Total</b>	<b>3,718.11</b>	<b>3,310.11</b>	<b>340.00</b>	<b>68.00</b>	<b>-</b>

**As at 31 March 2021**

Particulars	Total	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year
Sale of Services	160.12	122.64	37.48	-	-
Sale of Products	6,073.51	4306.79	1766.72	-	-
<b>Total</b>	<b>6,233.63</b>	<b>4,429.43</b>	<b>1,804.20</b>	<b>-</b>	<b>-</b>

**Note 42** - 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 43** - The Company does not have any transactions with struck off companies.

**Note 44** - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**Note 45** - The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

**Note 46** - 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 47** - 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 48** - 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 49 - 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

## BEL-THALES Systems Limited

### Notes to the financial statements for the year ended 31 March 2022

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

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 50 - 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 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 51 - Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 2.71 (NIL) 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. 156.14 Lakhs.

#### Note 52 - Previous year's figures

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

for J A A & Associates  
Chartered Accountants  
FRN No.013699S

for and on behalf of the Board of Directors

Vinay Kumar Katyal  
Chairman

Dinesh Kumar Batra  
Director

Archana Ashok  
Partner  
Membership No: 214453

Narasimha Prasad K  
Chief Executive Officer

Abhishek Kumar  
Chief Financial Officer

Sanjog Mohapatra  
Company Secretary

Place: Bengaluru  
Date : 17.05.2022

**BEL-THALES Systems Limited****Summary of Significant Accounting Policies and Other Explanatory Information****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.

**Significant 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.

**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.

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

Asset Class	Years
Plant and Machinery	5 to 15
Electronic Equipment's	5
Computer Systems	5

**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 incurrence 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. Re-classification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. If the Company re-classifies financial assets, it applies the re-classification 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 **J A A & Associates**  
Chartered Accountants  
FRN No.013699S

**Archana Ashok**  
Partner  
Membership No: 214453

Place: Bengaluru  
Date : 17.05.2022

for and on behalf of the Board of Directors

**Vinay Kumar Katyal**  
Chairman

**Dinesh Kumar Batra**  
Director

**Narasimha Prasad K**  
Chief Executive Officer

**Abhishek Kumar**  
Chief Financial Officer

**Sanjog Mohapatra**  
Company Secretary





Gap filler



Border surveillance



Airport surveillance



Sensitive site protection



**BEL - THALES Systems**

**BEL-THALES Systems Limited**

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