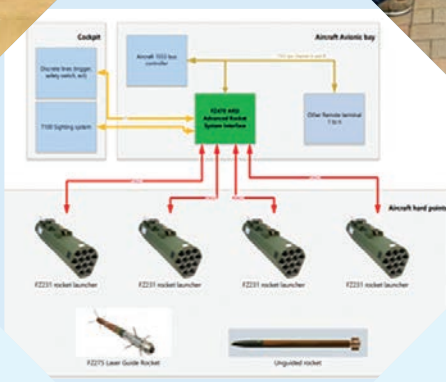
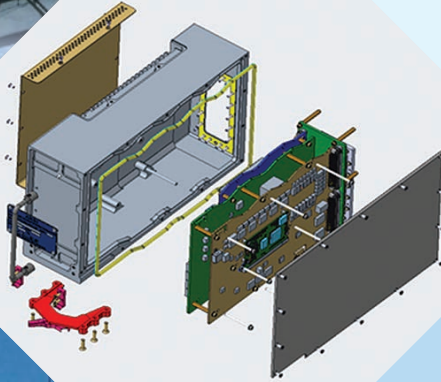




BEL-THALES Systems Limited



Annual Report 2022-23

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

CONTENTS

Reference Information	2
Letter to Shareholders	3
Board of Directors	5
Key Executives	6
Key Performance Indicators	7
Historical Financial Summary	8
Board's Report	9
Annexure I -Secretarial Audit Report	19
Annexure II - AOC-2	24
Annexure III -Management Discussion and Analysis Report	25
Annexure IV- Report on Corporate Governance	28
Annexure V- Annual Report on CSR Activities	37
Annexure VI – Sustainability Report	40
Independent Auditors' Report	41
Comments of the Comptroller and Auditor General of India	54
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Statement of Change in Equity	59
Notes forming part of the Financial Statements	60
Significant Accounting Policies	93

REFERENCE INFORMATION

Registered Office

BEL-THALES Systems Limited
CIN: U32106KA2014GOI076102
CNP Area, BEL Industrial Estate,
Jalahalli, Bengaluru, Karnataka -560013
Email: btssl@bel.co.in
Website: www.btssl-india.co.in
Tel. No.: 080-28381803
Fax: 080-28381801

Statutory Auditor

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

Internal Auditor

Corporate Audit-BEL

Secretarial Auditor

CS Venugopalan Venkitan
Practicing Company Secretary

Banker

State Bank of India

Letter to Shareholders

Dear Shareholders,

It is my privilege to present, on behalf of the Board of Directors of BEL-THALES Systems Limited the 9th Annual Report of your company for the financial year 2022-23 spotlighting the performance during the year and future outlook for the Company.

Financial and Performance Highlights of the Year

In the financial year 2022-23, your Company recorded the highest ever turnover of Rs. 7819.05 Lakhs, experiencing strong growth of 100% from the previous year's Rs. 3901.45 Lakhs. The Profit Before Tax (PBT) saw a growth of 60.22% from Rs. 559.87 Lakhs to Rs. 897.01 Lakhs while the Profit After Tax (PAT) increased by 34.18 % from Rs. 521.43 Lakhs to Rs. 699.67 Lakhs. Our Order Book position stood at a healthy Rs. 106.45 Crores as on 31st March 2023.

Further, the Board of Directors of the Company have recommended a dividend of Rs.3.65 per equity share on the paid up Equity Share Capital of the Company for the financial year 2022-23 for approval of shareholders. On approval of the Dividend by the shareholders, total cash outflow for payment of dividend would be Rs. 210.30 lakhs.

Opportunities and Outlook

The Company has initiated actions to diversify into related areas and also new areas to improve business opportunities and to have variety of products in its portfolio. The Projects like - Manufacture of Advanced Rocket System Interface (ARSI) which is an electronic equipment designed to be mounted in the avionics bay of the helicopter or aircraft, Work packages for STIR radar systems on built to print basis are at an advanced stage & order will fructify this F.Y. itself.

Company has successfully Manufactured & delivered 46 units of Low Band Receiver (LBREC) which were locally manufactured for 36 Rafael offset program of the Indian Air Force. Similarly, Manufacturing of 29 units for Indian Navy contract is expected in the coming years.

Flight Management Systems (FMS) for helicopters is in the initial stages of discussion with BEL and THALES and this system offers enhanced functionalities to ease the flight operations.

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

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

Corporate Social Responsibility and Sustainability Development

Your Company is committed to social responsibility. We have undertaken project, towards integrating our social and business goals in a sustainable manner in line with schedule VII of the Companies



Act, 2013. An amount of Rs 09.49 Lakhs has been spent under CSR in the Financial Year 2022-23 which includes contribution of Rs 0.55 Lakhs towards PM CARES Fund.

Governance and Transparency

Your Company always makes sincere efforts to ensure compliance with Guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE), Government of India, to the extent compliances are within ambit of the Company. During the year 2022-23, your Company's compliance with 'DPE Guidelines on Corporate Governance' has been rated as "Excellent" as per 'Corporate Governance Grading System' prescribed by DPE. The Company is committed to adopt best Corporate Practices based on transparency, conscience, and accountability. The Company has 'NIL' Audit observation from the office of Comptroller and Auditor General of India (C&AG) for FY 2022-2023.

Looking Ahead

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

Acknowledgments

Over the eight (08) years of its journey, your Company prudently invested in strengthening its foundation. With the commitment of our staff, the guidance of the Ministry of Defence Government of India, and the support of all our shareholders, I am confident that we will emerge all the stronger from our experience and consolidate our role in providing defence services.

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

I express my sincere thanks to shareholders, employees, and customers for their unstinted support. Your Company values your trust and confidence and shall continue to work tirelessly to take it forward.

I wish to express my regard and appreciation to my colleagues on the Board and all the Employees for their invaluable contribution in strengthening the Company.

!!JAI HIND!!

With best wishes,

Yours Sincerely,

Sd/-

(Vinay Kumar Katyal)

Chairman & Nominee Director

DIN: 08281078

Date : 21-07-2023

Place: Bengaluru

BOARD OF DIRECTORS

(As on July 21, 2023)



Shri Vinay Kumar Katyal
Chairman



Shri Manoj Jain
Director



Shri Damodar Bhattad
Director



Shri Ashish Arun Saraf
Director

KEY EXECUTIVES

(As on July 21, 2023)



Shri Narasimha Prasad Krishna Murthy
Chief Executive Officer



Shri G Ravi
Vice Chief Executive Officer

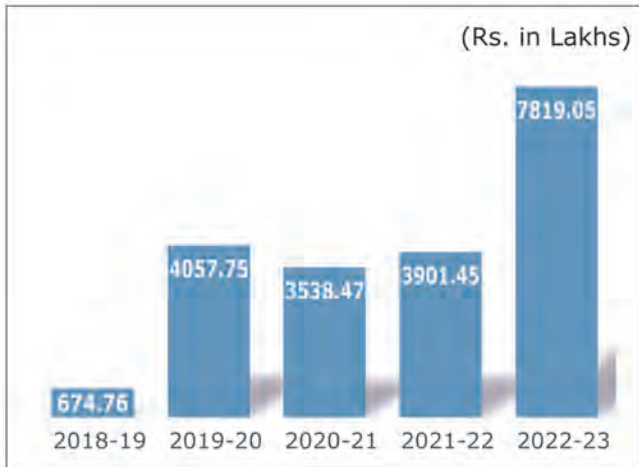


Shri Amresh Kumar Jha
Chief Financial Officer

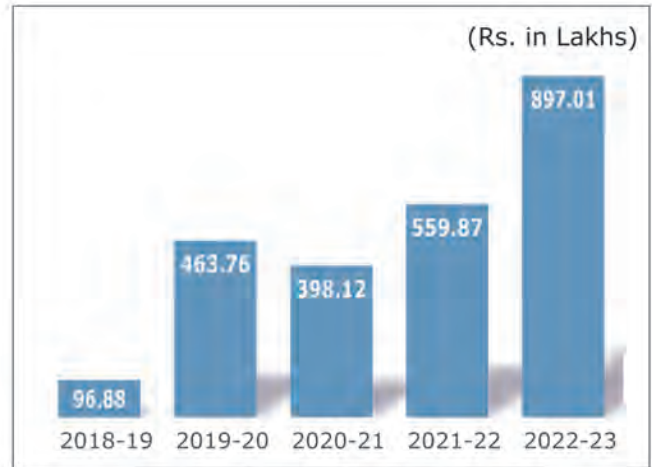


Ms. Kirti Sewani
Company Secretary

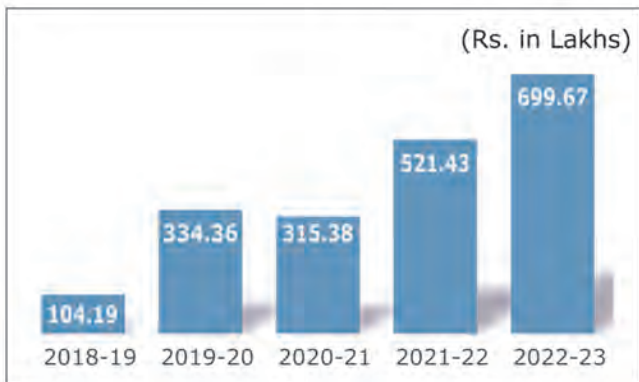
Key Performance Indicators



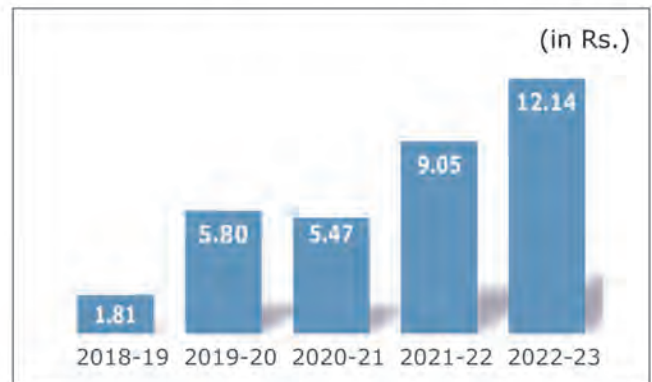
Turnover



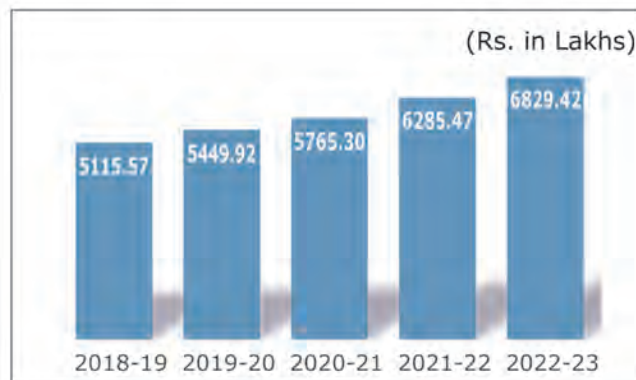
Profit Before Tax



Profit After Tax



Earnings Per Share



Network

Historical Financial Summary					
Particulars	Rs. in Lakhs				
	2018-19	2019-20	2020-21	2021-22	2022-23
Total Income	937.64	4430.18	3872.40	4091.20	8004.90
Total Expenses	840.76	3966.42	3474.28	3531.33	7107.89
Profit Before Tax	96.88	463.76	398.12	559.87	897.01
Profit After Tax	104.19	334.36	315.38	521.43	699.67
Reserve & Surplus	-645.97	-311.62	3.76	523.93	1067.88
Net Worth	5115.57	5449.92	5765.30	6285.47	6829.42
Earnings Per Share (in Rs.)	1.81	5.80	5.47	9.05	12.14

BEL-THALES Systems Limited

(A Government of India Enterprise, Ministry of Defence)

CIN: U32106KA2014GOI076102

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

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

Board's Report

To,

Dear Members,

The Board of Directors of your Company are pleased to present the 9th Board's Report on the Business and operations of the Company for the financial year ended 31st March 2023 together with Audited financial statements, Auditors' Report thereon and comments on financial statements by the Comptroller and Auditor General of India (C&AG) for the reporting period.

Financial Results

The Financial performance of the company during the financial year 2022-2023 as compared to the previous financial year 2021-2022 is summarized below:

(All Amount in Lakhs)

Particulars	Financial Year Ended 31 st March, 2023	Financial Year Ended 31 st March, 2022
Revenue from Operations	7819.05	3901.45
Other Income	185.85	189.75
Total Income	8004.90	4091.20
Employee Benefits Expense	399.63	380.44
Finance Cost	6.05	9.35
Depreciation/ Amortisation Expenses	134.59	136.12
Administration & Other Expense	6567.62	3005.42
Total Expenses	7107.89	3531.33
Profit/ (Loss) before Exceptional and Extraordinary Item and tax	897.01	559.87
Profit/(Loss) Before Tax	897.01	559.87
Total Tax Expenses	197.34	38.44
Profit/(Loss) for the Year	699.67	521.43
Add: Other comprehensive Income/(expenses) for the year	0.42	(1.26)
Total Comprehensive Income	700.09	520.17

Operations and State of Company's Affairs

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

The Company has initiated actions to diversify into related areas and also new areas to improve business opportunities and to have variety of products in its portfolio. The Projects like - Manufacture of Advanced Rocket System Interface (ARSI) which is an electronic equipment designed to be mounted in the avionics bay of the helicopter or aircraft, Work packages for STIR radar systems on built to print basis are at an advanced stage & order will fructify this F.Y. itself.

Company has successfully Manufactured & delivered 46 units of Low Band Receiver (LBREC) which were locally manufactured for 36 Rafael offset program of the Indian Air Force. Similarly, Manufacturing of 29 units for Indian Navy contract is expected in the coming years.

Flight Management Systems (FMS) for helicopters is in the initial stages of discussion with BEL and THALES and this system offers enhanced functionalities to ease the flight operations.

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

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

In the financial year 2022-23, your Company recorded the highest ever turnover of Rs. 7819.05 Lakhs, experiencing strong growth of 100% from the previous year's Rs. 3901.45 Lakhs. The Profit Before Tax (PBT) saw a growth of 60.22% from Rs. 559.87 Lakhs to Rs. 897.01 Lakhs while the Profit After Tax (PAT) increased by 34.18 % from Rs. 521.43 Lakhs to Rs. 699.67 Lakhs. Our Order Book position stood at a healthy Rs. 106.45 Crores as on 31st March 2023.

Dividend

The Board of Directors, after taking into account the Financial Results of the Company during the financial year, have recommended a dividend of Rs. 3.65 per share for the financial year 2022-23 as compared to Rs. 2.75 per share for the financial year 2021-22. Dividend is subject to approval of Members at the ensuing Annual General Meeting and shall be subject to deduction of tax at source. The dividend outgo for FY 2023 will absorb a sum of Rs. 210.30 Lakhs, which constitutes 30% pay out of Company's Standalone Profits for FY 2023.

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

Transfer to Reserve

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

Subsidiary/ Associate Companies and Joint Venture

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

Particulars of Loans, Guarantees or Investments under Section 188

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

Share Capital

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

Change in Nature of Business, If any

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

Deposit

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

Details of Directors and KMP

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

The composition of Board of Directors of the company and Key Managerial Persons as on 31st March 2023 was as follows:

Sr. No.	DIN/PAN	Name of the Directors And KMP	Designation
1.	08281078	Shri Vinay Kumar Katyal	Nominee Director
2.	09749046	Shri Manoj Jain	Additional Director
3.	09780732	Shri Damodar Bhattad	Additional Director
4.	07924215	Shri Ashish Arun Saraf	Nominee Director
5.	AAWPP6946L	Shri Narasimha Prasad Krishna Murthy	Chief Executive Officer
6.	AGKPJ6435G	Shri Amresh Kumar Jha	Chief Financial Officer
7.	FBIPS1128D	Ms. Kirti Sewani	Company Secretary

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

- Shri Rajasekhar Venkata Matukumalli (DIN:08850171) ceased to be Nominee director of the company with effect from 31st August, 2022.
- Shri Dinesh Kumar Batra (DIN: 08773363) ceased to be the Nominee Director of the company with effect from 01st November 2022.
- Shri Joydeep Majumder (DIN: 09757752) was appointed as the Additional Director of the company with effect from 07th October 2022 and ceased to be additional director of the company w.e.f. 01st February 2023.
- Shri Manoj Jain (DIN: 09749046) was appointed as the Additional Director of the company with effect from 11th November, 2022.
- Shri Damodar Bhattad (DIN: 09780732) was appointed as the Additional Director of the company with effect from 13th February 2023.

Your directors place on record their deep appreciation for contributions made by Shri Rajasekhar Venkata Matukumalli (DIN: 08850171), Shri Dinesh Kumar Batra (DIN: 08773363) and Shri Joydeep Majumder (DIN: 09757752) during their tenure as Directors of the company.

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

- Shri Abhishek Kumar ceased to be the chief financial officer (KMP) of the company with effect from 01st July 2022.
- Shri Amresh Kumar Jha was appointed as the chief financial officer (KMP) of the company with effect from 01st July 2022.
- Mr Sanjog Mohapatra ceased to be the Company Secretary (KMP) of the company with effect from 23rd August 2022.
- Ms Kirti Sewani was appointed as the Company Secretary (KMP) of the company with effect from 07th October 2022.

The Board wishes to place on record its deep appreciation for the valuable contribution rendered by Shri Abhishek Kumar and Mr. Sanjog Mohapatra during their association with the Company.

General Meetings

During the financial year 2022-23, the 8th Annual General Meeting was held on 22nd August 2022. The attendance of Directors in 8th Annual General Meeting is as under:

Name of Director(s)	DIN	AGM
		22.08.2022
Shri Vinay Kumar Katyal	08281078	Yes
Shri Dinesh Kumar Batra (Ceased w.e.f 01 st November 2022)	08773363	Yes
Shri Ashish Arun Saraf	07924215	No
Shri Rajasekhar Venkata Matukumalli (Ceased w.e.f 31 st August 2022)	08850171	No

Board Meetings

During the financial year 2022-23, eight (08) Board meetings were held. The said Meetings were held on 13th May 2022, 17th May 2022, 21st June 2022, 13th July 2022, 07th October 2022, 20th December 2022, 23rd January 2023 and 13th March 2023. Necessary Quorum was present for all the Board Meetings. Details of Board meetings and attendance of Directors are given in the Corporate Governance Report, which forms the part of this report.

Committees of the Board

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

Audit Committee

In compliance with the provisions of the Companies Act, 2013, Your Company has constituted Audit Committee of the Board of Directors. The constitution of the Audit Committee of the Company as on 31.03.2023 was as under:

Sr No.	DIN	Name	Designation
1	09780732	Shri Damodar Bhattad	Chairman & Member
2	08281078	Shri Vinay Kumar Katyal	Member
3	09749046	Shri Manoj Jain	Member
4	07924215	Shri Ashish Arun Saraf	Member

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

Nomination and Remuneration Committee

In compliance with the provisions of Section 178 of the Companies Act 2013 your Company has constituted a Nomination and Remuneration Committee. The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2023 was as under:

Sr No.	DIN	Name	Designation
1	09749046	Shri Manoj Jain	Chairman & Member
2	08281078	Shri Vinay Kumar Katyal	Member
3	09780732	Shri Damodar Bhattad	Member
4	07924215	Shri Ashish Arun Saraf	Member

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

Declaration of Independent Director

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

Directors' Responsibility Statement

Pursuant to the requirements of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March 2023 and of the profit of the Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the Annual Accounts on ongoing concern basis;
- The Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statutory Auditor

The Statutory Auditor of your Company is appointed by the Comptroller & Auditor General of India (C&AG). The Office of the Comptroller & Auditor General of India ("C&AG") vide its letter No./CA.V/COY/CENTRAL GOVERNMENT, BTSL (1)/298 dated 29th August 2022, appointed **M/s. S. R. & M. R. Associates**, Chartered Accountants, (ICAI Firm Registration No.: 008094S), as the Statutory Auditor of the Company for the financial year 2022-23.

The Statutory Auditor has given an unqualified report on the Financial Statements of the Company for the financial year 2022-2023. The report is self-explanatory and does not require any further comments by the Board.

Comments of Comptroller and Auditor General (C&AG) of India

The office of the Comptroller and Auditor General of India ("C&AG") vide letter dated 11th July, 2023 has given 'NIL' Comments on the Financial Statements of your Company for the financial year ended 31st March 2023 after conducting supplementary audit under section 143 (6) (a) of the Companies Act 2013.

As advised by the Office of the Comptroller & Auditor General of India (C&AG), the comments of C&AG on the financial statements of your Company for the year ended 31st March 2023 are being placed with the report of Statutory Auditor of your Company elsewhere in this Annual Report.

Fraud

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

Applicability of Maintenance of Cost Records

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

Secretarial Auditors

CS Venugopalan Venkitan, Practicing Company Secretary has conducted a Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report for the financial year ended 31st March 2023 is Annexed to this report at **Annexure- "I"**.

Management Reply on observations made by Secretarial Auditor are as under:

Observations	Management Reply
<p>Article 78.1 of the Articles of Association of the Company stipulates: "The Board of Directors shall consist of nine (9) members ["Director(s)"]. Unless the Shareholders agree otherwise, there shall be:</p> <ul style="list-style-type: none"> (a) three (3) Directors proposed by BEL; (b) one (1) Director proposed by THALES; (c) one (1) 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 ("GOI") Guidelines; (d) one (1) Director proposed by the Indian Government ("IG Director") (e) three (3) Independent Directors ("Independent Directors") proposed by Administrative Ministry (MoD), Government of India." <p>As against above, during the audit period, the Company had only four Directors (three Directors proposed by BEL and one Director proposed by THALES).</p>	<p>The Company ("BTSL") has 4 directors (three proposed by BEL and one Director proposed by THALES). The Company, being a Government Company, has applied for categorization and the same is under process. After categorization only the remaining position as stated in the Article 78.1 of the Articles of Association of the company can be fulfilled.</p>

Observations	Management Reply
<p>Central Public Sector Enterprises (CPSEs) are governed by the Department of Public Enterprises Guidelines (DPE Guidelines), in addition to the Companies Act and the Rules thereunder. BTSL being a non-listed CPSE, the composition of BTSL Board and the Board Committees must adhere to the requirements specified for non-listed CPSEs under the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 (DPE Corporate Governance Guidelines), which are briefly as hereunder:</p> <p>a) At least one-third of the Board Members should be Independent Directors (clause 3.1.4).</p> <p>b) The Audit Committee shall have minimum three Directors as members and two-thirds of the members of audit committee shall be Independent Directors (clause 4.1.1).</p> <p>c) The Chairman of the Audit Committee shall be an Independent Director (clause 4.1.2).</p> <p>d) The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but a minimum of two independent members must be present (clause 4.4).</p> <p>e) Each CPSE shall constitute a Remuneration Committee comprising of at least three Directors, all of whom should be part-time Directors (i.e Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director (clause 5.1).</p> <p>Pursuant to the requirements under the CS Auditing Standards CSAS-4, which became mandatory effective from 1st April, 2021, I have examined the compliance of above requirements by the Company during the audit period and it was observed that during the audit period, the composition of the Board of Directors and the Board Committees did not comply with clauses 3.1.4, 4.1.1, 4.1.2, 4.4 and 5.1 of the DPE Corporate Governance Guidelines.</p>	<p>Clauses 3.1.4, 4.1.1, 4.1.2, 4.4 and 5.1 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 (DPE Corporate Governance Guidelines) pertains to Independent Director in composition of Board of Directors, Audit Committee and Nomination and Remuneration Committee and its quorum, The Company (BTSL) being a joint venture of Bharat Electronics Limited, Thales India Private Limited and THALES LAS France SAS is not required to appoint Independent Director as per Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014.</p>

Secretarial Standard

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

Risk Management

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

Statement indicating the Manner in which Formal Annual Evaluation of the performance of the Board, its Committees and of Individual Directors has been made

At present, the Company's Board of Directors consists of the Nominee Directors appointed by Bharat Electronics Limited and THALES. An exercise was carried out to evaluate the performance of the individual directors, the Audit Committee, the Nomination and Remuneration Committee and the Board for the financial year 2022 -23 on the basis of certain important parameters like level of engagement and contribution, exercising independence of judgement, achievement of objectives and targets, protection of interest of various stakeholders etc. and found satisfactory.

Human Resources

As on 31st March 2023, the Company had total strength of 15 employees out of which 7 employees were on secondment from Bharat Electronics Limited, 1 employees on secondment from THALES and 7 employee on the rolls of your Company. All the employees in your company are at executive level. Further, out of 15 employees 1 is women employee. The employee relations environment during the year remained cordial.

Transfer to Investor Education and Protection Fund

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

Adequacy of Internal Financial Controls with reference to the Financial Statements

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

Disclosure of Vigil Mechanism

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

Conservation of Energy and Technology Absorption, Foreign Exchange Earnings and Outgo

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

Details of Significant and Material orders passed by the Regulators or Courts or Tribunal impacting the going concern status and Company's Operations in future

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

Information Pursuant to Rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

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

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Disclosure of Related Party Transactions

During the year, all the contracts/arrangements/transactions entered with the related parties as referred in sub-section (1) to section 188 of the Companies Act, 2013, were in the Ordinary Course of Business and at Arm's Length Basis. The particulars of said contracts or arrangements with related parties are disclosed in the Notes to Financial Statements and also in the **Form AOC-2** annexed as **Annexure – "II"** of this Board's Report.

Material Changes and Commitments, If any, affecting the financial position of the Company

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

Insolvency And Bankruptcy Code, 2016

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

One Time Settlement and Valuation

During the financial year 2022-23, no event has taken place that gives rise to reporting of details w.r.t. difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions.

Management Discussion & Analysis Report

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

Corporate Governance Report

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

Corporate Social Responsibility

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

Sustainability Report

As required under the Guidelines on "Sustainable Development" issued by the Department of Public Enterprises, Govt. of India a separate chapter on the company's efforts on "Sustainable Development" during the financial year 2022-23 is annexed to this Report at **Annexure "VI."**

Extract of Annual Return

Annual Return pursuant to Section 92 (3) of the Companies Act, 2013, read with Section 134(3)(a) and rule 12(1) of the Company (Management & Administration) Rules, 2014 for the Financial Year ended 31st March 2023 is available on the Company's website and can be accessed at http://www.btsl-india.co.in/anl_rtn_22_23.html

Acknowledgement

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

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

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

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

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

**Sd/-
(Vinay Kumar Katyal)
Chairman & Nominee Director
DIN: 08281078**

Date : 21-07-2023

Place: Bengaluru

Annexure “I” to Board’s Report

Form No.MR 3
SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

[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 (CIN U32106KA2014GOI076102) (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, 2023 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, 2023 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 were not applicable to the Company during the audit period:
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share based employee benefits and Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (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 (ICSI).
 - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were 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 (9) members ["Director(s)"]. Unless the Shareholders agree otherwise, there shall be:

 - (a) three (3) Directors proposed by BEL.*
 - (b) one (1) Director proposed by THALES.*
 - (c) one (1) 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 ("GoI") Guidelines.*
 - (d) one (1) Director proposed by the Indian Government ("IG Director").*
 - (e) three (3) Independent Directors ("Independent Directors") proposed by Administrative Ministry (MoD), Government of India."*

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

(ii) *Central Public Sector Enterprises (CPSEs) are governed by the Department of Public Enterprises Guidelines (DPE Guidelines), in addition to the Companies Act and the Rules thereunder. BTSL being a non-listed CPSE, the composition of BTSL Board and the Board Committees must adhere to the requirements specified for non-listed CPSEs under the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 (DPE Corporate Governance Guidelines), which are briefly as hereunder:*

- a) *At least one-third of the Board Members should be Independent Directors (clause 3.1.4).*
- b) *The Audit Committee shall have minimum three Directors as members and two-thirds of the members of audit committee shall be Independent Directors (clause 4.1.1).*
- c) *The Chairman of the Audit Committee shall be an Independent Director (clause 4.1.2).*
- d) *The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but a minimum of two independent members must be present (clause 4.4).*
- e) *Each CPSE shall constitute a Remuneration Committee comprising of at least three Directors, all of whom should be part-time Directors (i.e Nominee Directors or Independent Directors). The Committee should be headed by an Independent Director (clause 5.1).*

Pursuant to the requirements under the CS Auditing Standards CSAS-4, which became mandatory effective from 1st April, 2021, I have examined the compliance of above requirements by the Company during the audit period and it was observed that during the audit period, the composition of the Board of Directors and the Board Committees did not comply with clauses 3.1.4, 4.1.1, 4.1.2, 4.4 and 5.1 of the DPE Corporate Governance Guidelines.

6. I further report that:

6.1 Subject to my observation (i) & (ii) in 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.

Sd/-

Name and Signature : VENUGOPALAN VENKITAN
Designation : Practicing Company Secretary
Stamp : ACS No.13511; COP No.16910
UDIN : A013511E000497676

Place: Bengaluru

Date : June 25, 2023

Note:

1. This report is to be read with my letter of even date annexed as **Annexure A** which forms an integral part of this report.
2. This modified Report is issued after withdrawing and cancelling the previous report of even date with the same UDIN, as mutually agreed with the management.

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.

Sd/-

Name and Signature : VENUGOPALAN VENKITAN
Designation : Practicing Company Secretary
Stamp : ACS No.13511; COP No.16910
UDIN : A013511E000497676

Place: Bengaluru
Date: June 25, 2023

Annexure “II” to Board’s Report
FORM AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm’s length transactions under fourth proviso thereto.

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

(a) Name (s) of the related party and nature of relationship	Nil
(b) Nature of the contracts/arrangements/transactions	Nil
(c) Duration of the contracts/arrangements/transactions	Nil
(d) Salient terms of the contracts/arrangements/transactions including the value, if any	Nil
(e) Justification for entering into such contracts or arrangements or transactions	Nil
(f) Date of approval by the Board	Nil
(g) Amount paid as advance, if any	Nil
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

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 the contracts/arrangements/transactions	Not Applicable
(c) Duration of the contracts/arrangements/ transactions	Not Applicable
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Not Applicable
(f) Date(s) of approval by the Board, if any	Not Applicable
(g) Amount paid as advances, if any	Not Applicable

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

**Sd/-
(Vinay Kumar Katyal)
Chairman & Nominee Director
DIN: 08281078**

Date : 21-07-2023

Place: Bengaluru

Annexure “III” to Board’s Report

Management Discussion and Analysis Report

Industry structure and developments:

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

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

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

Strengths, Weaknesses, Opportunities and Threats

a) Strengths

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

b) Weaknesses

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

c) Opportunities

- Growing Defence budget allocation towards modernisation, upgrade programmes and maintenance repair & Overhaul.
- Technological capabilities acquired with the support of the Parent Companies has resulted in working on projects like Manufacturing & integration of Advance Rocket System Interface (ARSI), and on modules for fire control radar on BTP basis.
- The existing manufacturing infrastructure, facilities and expertise at BEL will be utilised for creating LCA LRU test facilities.
- To add new customers in the fleet for Radar Service Management segment other than Indian Navy, Indian Coast Guard.

- Offset Business Partner with Lockheed Martin which is Aerospace Major.
- To explore business in Aviation and space business segment

d) Threats

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

Major initiatives undertaken and planned to ensure sustained performance and growth

- Currently the company is having order book of INR 106.45 Crores. To sustain the performance the company is presently engaged in - Built to Print Projects for Fire Control Radar Systems in Co-ordination with Thales Nederland.
- Manufacturing & Testing Projects to meet the requirements of various customers in multiple business segments.
- The company is expanding its infrastructure, currently equipped with an integration lab for production purposes which includes Quality Inspection, Testing, Assembly, Functional tests, Thermal Cycling, Vibration tests etc.
- Company is pursuing opportunities in Civil Aviation and Indian Space Business Segment.
- Radar Service Management for existing customer and new customers like Indian Coast Guard and Aeronautical Development agency Chitradurga is in the pipeline.
- Manufacturing of Additional LBREC for Rafael Indian Navy contract is expected in future.
- The company is scaling up capabilities relevant to future competition.
- The company has already fostered interest in alternative business models that will continue to gain momentum over the next decade.

Segment-wise or product-wise performance

- Manufacturing & Integration (LBREC) – 34%
- ASR & MSSR Radar Service Management (Navy & HAL) – 12%
- Supply Chain (BGAs) – 44%
- Misc – 10%

Outlook

The Company has initiated actions to diversify into related areas and also new areas to improve business opportunities and to have variety of products in its portfolio. The Projects like - Manufacture of Advanced Rocket System Interface (ARSI) which is an electronic equipment designed to be mounted in the avionics bay of the helicopter or aircraft, Work packages for STIR radar systems on built to print basis are at an advanced stage & order will fructify this F.Y. itself.

Company has successfully Manufactured & delivered 46 units of Low Band Receiver (LBREC) which were locally manufactured for 36 Rafael offset program of the Indian Air Force. Similarly, Manufacturing of 29 units for Indian Navy contract is expected in the coming years.

Flight Management Systems (FMS) for helicopters is in the initial stages of discussion with BEL and THALES and this system offers enhanced functionalities to ease the flight operations.

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

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

Risks & Concerns

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

Internal Control Systems and its adequacy

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

Financial / Operational Performance

a) Strategy & Objectives

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

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

b) Performance Highlights

(Rs. in Lakhs)

Particulars	Financial Year ended March 31, 2023	Financial Year ended March 31, 2022
Total Income	8004.90	4091.20
Total Expenses	7107.89	3531.33
Profit / (Loss) Before Tax	897.01	559.87
Less: Tax Expense	197.34	38.44
Profit / (Loss) After Tax	699.67	521.43

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

Date : 21-07-2023
Place: Bengaluru

Sd/-
Vinay Kumar Katyal
Chairman & Nominee Director
DIN: 08281078

Annexure “IV” to Board’s Report
Corporate Governance Report
Company’s philosophy on Guidelines on Corporate Governance

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

Board of Directors

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

Composition of Board of Directors

The Board of Directors of your Company comprise of four Directors. Three Directors nominated by Bharat Electronics Limited, and one Director nominated by THALES. As on 31st March 2023 the composition of the Board of Directors of your company was as under:

Sr.No.	DIN/PAN	Name of the Directors And KMP	Designation
1.	08281078	Shri Vinay Kumar Katyal	Nominee Director
2.	09749046	Shri Manoj Jain	Additional Director
3.	09780732	Shri Damodar Bhattad	Additional Director
4.	07924215	Shri Ashish Arun Saraf	Nominee Director
5.	AAWPP6946L	Shri Narasimha Prasad Krishna Murthy	Chief Executive Officer
6.	AGKJP6435G	Shri Amresh Kumar Jha	Chief Financial Officer
7.	FBIPS1128D	Ms. Kirti Sewani	Company Secretary

Board Meetings

During the financial year 2022-23, eight (8) Board meetings were held. The said Meetings were held on 13th May 2022, 17th May 2022, 21st June 2022, 13th July 2022, 07th October 2022, 20th December 2022, 23rd January 2023 and 13th March 2023. Necessary Quorum was present for all the Board Meetings. Detail of Board meetings and attendance of Director in the Board Meetings are as follows:

Name of the Director(s)	DIN	Meeting No.								Number of Meetings which director was entitled to attend	Number of Meetings attended	Attendance at Last AGM	Directorships held in other Companies*	No of Committee Membership in other Companies**	
		Meeting Date												As Chairman	As Member
		43	44	45	46	47	48	49	50						
		13.05.2022	17.05.2022	21.06.2022	13.07.2022	07.10.2022	20.12.2022	23.01.2023	13.03.2023						
Shri Vinay Kumar Katyal	08281078	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	8	Yes	2	-	-
Shri Dinesh Kumar Batra (Ceased w.e.f. 01 st November 2022)	08773363	Yes	Yes	Yes	Yes	Yes	NA	NA	NA	5	5	Yes	-	-	-
Shri Ashish Arun Saraf	07924215	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	8	No	10	-	-
Shri Rajasekhar Venkata Matukumalli (Ceased w.e.f. 31 st August 2022)	08850171	Yes	Yes	No	Yes	NA	NA	NA	NA	4	3	No	-	-	-
Shri Joydeep Majumder (Ceased w.e.f. 01 st February 2023)	09757752	NA	NA	NA	NA	Yes	Yes	Yes	NA	3	3	NA	-	-	-
Shri Manoj Jain (Appointed w.e.f. 11 th November 2022)	09749046	NA	NA	NA	NA	NA	Yes	No	Yes	3	2	NA	3	-	1
Shri Damodar Bhattad (Appointed w.e.f. 13 th February 2023)	09780732	NA	NA	NA	NA	NA	NA	NA	Yes	1	1	NA	2	1	1

* Directorship held in Indian Companies has been considered.

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

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

Committees of the Board

Our Board has constituted sub-committees of the Board of Directors to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. All decisions and recommendations of the Committees are placed before the Board for information and approval respectively. The Company ("BTSL") has following sub-committees of the Board as on 31st March, 2023:

1. Audit Committee
2. Nomination and Remuneration Committee

Audit Committee

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

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

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

The constitution of the Audit Committee of the Company as on 31.03.2023 was as under:

Sr No.	DIN	Name	Designation
1	09780732	Shri Damodar Bhattad	Chairman & Member
2	08281078	Shri Vinay Kumar Katyal	Member
3	09749046	Shri Manoj Jain	Member
4	07924215	Shri Ashish Arun Saraf	Member

During the year 2022-23, five (5) meetings of Audit Committee were held on 13th May 2022, 17th May 2022, 13th July 2022, 07th October 2022, 23rd January 2023. The attendance of Members in these Meetings was as under:

Name of the Member	Meeting Number				
	Date of the Meeting				
	27	28	29	30	31
	13.05.2022	17.05.2022	13.07.2022	07.10.2022	23.01.2023
Shri Vinay Kumar Katyal	Yes	Yes	Yes	Yes	Yes
Shri Dinesh Kumar Batra (Ceased w.e.f. 01 st November 2022)	Yes	Yes	Yes	Yes	NA
Shri Ashish Arun Saraf	Yes	Yes	Yes	Yes	Yes
Shri Rajasekhar Venkata Matukumalli (Ceased w.e.f. 31 st August 2022)	Yes	Yes	Yes	NA	NA
Shri Joydeep Majumder (Ceased w.e.f. 1 st February 2023)	NA	NA	NA	NA	Yes
Shri Manoj Jain (Appointed w.e.f. 11 th November 2022)	NA	NA	NA	NA	No
Shri Damodar Bhattad (Appointed w.e.f. 13 th February 2023)	NA	NA	NA	NA	NA

Nomination & Remuneration Committee

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

- 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 & recommend to the board a policy relating to the remuneration for, KMP & other employees;
- any other roles and responsibilities as assigned by the Board from time to time or under the Companies Act, 2013.

The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2023 was as under:

Sr No.	DIN	Name	Designation
1	09749046	Shri Manoj Jain	Chairman & Member
2	08281078	Shri Vinay Kumar Katyal	Member
3	09780732	Shri Damodar Bhattad	Member
4	07924215	Shri Ashish Arun Saraf	Member

During the year, five (5) Meetings of the Committee were held on 21st June 2022, 13th July 2022, 07th October 2022, 20th December 2022, and 13th March 2023.

The attendance of Members in these Meetings was as under:

Name of the Member	Meeting Number				
	Date of the Meeting				
	19	20	21	22	23
	21.06.2022	13.07.2022	07.10.2022	20.12.2022	13.03.2023
Shri Vinay Kumar Katyal	Yes	Yes	Yes	Yes	Yes
Shri Dinesh Kumar Batra (Ceased w.e.f. 01 st November 2022)	Yes	Yes	Yes	NA	NA
Shri Ashish Arun Saraf	Yes	Yes	Yes	Yes	Yes
Shri Rajasekhar Venkata Matukumalli (Ceased w.e.f. 31 st August 2022)	No	Yes	NA	NA	NA
Shri Joydeep Majumder (Ceased w.e.f. 1 st February 2023)	NA	NA	NA	Yes	NA
Shri Manoj Jain (Appointed w.e.f. 11 th November 2022)	NA	NA	NA	Yes	Yes
Shri Damodar Bhattad (Appointed w.e.f. 13 th February 2023)	NA	NA	NA	NA	Yes

Remuneration policy/Details of remuneration to all the Directors

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

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

General Body meetings

The attendance of Directors at Annual General Meeting held during the FY 2022-23 is as under:

Name of the Director(s)	DIN	AGM
		22.08.2022
Shri Vinay Kumar Katyal	08281078	Yes
Shri Dinesh Kumar Batra (Ceased w.e.f. 01 st November 2022)	08773363	Yes
Shri Ashish Arun Saraf	07924215	No
Shri Rajasekhar Venkata Matukumalli (Ceased w.e.f. 31 st August 2022)	08850171	No

Forthcoming AGM: Date, Time and Venue

The 9th Annual General Meeting of the Company (AGM) is scheduled on Friday, 25th August 2023 at 10:30 A.M. at the registered office of the Company at CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru, Karnataka- 560013.

Location and Time of the last three AGMs

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

AGM	6 th	7 th	8 th
Date and Time	9 th September 2020 at 10:00 A.M.	23 rd September, 2021 at 10:00 A.M.	22 nd August, 2022 at 10:00 A.M.
Venue	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013
Special Resolution Passed	-	-	-

Disclosures

- i. The Annual Financial Statements FY 2022-23 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.
- ii. Every Director of the Company had disclosed his nature of interest/ concern in the company or companies or bodies corporate, firms, or other association of individuals as required under the Companies Act, 2013 from time to time.
- iii. CEO and CFO of the Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.
- iv. As a part of BTSL's persisting endeavor to set high standard of conduct for a "Code of Business Conduct and Ethics for Board Members and Senior Management" were laid down. All Board Members and Senior Management personnel affirm compliance with the BTSL's Code of Conduct annually. A declaration signed by the Chairman to this effect is placed as part of this report.
- v. There have been no penalties or strictures imposed on the Company by any statutory authority, on any matter related to the guidelines issued by Government during the last three years.
- vi. The Company has complied with the provisions of DPE guidelines on Corporate Governance, to the extent same is applicable under the provisions of Companies Act, 2013.
- vii. During the year under review, no Presidential Directive was received by your Company.
- viii. There is no expenditure debited in the books of accounts, which are not for the purposes of the business during the financial year ended March 31, 2023.
- ix. There is no expense incurred by the Company for the financial year ended March 31, 2023, which is personal in nature and incurred for the Board of Directors and top management.

- x. The administrative & office expenses were 10% of the total expenses in the current year as compared to 21 % in the previous year.
- xi. The company has a system in place for monitoring various statutory and procedural compliances. Further, a compliance certificate on applicable laws is placed on a yearly basis to the Board.

Means of communication

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

Registered Office / Address for Correspondence

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

Audit qualifications

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

Training of Board Members

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

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

**Sd/-
(Vinay Kumar Katyal)
Chairman & Nominee Director
DIN: 08281078**

**Date : 21-07-2023
Place: Bengaluru**

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

To,
The Board of Directors,
BEL-THALES Systems Limited
CIN: U32106KA2014GOI076102
CNP Area, BEL Industrial Estate Jalahalli
Bangalore KA 560013 IN

We, **Narasimha Prasad Krishna Murthy, Chief Executive Officer and Amresh Kumar Jha, Chief Financial Officer** certify that:

- A) We have reviewed the financial statements and Cash flow statement for the year ended 31st March 2023 and to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2023 are fraudulent, illegal or violative of the Company's code of conduct.
- C) We accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken or propose to take to rectify these deficiencies.
- D) We have indicated to the Auditors and the Audit Committee
- i) Any significant changes in internal control over financial reporting during the year;
 - ii) Any significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Any instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
(Amresh Kumar Jha)
Chief Financial Officer

Sd/-
(Narasimha Prasad Krishna Murthy)
Chief Executive Officer

Place: Bengaluru
Date : 05-05-2023

Declaration of Compliance with the Code of Business Conduct and Ethics

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 14th May 2010, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, KMPs & Senior Management of BEL- THALES Systems Limited, for the year ended 31st March 2023.

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

**Sd/-
(Vinay Kumar Katyal)
Chairman & Nominee Director
DIN: 08281078**

Date : 21-07-2023

Place: Bengaluru

Annexure “V” to Board’s Report

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company

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

2. Composition of CSR Committee

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

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

www.btstl-india.co.in

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable :

As per sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, company having average CSR obligation of ten crore rupees or more in pursuance of sub-section (5) of section 135 of the Act, in the three immediately preceding financial years, is required to undertake impact assessment. During the financial year 2022-23, your Company is not having average CSR obligation of ten crore rupees or more, hence not applicable.

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

The average net profit of the Company as per section 135 (5) of the Companies Act, 2013, is Rs 473.917 Lakhs

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

The Company as per the requirement of the Companies Act, 2013, is required to spend 2% of Rs 473.917 Lakhs i.e., Rs 09.48 Lakhs in the financial year 2022-23.

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL

(d) Amount required to be set-off for the financial year, if any: NIL

(e) Total CSR obligation for the financial year [(b)+(c) -(d)] : The total CSR Obligation for the financial year 2022-23 is Rs 09.48 Lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

Details of CSR amount spent against ongoing projects for the financial year:

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the project (in Rs)	Amount spent in the current financial Year (in Rs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs)	Mode of Implementation Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
NIL												

Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the project	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	District Health and Family Health Office-Kolar	Item (i)	No	Karnataka	Kolar	7,72,370.86	Yes	NA	NA
2	Primary Health Center Kundana	Item (i)	Yes	Karnataka	Bangalore-Rural	1,21,430.16	Yes	NA	NA
3	PM CARES Fund	Item (viii)	Yes	Pan India	Pan India	55,000	Yes	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	NA
						9,48,801.02			

(b) Amount spent in administrative overheads : NIL

(c) Amount spent on Impact Assessment, if applicable : Not Applicable

(d) Total amount spent for the Financial Year [(a)+(b) +(c)] : Rs 9,48,801.02

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
9,48,801.02	NIL		NIL		

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

Sl. No.	Particular	(Rs. in Lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	09.48
(ii)	Total amount spent for the Financial Year	09.49
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	.01
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

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

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
Not Applicable								

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: Not Applicable

Sd/-

(Narasimha Prasad Krishna Murthy)
Chief Executive Officer

Sd/-

(Vinay Kumar Katyal)
Chairman & Nominee Director
DIN: 08281078

Date : 21-07-2023

Place: Bengaluru

Annexure “VI” to Board’s Report**Sustainability Report**

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

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

Sustainable Development Activities

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

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

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

Ecological Sustainability: The Company is committed to 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. The Company focuses on planting trees and maintaining a green and clean environment.

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

**Sd/-
(Vinay Kumar Katyal)
Chairman & Nominee Director
DIN: 08281078**

Date : 21-07-2023

Place: Bengaluru

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

We are issuing this revised report to comply with the observation made by the Comptroller and Auditor General of India with respect to issues in CARO Report and other matters to Independent Auditors Report. This Independent Auditor's Report supersedes our report issued on 15th May 2023.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **BEL-THALES Systems Limited** ('the Company'), having **CIN U32106KA2014GOI076102** which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity and the Statement of Cash Flows for year then ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Key Audit Matters

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

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

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

Responsibility of Management for Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "B"**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

2. As required by Section 143(3) of the Companies Act, 2013, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company 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.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (to the extent applicable) prescribed under Section 133 of the Companies Act, 2013.
 - e) The Company being a Government Company, the provisions of Section 164(2) of the Companies Act, 2013, in respect of disqualification of Directors are not applicable.
 - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"**.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement of Section 197(16) of the Companies Act, 2013, as amended:
The company being a Government Company, the provisions in relation to payment of managerial remuneration as mandated by Section 197 read with Schedule V to the Companies Act, 2013, is not applicable.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have pending litigations which would impact its financial position.
 - 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

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

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

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;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has declared dividend and paid during the year and hence the compliance with section 123 of the Companies Act, 2013, is applicable to the Company.

3. As required under Section 143(5) of the Companies Act, 2013, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the standalone financial statements of the Company in **Annexure "D"**.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA. S.R. Raghunatha

Partner

M.No. 205503

UDIN: 23205503BGRDLM8593

Place: Bengaluru

Date : 13-06-2023

S.R. & M.R. Associates

CHARTERED ACCOUNTANTS

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

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2022-23 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA. S.R. Raghunatha

Partner

M.No. 205503

UDIN: 23205503BGRDLM8593

Place: Bengaluru

Date : 13-06-2023

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

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

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2022-23 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

- i. According to the information and explanations given to us,
- a) A) the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - B) the Company has maintained proper records showing full particulars of Intangible assets;
 - b) The Property, Plant and Equipment were physically verified by the management in accordance with a regular programme of verification at reasonable intervals and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of its assets.
 - c) According to the information and explanations given to us, the 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.

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

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

- 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 prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the activities of the company and accordingly Paragraph 3(vi) of the Order is not applicable due to company is small enterprise hence having exemption under small enterprise under MSME development act, 2006
- 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, 2023 for a period of more than six months from the date they became payable.
 - b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st of March 2023 on account of disputes are given below:

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

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

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

- 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.
- ix. According to the information and explanation give to us, there are no loans or other borrowings as at 31st March 2023. Hence the provision of paragraph 3(ix)(a) to (f) is not applicable to the Company
- x. According to the information and explanation given to us, in respect of moneys raised by way of initial public offer or further public offer and preferential allotment or private placement, we report the following:
- a) the Company has not raised moneys by way of initial public offer or further public offer including debt instruments. Hence, the provision of paragraph 3(x)(a) is not applicable to the Company.
 - b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the provision of paragraph 3(x)(b) is not applicable to the Company.
- xi. To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company and no material fraud on the Company has been noticed or reported during the year. Hence provision of paragraph 3(xi)(a) to (c) is not applicable to the Company.
- xii. The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) (a) to (c) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us, with respect to internal audit we report the following:
- a) The Company has an internal audit system commensurate with the size and nature of its business
 - b) We have considered the reports of the internal auditors in forming our audit opinion.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013, are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence the provisions of paragraph 3(xvi)(a) to (d) are not applicable to the Company.

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

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

- 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 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 2022-2023 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.
- 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
- xx. 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;
- xxi. With respect to Corporate Social Responsibility, we report as below:
- a) There are no ongoing projects for which requirements of sub-section (5) of Section 135 of the Companies Act, 2013, are applicable
 - b) There are no amounts remaining unspent as per sub-section (5) of section 135 of the Companies Act, 2013. Hence the provisions of paragraph 3(xx)(b) are not applicable to the Company.
 - c) We are reporting on the standalone Financial Statements of BEL-THALES Systems Limited. There are no subsidiaries to the Company and hence the provisions of paragraph 3(xx)(c) are not applicable to the Company.
- xxii. Company's financial statements are standalone financial statements and hence the provisions of paragraph 3(xxi) is not applicable to the company.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA.S.R. Raghunatha

Partner

M.No. 205503

UDIN: 23205503BGRDLM8593

Place: Bengaluru

Date : 13-06-2023

S.R. & M.R. Associates

CHARTERED ACCOUNTANTS

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

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2022-23 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

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

We have audited the internal financial controls with reference to standalone financial statements of BEL-THALES Systems Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

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

Meaning of Internal Financial 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, 2023, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA.S.R. Raghunatha

Partner

M.No. 205503

UDIN: 23205503BGRDLM8593

Place: Bengaluru

Date : 13-06-2023

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

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

ANNEXURE "D" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2022-23 TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED

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

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

For S.R. & M.R. ASSOCIATES

Chartered Accountants
Firm Regn. No.008094S

Sd/-

CA.S.R. Raghunatha

Partner

M.No. 205503

UDIN: 23205503BGRDLM8593

Place: Bengaluru

Date: 13-06-2023



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

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 2023.


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 2023.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,


(J N Perumal)
Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 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 2023

The preparation of financial statements of **BEL-THALES SYSTEMS LIMITED, BENGALURU** for the year ended 31 March 2023 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 his revised Audit Report dated.13.06.2023 which supersedes his earlier Audit Report dated.15.05.2023.

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 2023 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 and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditor's report under section 143(6)(b) of the Act.

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


(Rajesh Ranjan)

Principal Director of Audit, Defence-Commercial

Place: Bengaluru
Date: 11 July 2023

BEL-THALES Systems Limited
Balance Sheet as at 31 March 2023

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

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
I ASSETS			
1 Non-Current Assets			
(a) Property, Plant and Equipment	1	183.16	316.83
(b) Capital Work in Progress	2	27.20	
(c) Intangible Assets under Development	3	1,401.30	1,401.30
(d) Financial Assets			
(i) Other Financial Assets	4	0.29	0.29
(e) Deferred Tax Assets (Net)	5	33.34	23.68
		1,645.29	1,742.10
2 Current Assets			
(a) Inventories	6	604.68	2,104.44
(b) Financial Assets			
(i) Trade Receivables	7	926.98	1,179.89
(ii) Cash & Cash equivalents	8	2,181.91	2,731.67
(iii) Bank balances other than (ii) above	9	1,800.00	-
(iv) Other Financial Assets	4	112.14	0.68
(c) Current Tax Assets (net)	10	55.75	148.52
(d) Other Current Assets	11	625.01	1,154.52
		6,306.47	7,319.73
Total Assets		7,951.76	9,061.83
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	12	5,761.54	5,761.54
(b) Other Equity	13	1,067.88	523.93
Total Equity		6,829.42	6,285.47
Liabilities			
2 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	14	-	47.85
(b) Provisions	17	4.80	5.34
		4.80	53.19
3 Current liabilities			
(a) Financial Liabilities			
(i) Lease Liabilities	14	47.85	41.66
(ii) Trade Payables :			
A. Total outstanding dues to Micro Enterprises & Small Enterprises	15	-	-
B.Total outstanding dues to creditors other than Micro Enterprises & Small Enterprises		732.75	881.42
(iii) Other Financial Liabilities	16	317.20	162.03
(b) Provisions	17	10.06	14.04
(c) Other Current Liabilities	18	9.68	1,624.02
		1,117.54	2,723.17
Total Equity and Liabilities		7,951.76	9,061.83

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

As per our report of even date attached.

for S R & M R Associates

Chartered Accountants

FRN No. 008094S

Sd/-

CA. S. R. Raghunatha

Partner

Membership No: 205503

UDIN: 23205503BGRDKQ3864

Place: Bengaluru

Date : 15.05.2023

for and on behalf of the Board of Directors

Sd/-

Vinay Kumar Katyal
 Chairman

Sd/-

Damodar Bhattad
 Director

Sd/-

Narasimha Prasad K
 Chief Executive Officer

Sd/-

Amresh Kumar Jha
 Chief Financial Officer

Sd/-

Kirti Sewani
 Company Secretary

BEL-THALES Systems Limited
Statement of Profit and Loss

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

Particulars	Note No.	Year ended 31 March 2023	Year ended 31 March 2022
Continuing Operations			
I Revenue from Operations	19	7,819.05	3,901.45
II Other income	20	185.85	189.75
III Total Income (I+II)		8,004.90	4,091.20
IV Expenses			
(a) Cost of Material Consumed	21	5,771.04	3,025.30
(b) Changes in Inventories of Finished stock & Work-in-progress		482.77	(482.77)
(c) Employee Benefit Expense	22	399.63	380.44
(d) Finance Cost	23	6.05	9.35
(e) Depreciation and Amortisation Expense	24	134.59	136.12
(f) Other Expenses	25	313.81	462.90
Total Expenses (IV)		7,107.89	3,531.33
V Profit/(loss) before exceptional items and tax (III-IV)		897.01	559.87
VI Exceptional items			-
VII Profit/(loss) before tax (V-VI)		897.01	559.87
VIII Tax Expense			
(1) Current tax		207.00	55.21
(2) Deferred tax		(9.66)	(16.77)
Total tax expense		197.34	38.44
IX Profit/(loss) for the year (VII-VIII)		699.67	521.43
X Other Comprehensive income			
A) Items that will not be reclassified to profit or loss		0.42	(1.26)
B) Items that will be reclassified to profit or loss		-	-
Other Comprehensive income for the year, net of tax		0.42	(1.26)
XI Total Comprehensive income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		700.09	520.17
XII Earnings per equity share (Face value of INR 100 each)	26		
(1) Basic earnings per share		12.14	9.05
(2) Diluted earnings per share		12.14	9.05

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

for S R & M R Associates

 Chartered Accountants
FRN No. 008094S

Sd/-

CA. S. R. Raghunatha

Partner

Membership No: 205503

UDIN: 23205503BGRDKQ3864

Place: Bengaluru

Date : 15.05.2023

for and on behalf of the Board of Directors

Sd/-

Vinay Kumar Katyal
Chairman

Sd/-

Damodar Bhattad
Director

Sd/-

Narasimha Prasad K
Chief Executive Officer

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary

BEL-THALES Systems Limited
Cash Flow Statement for the year ended 31 March 2023

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
A. Cash flow from Operating Activities		
Net Profit/(Loss) before tax as per Statement of Profit and Loss	897.01	559.87
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and Amortisation Expense	134.59	136.12
Interest Income	(185.85)	(189.75)
Finance costs	6.05	9.35
Provision for gratuity	1.30	1.69
Provision for compensated absences	(1.21)	3.01
Operating Profit before Working capital changes	851.89	520.29
Working capital adjustments:		
Decrease/(Increase) in Other Non-Current Financial Assets	-	-
Decrease/(Increase) in Inventory	1,499.76	(244.72)
Decrease/(Increase) in Trade Receivables	252.91	(529.10)
Decrease/(Increase) in Other Current Financial Assets	(111.47)	56.74
Decrease/(Increase) in Other Current Assets	529.51	(540.12)
Increase/(Decrease) in Provision	(4.18)	11.13
Increase/(Decrease) in Trade Payables	(148.67)	396.67
Increase/(Decrease) in Other Current Financial Liabilities	155.17	155.23
Increase/(Decrease) in Other Current Liabilities	(1,614.34)	(1,912.95)
Cash flow from operating activities	1,410.58	(2,086.83)
Income tax paid (net)	114.22	56.12
Net cash (used in) / flow from Operating Activities (A)	1,296.36	(2,142.95)
B. Cash flow from Investing Activities		
Purchase of property, plant and equipment	(28.13)	(3.03)
Term deposits with Bank more than 3 months and less than 12 months	(1,800.00)	3,500.00
Interest received	185.85	189.75
Net cash flow used in Investing Activities (B)	(1,642.28)	3,686.72
C. Cash flow from Financing Activities		
Dividend Paid	(156.14)	
Repayment of Lease Liability	(41.66)	(36.08)
Finance costs	(6.05)	(9.35)
Net cash used in Financing Activities (C)	(203.84)	(45.43)
Net Increase/(Decrease) in cash and cash equivalents (A + B + C)	(549.76)	1,498.34
Cash and Cash equivalents at the beginning of the year	2,731.67	1,233.33
Cash and Cash equivalents at the year end	2,181.91	2,731.67

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 S R & M R Associates

Chartered Accountants

FRN No. 008094S

Sd/-

CA. S. R. Raghunatha

Partner

Membership No: 205503

UDIN: 23205503BGRDKQ3864

Place: Bengaluru

Date : 15.05.2023

for and on behalf of the Board of Directors

Sd/-

Vinay Kumar Katyal
Chairman

Sd/-

Damodar Bhattad
Director

Sd/-

Narasimha Prasad K
Chief Executive Officer

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary

BEL-THALES Systems Limited
Statement of Changes in Equity as at 31 March 2023

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

A. Equity Share Capital

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

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

B. Other Equity

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2021	3.76	-	3.76
Profit for the year	520.17	-	520.17
Other Comprehensive income	-	-	-
As at 31 March 2022	523.93	-	523.93

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

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

for S R & M R Associates
Chartered Accountants
FRN No. 008094S

Sd/-
CA. S. R. Raghunatha
Partner
Membership No: 205503
UDIN: 23205503BGRDKQ3864
Place: Bengaluru
Date : 15.05.2023

for and on behalf of the Board of Directors

Sd/-
Vinay Kumar Katyal
Chairman

Sd/-
Damodar Bhattad
Director

Sd/-
Narasimha Prasad K
Chief Executive Officer

Sd/-
Amresh Kumar Jha
Chief Financial Officer

Sd/-
Kirti Sewani
Company Secretary

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 1- Property, Plant and Equipment

Property, Plant and Equipment as at 31st March 2023

Particulars	Owned Assets						Right of Use Asset	Total
	Buildings	Plant & Machinery	Electronic equipment	Office Equipment	Furniture & Fixtures	Computer Systems	Factory Building	
<u>Gross Carrying Amount</u>								
As at 31 March 2022	9.08	247.57	325.46	8.98	32.45	52.51	183.24	859.29
Additions	-	-	-	0.07	0.86	-	-	0.93
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2023	9.08	247.57	325.46	9.05	33.31	52.51	183.24	860.22
<u>Accumulated Depreciation</u>								
As at 31 March 2022	2.44	110.39	254.30	8.77	15.05	41.57	109.95	542.46
Depreciation charge for the year	0.31	28.72	61.83	0.10	3.11	3.87	36.65	134.59
Disposals	-	-	-	-	-	-	-	-
As at 31 March 2023	2.75	139.11	316.13	8.87	18.16	45.44	146.60	677.05
<u>Net Carrying Amount</u>								
Balance as at 31 March 2023	6.33	108.46	9.33	0.18	15.15	7.07	36.64	183.16
Balance as at 31 March 2022	6.64	137.18	71.16	0.21	17.40	10.94	73.29	316.82

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Property, Plant and Equipment as at 31st March 2022

Particulars	Owned Assets						Right of Use Asset	Total
	Buildings	Plant & Machinery	Electronic equipment	Office Equipment	Furniture & Fixtures	Computer Systems	Factory Building	
<u>Gross Carrying Amount</u>								
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
<u>Accumulated Depreciation</u>								
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
<u>Net Carrying Amount</u>								
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

* 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 2023

(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 - Capital Work in Progress

Particulars	As at 31 March 2023	As at 31 March 2022
SAP- ERP *	27.20	-
Total	27.20	-

* represents expenditure incurred towards Software Licenses/ Implementation of Enterprise Resource Planning (SAP)

Note 3 - Intangible assets under development

Particulars	As at 31 March 2023	As at 31 March 2022
Internally developed - Intangible asset under development #	1,401.30	1,401.30
Total	1,401.30	1,401.30

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

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

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

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

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 4 - Other Financial Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Unsecured, Considered Good		
Security deposits	0.29	0.29
	0.29	0.29
Current		
Interest accrued on fixed deposits	112.14	0.68
	112.14	0.68
Total	112.44	0.97

Note 5 - Deferred Tax Assets (Net)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Asset	33.34	23.68
Deferred Tax Liability	-	-
Total	33.34	23.68

Note 6 - Inventories

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Raw Materials & Components	-	-
Work in Progress	-	-
Finished Goods	-	-
	-	-
Current		
Raw Materials & Components	604.68	2,104.44
Work in Progress	-	-
Finished Goods	-	-
Total	604.68	2,104.44

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 2023

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

Note 7 - Trade Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, Considered Good		
Trade receivables from related parties	646.84	558.89
Trade receivables	280.14	621.00
Less: Allowance for Expected Credit Loss		
Total	926.98	1,179.89

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

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

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

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 8 - Cash and Cash Equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks		
- On current accounts	197.42	2,682.23
- Deposits with original maturity of less than 3 months	1,984.49	49.44
Total	2,181.91	2,731.67

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

Note 9 - Bank balances other than above

Particulars	As at 31 March 2023	As at 31 March 2022
Balances with banks		
- Deposits with original maturity of more than 3 months but less than 12 months	1,800.00	-
Total	1,800.00	-

There are no repatriation restrictions with regard to bank balances.

Note 10 - Current Tax Assets (Net)

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Advance income-tax (Net of Provision for Tax Rs. 262.00 (Previous year Rs.147.9))	55.75	148.52
Total	55.75	148.52

Note 11 - Other Current Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Other Contract Assets #	193.94	102.80
Balances with government authorities##	429.53	1,051.72
Other Assets###	1.54	-
Total	625.01	1,154.52

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Movement of Contract Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance (A)	102.80	13.70
Additions		
Against Sales recognised during the year *	193.94	102.80
Receipt of advance from Customer during the year	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)		
Total - (B)	193.94	102.80
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance	-	-
Contract liability adjusted against- Revenue recognised during the year out of Current year balance	-	-
Conversion of Contract Asset to Trade receivable	102.80	13.70
Impairment of Contract Asset if any	-	-
Write back of Contract Liability if any	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)	-	-
Total - (C)	102.80	13.70
Grand Total (Closing Balance) D = (A+B-C)	193.94	102.80

* Rs. 183.16 represents amount accrued on account of ERV Claim towards supply of BGA Components and CMC Services rendered to Bharat Electronics Ltd (Holding Company) during the year but not due and hence not billed as per contractual terms, Rs. 3.71 represents differential amount between Contract value and Invoiced Value accrued on account of Radar Maintenance Services rendered to Thales India Private Limited during the year and Rs. 7.07 towards FE differential on EUR Components in the Radar repair service order from HAL bangalore

* Rs. 102.80 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.

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

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

Includes Prepaid insurance of Rs. 1.46

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 12 - Equity Share Capital

Name of the Company	As at 31 March 2023	As at 31 March 2022
Authorised Share Capital		
Equity shares of INR 100 each		
80,00,000(80,00,000) equity shares	8,000.00	8,000.00
Issued Share Capital		
Equity shares of INR 100 each issued, subscribed and fully paid		
57,61,537(57,61,537) equity shares	5,761.54	5,761.54

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number of Shares	Amount	Number of Shares	Amount
Number of shares at the beginning of the Period	57,61,537	5,761.54	57,61,537	5,761.54
Add: Shares issued during the year	-	-	-	-
Less: Shares bought back etc. during the year	-	-	-	-
Number of shares at the end of the Period	57,61,537	5,761.54	57,61,537	5,761.54

ii) Shares held by Holding Company

Name of the Company	As at 31 March 2023	As at 31 March 2022
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 2023	As at 31 March 2023	As at 31 March 2022	As at 31 March 2022
	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 2023

(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 2023			31 March 2022	
	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 13 - Other Equity

Particulars	As at 31 March 2023	As at 31 March 2022
Reserves & Surplus		
Retained Earnings	1,067.46	523.93
Other Comprehensive Income	0.42	-
Total	1,067.88	523.93

Reserves & Surplus

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Retained Earnings		
Opening Balance	523.93	3.76
Add: Profit/(Loss) for the Year	699.67	520.17
Less: Dividends Paid	156.14	-
Closing balance	1,067.46	523.93
(ii) Other items of OCI		
Opening Balance	-	-
Add: Additions during the year	0.42	-
Less: Reclassified to profit or loss	-	-
Closing balance	0.42	-
Total reserves and surplus	1,067.88	523.93

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 14 - Lease Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Lease Liability for Right of Use		
- Non-Current	-	47.85
- Current	47.85	41.66
Total	47.85	89.51

Note 15 - Trade Payables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Dues to Micro Enterprises & Small Enterprises	-	-
Other than Micro Enterprises & Small Enterprises	732.00	190.67
Trade payables to related parties	0.75	690.75
Total	732.75	881.42

Disclosure of Trade Payables as at 31 March 2023

Particulars	Outstanding for following period from due date of payment				
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year	Total
MSME					-
Others	720.70	11.66	-	0.38	732.75
Disputed dues - MSME					-
Disputed dues - Others					-
Total	720.70	11.66	-	0.38	732.75

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	-	-	-	-	-
Total	704.11	176.77	0.18	0.36	881.42

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 16 - Other Financial Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Others	317.20	162.03
	317.20	162.03
Total	317.20	162.03

Note 17 - Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Non-Current		
Provision for employee benefits		
-Gratuity	3.61	2.94
-Compensated Absences	1.20	2.40
	4.80	5.34
Current		
Provision for employee benefits		
-Gratuity	0.22	0.01
-Compensated Absences	0.60	0.61
Provisions for Performance Warranty **	9.24	13.42
	10.06	14.04
Total	14.86	19.38

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

Particulars	Performance Warranty
Opening Balance	13.42
Additional provision recognized during the year	9.24
Amount used during the year	-
Amount reversed during the year	13.42
Closing Balance	9.24

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

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

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 18 - Other Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Current		
Contract Liabilities - Customer Advances #	-	1,589.25
Dues to Statutory Authorities	9.68	34.78
Total	9.68	1,624.02

Movement of Contract Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance (A)	1,589.25	3,518.42
Additions		
Against Sales recognised during the year	-	-
Receipt of advance from Customer during the year	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)	-	-
Total - (B)	-	-
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance	1,589.25	1,929.17
Contract liability adjusted against- Revenue recognised during the year out of Current year balance	-	-
Conversion of Contract Asset to Trade receivable	-	-
Impairment of Contract Asset if any	-	-
Write back of Contract Liability if any	-	-
Change in transaction price recognised during/previous year	-	-
Others (if any)	-	-
Total -(C)	1,589.25	1,929.17
Grand Total (Closing Balance) D = (A+B-C)	-	1,589.25

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 19 - Revenue from Operations

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Income from Sale of Goods	7,016.61	3,305.80
Income from Sale of Service	798.26	595.65
Provision Withdrawn - Performance Warranty	4.18	-
Total	7,819.05	3,901.45

i) Disaggregation of Revenue Recognised against contacts with customers

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Income from Sale of Goods		
-Defence	4,358.87	3,305.80
-Non Defence	-	-
-Others	-	-
-Exports	2,657.74	-
Total	7,016.61	3,305.80
Income from Sale of Services		
-Defence	712.51	431.31
-Non Defence	38.07	31.31
-Others	-	-
-Exports	47.69	133.02
Total	798.26	595.65
Grand Total	7,814.87	3,901.45

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Revenue Recognised as per Statement of Profit & Loss		
Income from Sale of Goods	7,016.61	3,305.80
Income from Sale of Services	798.26	595.65
Total (a)	7,814.87	3,901.45
Add/ (Less) adjustment to Contract Price		
Foreign Exchange Variation Claim	(232.77)	-
Price Revision (Custom Duty on Circulator)	(46.19)	-
Discount & Rebate Offered	-	-
Others	-	-
Total Adjustment (b)	(278.96)	-
Contract Price (a+b)	7,535.91	3,901.45

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 20 - Other Income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest income on Bank deposits	181.06	185.26
Interest income on Income Tax Refund	4.53	4.34
Miscellaneous income	0.26	0.15
Total	185.85	189.75

Note 21 : Cost of Material Consumed

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening Stock		
- Raw Materials & Components	1,621.67	1,859.72
	1,621.67	1,859.72
Add: Purchases		
- Raw Materials & Components	4,754.05	2,787.25
	4,754.05	2,787.25
Less: Closing Stock		
- Raw Materials & Components	604.68	1,621.67
	604.68	1,621.67
Total	5,771.04	3,025.30

Note 21 : Changes in Inventories of Finished stock & Work-in-progress

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Inventories at the end of the year		
- Finished goods	-	-
- Work-in-progress	-	482.77
	-	482.77
Inventories at the beginning of the year		
- Finished goods	-	-
- Work-in-progress	482.77	-
Total	482.77	(482.77)

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 22 - Employee Benefit Expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and Allowances	336.85	322.69
Contribution to provident and other funds	24.64	21.95
Expenses for Compensated Absences	12.85	14.39
Superannuation Fund	8.95	7.24
Gratuity Expense	14.37	12.47
Staff Welfare Expenses	1.97	1.70
	399.63	380.44
Less: Amount transferred to Intangible assets under development	-	-
Total	399.63	380.44

Additional notes:

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

Note 23 - Finance Cost

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest on lease liabilities	6.05	9.35
Total	6.05	9.35

Note 24 - Depreciation and Amortisation Expense

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Depreciation on property, Plant & Equipment	97.95	99.47
Depreciation on right-of-use assets	36.65	36.65
Total	134.59	136.12

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 25 - Other Expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Power and Fuel	6.48	6.59
Water Charges	0.17	0.25
Rent	2.55	-
Rates & Taxes	10.03	0.07
Insurance Charges	7.32	6.30
Technical Service Charges	(87.55)	271.15
Legal & Professional Charges	23.45	9.33
Payment to Auditors	1.71	1.25
Repairs & Maintenance	6.90	5.90
Manpower Charges	47.54	55.66
Bank charges	11.00	1.02
Printing and Stationery	4.43	4.48
Travelling & Conveyance	25.80	19.01
Telephone & Lease Line Charges	3.15	3.68
Postage, Courier & Freight	7.12	4.72
Foreign Exchange Loss	224.82	50.58
Provision for Performance Warranty	-	11.13
Miscellaneous Expenses	9.39	11.78
Corporate Social Responsibility	9.49	0.00
	313.81	462.90
Less: Amount transferred to Intangible assets under development	-	-
Total	313.81	462.90

Note 25.1 : Payment to Auditors

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Payments to Statutory Auditors (Excluding GST)		
For statutory Audit	1.20	0.75
For other taxation matters*	0.51	0.50
Total	1.71	1.25

*Includes amount paid to erstwhile auditors

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

(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 2023	Year ended 31 March 2022
Net Profit/(loss) after tax ₹ in lakhs	699.67	521.43
Weighted average number of equity shares (Nos.)	57,61,537	57,61,537
Basic and diluted earnings per share (for continuing operations)* (a)/(b) ₹	12.14	9.05
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 2023 –Rs. Nil (Nil).
- (b) Other Commitments – i.e. Non-cancellable contractual commitments as on 31st March 2023–Nil (Nil).
- (c) Contingent liabilities:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Claims against the company not acknowledged as debts*	48.53	48.53

Note: As at 31st March, 2023, 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.

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Not later than one year	47.85	47.71
Later than one year and not later than five years	-	41.66
Later than five years	-	-

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 2023	31 March 2022
Sale of services	Bharat Electronics Limited	585.48	431.31
	Thales India Private Limited	37.47	45.01
	Thales LAS France SAS	47.69	119.32
Sale of Goods	Bharat Electronics Limited	4,358.87	0.00
Purchase of services	Bharat Electronics Limited	0.70	0.70
	Thales India Private Limited	49.25	271.15
	Thales LAS France SAS	183.99	0.00
Purchase of Goods	Bharat Electronics Limited	722.85	2,542.89
	Thales LAS France SAS	0.00	0.00
Leasing arrangements - Office Premises	Bharat Electronics Limited	47.71	45.43
Other services availed	Bharat Electronics Limited	33.65	7.46
Dividend Paid	Bharat Electronics Limited	115.54	0.00
	Thales India Private Limited	32.79	0.00
	Thales LAS France SAS	7.81	0.00

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

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

Nature of Transactions	Name of Related Party	Receivable		Payable	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
Sale of services	Bharat Electronics Limited	61.20	497.64	0.00	0.00
	Thales India Private Limited	0.00	13.28	0.00	0.00
	Thales LAS France SAS	0.16	150.77	0.00	0.00
Sale of Goods	Bharat Electronics Limited	585.48	0.00	0.00	0.00
Purchase of services	Bharat Electronics Limited	0.00	0.00	0.75	0.76
	Thales India Private Limited	0.00	0.00	0.00	60.44
	Thales LAS France SAS	0.00	0.00	289.34	68.99
Purchase of Goods	Bharat Electronics Limited	0.00	0.00	0.00	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

d) Key Management Personnel are as follows:

Sl. No.	Name of Directors	Designation
(a)	Shri. Vinay Kumar Katyal	Director
(b)	Shri. Dinesh Kumar Batra (Upto 31.10.2022)	Director
(c)	Shri Ashish Arun Saraf	Director
(d)	Shri M V Rajasekhar (Upto 31.08.2022)	Director
(e)	Shri Joydeep Majumder (from 07.10.2022 to 31.01.2023)	Director
(f)	Shri Manoj Jain (From 11.11.2022)	Director
(g)	Shri Damodar Bhattad (From 13.02.2023)	Director

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

Other Key Managerial Personnel

Sl. No.	Name of Key Management Personnel	Designation
(a)	Shri. Narasimha Prasad K	CEO
(b)	Shri. Abhishek Kumar (Upto 30.06.2022)	CFO
(c)	Shri Amresh Kumar Jha (From 01.07.2022)	CFO
(d)	Shri. Sanjog Mohapatra (Upto 23.08.2022)	Company Secretary
(e)	Ms Kirti Sewani (From 07.10.2022)	Company Secretary

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Short-term benefits	83.18	83.13
Post-employment benefits	12.81	11.69
Other long-term employee benefits	0.00	-
Termination benefits	0.00	-
Share based payment	0.00	-
Total Compensation	95.99	94.82

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.

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 : Corporate Social Responsibility Expenditure

a) Gross amount required to be spent by the company during the FY 2022-23 is Rs. 9.48.

b) Amount Spent During the FY 2022-23

SI No	Particulars	In cash	Yet to be paid in cash	Total	Appropriation/ Provision * for unspent Amount	CSR Grand Total
i)	Preventive Healthcare	8.87	0.07	8.94	-	8.94
ii)	Contribution to PM Cares Fund	0.55	-	0.55	-	0.55

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

c) Movement of CSR Provision

SI No	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
i)	As at 1st April	-	-
ii)	Additional Provision/ Appropriation recognised during the year	9.48	-
iii)	Less Amount used during the year	9.49	-
iv)	Less Amount reversed during the year	-	-
v)	As at 31st March	-	-

Note 36 - 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 2023	Year ended 31 March 2022
Contribution to Provident Fund included under contribution to provident and other funds.	33.59	29.19
	33.59	29.19

Defined Benefit Plans
(i) Gratuity

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

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

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

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	
	31 March 2023	31 March 2022
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	1.10	0.59
Interest cost on benefit obligation	0.20	0.05
Past Service Cost		1.04
Expected return on plan assets		
Sub Total	1.30	1.69
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year on paln obligations	(0.42)	1.26
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss		-
Effect of Balance Sheet asset limit		-
Sub Total	(0.42)	1.26
Net benefit expense recognised in Statement of Profit & Loss	0.87	2.95

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Balance Sheet	31 March 2023	31 March 2022
Benefit asset / liability		
Present value of defined benefit obligation	3.82	2.95
Fair value of plan assets	-	-
Assets / (Liability) recognized in the balance sheet	3.82	2.95
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	2.95	1.04
Interest Cost	0.20	0.05
Current Service Cost	1.10	0.59
Actuarial (gain)/loss on obligation	(0.42)	1.26
Acquisition Adjustments	-	-
Present Value of defined Benefit Obligation at the end of the period	3.82	2.95
Bifurcation of Present Value of Obligation at the end of the year	31 March 2023	31 March 2022
Current Liability (Short term)	0.22	0.01
Non-Current Liability (Long term)	3.61	2.94
Present Value of Obligation	3.82	2.95
Change in the fair value of plan assets		
Opening fair value of plan assets	-	-
Contributions by employer	-	-
Investment Income	-	-
Benefits paid	-	-
Return on plan assets, excluding amount recognised in net interest expenses		
Closing fair value of plan assets	-	-
Assumptions		
Discount Rate (% p.a)	7.27%	6.69%
Expected rate of salary increase (%)	6.00%	3.00%
Mortality rate	(% of IALM 2012-14)	(% of IALM 2012-14)
Normal retirement age	60.00	60.00
Attrition / Withdrawal rates per annum	28.54%	14.28%

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

(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, 2023	3.82	(3.82)	0.31	0.12	-

Sensitivity analysis of the defined benefit obligation

Assumptions	Discount Rate		Salary Growth Rate	
	+50 basis point	-50 basis point	+50 basis point	-50 basis point
Sensitivity Level				
0.50% movement	7.77%	6.77%	6.50%	5.50%
Increase/(decrease) in defined benefit Obligation	3.75	3.90	3.91	3.74
Increase/(decrease) in Current Service Cost	1.16	1.21	1.21	1.16

	31 March 2023	31 March 2022
Compensated absences		
Charge in the Statement of Profit and Loss	12.85	14.39
Liability as at the year end	1.80	3.01
Actuarial assumptions		
Discount rate	7.27%	6.69%
Salary escalation	6.00%	6.00%
Retirement age	60 Yrs	60 Yrs
Attrition rate	28.54%	14.28%

Note 37 - 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 2023	As at 31 March 2022
Trade Receivables	926.98	1,179.89
Cash & Cash equivalents	2,181.91	2,731.67
Bank balances other than above	1,800.00	-
Other Financial Assets	112.44	0.97
Total Financial Assets	5,021.33	3,912.53

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Financial Liabilities carried at Amortised Cost

Particulars	As at 31 March 2023	As at 31 March 2022
Trade Payables	732.75	881.42
Lease Liabilities	47.85	89.51
Other Financial Liabilities	317.20	162.03
Total Financial Liabilities	1,097.80	1,132.96

Note 38 - 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 credit worthiness 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 2023	As at 31 March 2022
India	793.88	1,029.12
France	138.56	150.77

At 31st March 2023, the Company's most significant customers, Bharat Electronics Limited, the holding company, Thales India Private Limited and THALES LAS FRANCE SAS accounted for INR 652.1 lakhs (INR 394.84 lakhs), INR NIL (INR 13.28 lakhs) and INR 0.16 lakhs (INR 150.77 lakhs) 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 2023

(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
31st March 2023				
Lease Liabilities	47.85	-	-	47.85
Trade Payable	732.75	-	-	732.75
Other Financial Liabilities	317.20	-	-	317.20
	1,097.80	-	-	1,097.80
31st March 2022				
Lease Liabilities	41.66	47.85	-	89.51
Trade Payable	881.42	-	-	881.42
Other Financial Liabilities	162.03	-	-	162.03
	1,085.11	47.85	-	1,132.96

c) Market Risk

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

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

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

(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 2023 and 31 March 2022 are as below:

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

Particulars	31 March 2022 EUR Amount	31 March 2022 INR (in Lakhs)
Financial Liabilities		
Trade and other payables	79540.00	68.48
Payable towards Capital Purchases	-	-
Contract Liabilities	1938962.20	1589.25
Total Payable	2018502.20	1,657.73
Financial Assets		
Trade Receivables	929391.33	771.77
Total Receivables	929391.33	771.77
Net Exposure	1089110.87	885.96

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

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

Particulars	Average Rate for the year ended		Year-end Spot Rate	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
EUR	82.72	84.56	91.01	83.04

Sensitivity analysis

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

As at 31 March 2023

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

As at 31 March 2022

Effect in INR	Profit / (loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
EUR sensitivity				
10% movement	88.60	(88.60)	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 2023	31 March 2022
Fixed-rate instruments		
Financial assets – Bank Deposits	1,984.49	49.44

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 2023

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

Note 39 - 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 2023	31 March 2022
Total borrowings #	-	-
Total equity	6,829.42	6,285.47
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 40 - Income taxes
a) Amount recognised in statement of profit and loss

Particulars	31 March 2023	31 March 2022
Current tax expenses:		
Current tax*	207.00	55.21
Deferred tax (income)/expense:		
Origination and reversal of temporary differences	(9.66)	(16.77)
Tax expense for the year	197.34	38.44

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

b) Income tax recognised in OCI – Nil (31 March 2022 - Nil)
c) Reconciliation of effective income tax rate

Particulars	31 March 2023		31 March 2022	
	Rate %	Amount	Rate %	Amount
Profit/(Loss) before tax from continuing operation		897.01		559.87
Tax using the company's domestic tax rate (Income tax)	25.17%	225.76	27.82%	155.76
Tax effect of:				
Carry forward of Business Losses	-14.33%	(32.08)	-17.94%	(100.20)
Accelerated depreciation for tax purposes				
Total income tax expense for the year	10.84%	193.68	9.88%	55.56

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

(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 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Property, plant and equipment & RoU	29.60	18.93	-	-	29.60	18.93
Provisions	3.74	4.75	-	-	3.74	4.75
	33.34	23.68	-	-	33.34	23.68

Movement in temporary differences

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	-
	6.91	-	(16.77)	-	23.68	-

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

e) Unrecognised deferred tax assets

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

Particulars	31 March 2023	31 March 2022
Tax Losses	-	117.86

f) Unrecognised tax losses carried forward expire as follows:

Particulars	31 March 2023		31 March 2022	
	Amount	Expiry date	Amount	Expiry date
Expire	-		74.19	2023-27
Never Expire	-		43.67	

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 41 - Analytical Ratios

The following are analytical ratios for the year ended March 31, 2023

Particulars	Numerator	Denominator	Year ended 31 March 2023	Year ended 31 March 2022	Variance in Ratios	Reasons for variance
Current Ratio	Current Assets	Current Liabilities	5.64	2.69	110%	1
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.01	0.01	-51%	2
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	14.62	12.52	17%	3
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.11	0.09	23%	4
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	4.62	1.53	202%	5
Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	7.42	4.26	74%	6
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	5.89	4.08	44%	7
Net Capital Turnover Ratio	Revenue	Working Capital	1.51	0.85	78%	-
Net Profit Ratio	Net Profits	Net Sales	0.09	0.13	-33%	8
Return on Capital Employed	Earnings before interest and taxes	Capital employed	0.13	0.09	47%	9
Return on Investment	Income generated from Investments	Time weighted Average Investments	0	0	0%	

1. Increase in current Ratio during the F.Y. 2022-23 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. 2022-23.
2. There is a reduction in Lease Liability in F.Y. 2022-23 from Rs. 89.51 Lakhs to Rs. 47.85 Lakhs. Resulted in reduction in Debt Equity Ratio.
3. During F.Y. 2022-23 PAT increased and there was a reduction in the Lease Liability. Resulted in increase in Debt Service Coverage Ratio.
4. During the F.Y. 2022-23 PAT has increased 33.47% as compared to PAT of F.Y. 2021-22. Resulted in increase of Return on Equity Ratio.
5. During the previous year Inventory of Rs. 482 lakhs was used for supply of products (LBREC). Hence there is an increase in Inventory Turn Over Ratio.
6. The reason variance is due to increase in sales and increase in Average Trade Receivables coupled with better collection during the F.Y. 2022-23 as compared to F.Y. 2021-22.
7. The reason for variance is due to substantial increase in purchase in F.Y. 2022-23 and minor increase in Average Trade Payable in F.Y. 2022-23 as compared to F.Y. 2021-22.
8. Net Profit Ratio has decreased because of changes in the composition of Turnover during F.Y. 2022-23 as compared with F.Y. 2021-22. (BGA & LBREC)
9. During the current year there is an increase in Operating profit as compared to F.Y. 2021-22. Resulted an increase in Return on Capital Employed.

BEL-THALES Systems Limited
Notes to the financial statements for the year ended 31 March 2023

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

Note 42 - 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 2023

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

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	-	-	-
Total	3,718.11	3,310.11	340.00	68.00	-

Note 43 - 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 44 - The Company does not have any transactions with struck off companies.

Note 45 - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Note 46 - The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

Note 47 - 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:

- 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 to or on behalf of the Ultimate Beneficiaries

Note 48 - 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:

- 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.

Note 49 - 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 50 - 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 2023

(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 51 - 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 52 - Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 3.65 (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. 210.30 Lakhs.

Note 53 - Previous year's figures

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

for S R & M R Associates
 Chartered Accountants
 FRN No. 008094S

Sd/-
CA. S. R. Raghunatha
 Partner
 Membership No: 205503
 UDIN: 23205503BGRDKQ3864
 Place: Bengaluru
 Date : 15.05.2023

for and on behalf of the Board of Directors

Sd/-
Vinay Kumar Katyal
 Chairman

Sd/-
Damodar Bhattad
 Director

Sd/-
Narasimha Prasad K
 Chief Executive Officer

Sd/-
Amresh Kumar Jha
 Chief Financial Officer

Sd/-
Kirti Sewani
 Company Secretary

BEL-THALES Systems Limited

Notes to the financial statements for the year ended 31 March 2023

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. Reclassification of Financial Instruments

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

32. Offsetting of Financial Instruments

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

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

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

34. Errors and Estimates

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

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

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

35. Earnings Per Share

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

36. Events after the Reporting Period

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

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

for S R & M R Associates

Chartered Accountants
FRN No. 008094S

Sd/-

CA. S. R. Raghunatha

Partner

Membership No: 205503

UDIN: 23205503BGRDKQ3864

Place: Bengaluru

Date : 15.05.2023

for and on behalf of the Board of Directors

Sd/-

Vinay Kumar Katyal
Chairman

Sd/-

Damodar Bhattad
Director

Sd/-

Narasimha Prasad K
Chief Executive Officer

Sd/-

Amresh Kumar Jha
Chief Financial Officer

Sd/-

Kirti Sewani
Company Secretary





BEL - THALES Systems

BEL-THALES Systems Limited

(A Government of India Enterprise, Ministry of Defence)

CIN: U32106KA2014GOI076102

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

Email: btsl@bel.co.in, Website: www.btsl-india.co.in

Tel. No.: 080-28381803, Fax: 080-28381801