BEL-THALES Systems

ANNUAL REPORT

2025-2026

ENGINEERING EXCELLENCE.
DELIVERING TRUSTED DEFENCE TECHNOLOGIES.

Advanced Avionics & EW Systems	Future Ready Radar Solutions	Secure & Advanced Electronics for Defence	Land & Naval Based Electronic Systems

INNOVATION | QUALITY | COLLABORATION | INTEGRITY | COMMITMENT

YEAR IN PICTURES

Key milestones, governance engagement during the year

GOVERNANCE & STRATEGIC ENGAGEMENT

Annual General Meeting

Dividend Cheque Presentation to Bharat Electronics Limited

Dividend Cheque Presentation to THALES India Private Limited

Dividend Cheque Presentation to THALES LAS France SAS

Board Meeting

Workshare with BEL

Visit of International Delegation

Visit of GM (Quality), BEL

Visit of THALES India Vice President

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.

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

MISSION

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

CORPORATE INFORMATION

REGISTERED OFFICE

BEL-THALES Systems Limited
CIN: U32106KA2014GOI076102
CNP Area, BEL Industrial Estate,
Jalahalli, Bengaluru, Karnataka-560013
Email : btsl@bel.co.in
Website : www.btsl-india.co.in
Tel. No. : 080-28381802
Fax : 080-28381801

FOR THE FINANCIAL YEAR 2025-26

STATUTORY AUDITOR

M/s. Vasanth & Co.
Chartered Accountants, Bengaluru

INTERNAL AUDITOR

Corporate Audit Division, Bharat Electronics Limited (BEL)

COST AUDITOR

M/s. Vishwanath Bhat & Associates
Cost Accountants, Bengaluru

SECRETARIAL AUDITOR

M/s. Thirupal Gorige & Associates LLP
Practicing Company Secretaries, Bengaluru

BANKER

State Bank of India

CREDIT RATING AGENCY

M/s. ICRA Limited

CONTENTS

Letter to Shareholders

"Our objective is not merely to achieve sustainable growth but to strengthen India's defence capabilities through technology, innovation, operational excellence, and trusted partnerships. Every milestone achieved by BEL-THALES Systems Limited reflects our unwavering commitment to national priorities and long-term value creation."

It is my privilege to present the Annual Report of BEL-THALES Systems Limited for the financial year 2025–26, a year marked by disciplined execution, strategic progress and continued support to India's defence modernisation.

PERFORMANCE HIGHLIGHTS | FY 2025–26

Revenue	Profit After Tax	Order Book	Dividend
₹14,688.97 Lakhs	**₹97.83 Lakhs**	**₹270 Crores**	**₹5.03 per Equity Share**
▲ 24.72% YoY Growth	**₹97.83 Lakhs**	**Strong Future Visibility**	**Consistent Shareholder Returns**

Supporting India's Defence Transformation

India's defence sector continues to witness unprecedented transformation, driven by the vision of Aatmanirbhar Bharat, accelerated modernisation and increased investments in indigenous capability development. BEL-THALES Systems Limited remains closely aligned with this national agenda by combining global technology expertise with indigenous manufacturing, engineering excellence and lifecycle support capabilities. During the year, we continued to execute mission-critical programmes, strengthen customer partnerships and enhance operational capabilities, reinforcing our role as a trusted partner in India's defence ecosystem.

Delivering Sustainable Performance

Our financial performance during the year reflects the resilience of our business model, disciplined project execution and continued customer confidence. While delivering consistent growth, we remained focused on operational efficiency, prudent capital allocation and long-term value creation.

We continued to strengthen customer confidence by delivering mission-critical systems that meet the demanding requirements of the defence sector while maintaining the highest standards of quality, reliability and timely delivery.

In recognition of the Company's sustained financial performance and commitment to shareholder value, the Board has recommended a dividend for FY 2025–26. The recommendation reflects our strong financial position while maintaining a balanced approach towards funding future growth initiatives and strategic investments.

Strengthening Strategic Capabilities

As defence technologies continue to evolve, BEL-THALES Systems Limited remains focused on strengthening capabilities that support sustainable long-term growth. During the year, the Company secured and progressed several strategic programmes, including ARSI (Advanced Rocket System Interface with the MIL-STD-1553 Bus for rocket launchers used in avionics applications), FZ906 (Ground Support Equipment for testing the FZ606 Rocket Launcher), Low Band Receiver (LBREC) (part of the Electronic Warfare suite for the Rafale aircraft of the Indian Navy), and SAF (Mounting Platform for Shipborne Radar). These strategic programmes have strengthened our order book, deepened customer relationships, and enhanced revenue visibility, reinforcing our position as a trusted partner in India's defence ecosystem.

Looking ahead, the Company continues to pursue opportunities in next-generation defence technologies, including the Laser Configuration Test Unit (LCTU) for laser-guided rocket systems, the Low Band Receiver (LBREC) programme for 114 Rafale aircraft of the Indian Air Force, and other strategic initiatives aligned with the Government of India's vision of *Aatmanirbhar Bharat*. We are also exploring opportunities in advanced avionics systems, electronic warfare solutions, radar and sensor technologies, naval systems, defence electronics, and export markets to diversify our portfolio and support sustainable long-term growth.

To support these growth opportunities, the Company continues to invest in engineering capabilities, modern integration infrastructure, advanced testing facilities, and environmental qualification capabilities. These investments enhance our ability to execute increasingly complex programmes while maintaining the highest standards of quality, reliability, safety, and timely delivery, thereby creating long-term value for all stakeholders.

Innovation, Quality and Operational Excellence

Innovation and operational excellence remain central to our long-term strategy. During the year, we continued to strengthen engineering capabilities, enhance manufacturing processes and invest in continuous improvement initiatives. Our AS9100D and ISO 9001:2015 certifications continue to reinforce customer confidence in the quality, reliability and performance of our products and services.

Governance, Sustainability and People

Strong corporate governance, transparency, integrity and regulatory compliance remain the foundation of our business. We continue to uphold the highest standards of governance through robust internal controls, ethical business practices and a culture of accountability. During the year, the Company remained compliant with the Department of Public Enterprises (DPE) Guidelines on Corporate Governance.

The reaffirmation of our AA (Stable) credit rating reflects the Company's financial discipline, operational resilience and sound business fundamentals, reinforcing stakeholder confidence in our long-term growth trajectory.

As a responsible corporate citizen, we remain committed to creating a positive social impact through focused Corporate Social Responsibility initiatives. During the year, our CSR efforts were directed towards healthcare initiatives and contributions to the Prime Minister's National Relief Fund, reaffirming our commitment to community well-being, humanitarian support and national development priorities.

Looking Ahead

"Our focus remains clear—strengthening capabilities today to build a more secure and self-reliant India for tomorrow."

India's defence and aerospace sector presents significant long-term opportunities driven by continued investments in indigenous manufacturing, advanced technologies and strategic collaborations. BEL-THALES Systems Limited is well positioned to leverage these opportunities through technology leadership, strategic partnerships and operational excellence while supporting India's vision of a self-reliant defence ecosystem and creating sustainable value for all stakeholders.

Acknowledgement

On behalf of the Board of Directors, I extend my sincere appreciation to the Ministry of Defence, Government of India, Bharat Electronics Limited, Thales India Private Limited, Thales LAS France SAS, our valued customers, shareholders, business partners, auditors, regulatory authorities and all stakeholders for their continued trust, guidance and support.

I also express my heartfelt appreciation to every member of the BTSL family. Their dedication, professionalism and commitment to excellence continue to drive our success and position the Company for sustained future growth. Together, we remain committed to advancing India's defence preparedness through innovation, integrity and operational excellence, while creating enduring value for all our stakeholders.

Jai Hind!

Yours Sincerely,

Sd/-

(Shri Damodar Bhattad)

Chairman & Nominee Director

DIN: 09780732

Date: 22nd July 2026

Place: Bengaluru

BOARD OF DIRECTORS

(As on 22nd July 2026)

Shri Damodar Bhattad
Chairman

Shri HariKumar Raghavan Nair
Director

Shri Ankur Deepak Kanaglekar
Director

KEY EXECUTIVES

(As on 22nd July 2026)

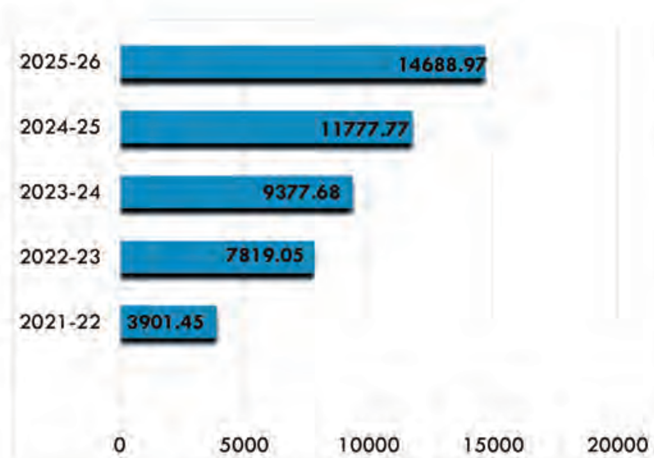
Shri Srinivas Vijaya Kumar Merugu
Chief Executive Officer

Shri G Ravi
Vice Chief Executive Officer

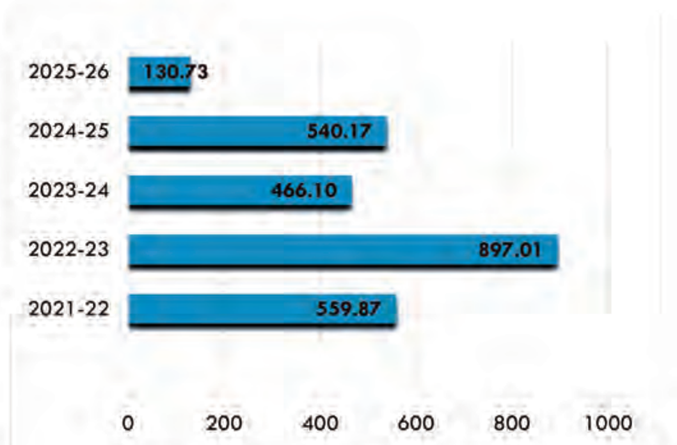
Mrs. Kalyani Brundavanam
Chief Financial Officer

Ms. Kirti Sewani
Company Secretary

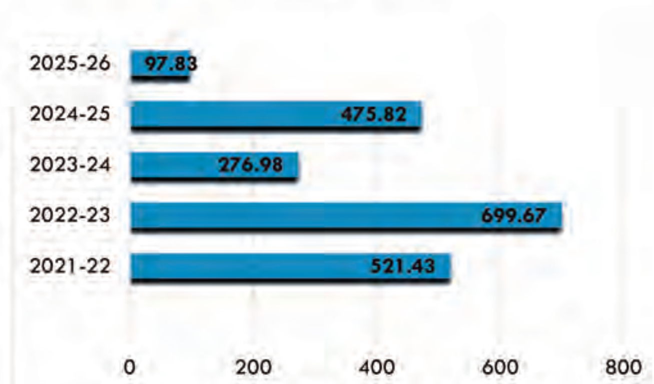
Key Performance Indicators



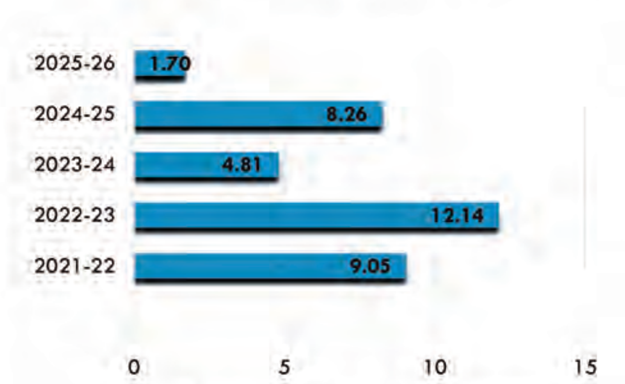
Turnover (₹ in Lakhs)



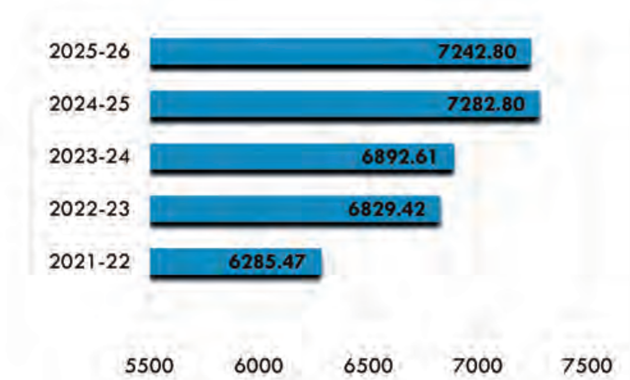
Profit Before Tax (₹ in Lakhs)



Profit After Tax (₹ in Lakhs)



Earnings Per Share (₹)



Net Worth (₹ in Lakhs)

Historical Financial Summary

(₹ in Lakhs)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue from Operations	3,901.45	7,819.05	9377.68	11777.77	14688.97
Other income	189.75	185.85	702.63	474.41	511.11
Cost of Material Consumed	3,025.30	5,771.04	8283.95	11067.64	13998.20
Employee Benefit Expense	380.44	399.63	454.37	549.97	599.05
Finance Cost	9.35	6.05	2.24	28.46	25.84
Depreciation and Amortisation Expense	136.12	134.59	71.24	240.48	261.72
Other Expenses	462.90	313.81	802.41	218.36	611.91
Profit Before Tax	559.87	897.01	466.10	540.17	130.73
Profit After Tax	521.43	699.67	276.98	475.82	97.83
Reserves & Surplus	523.93	1067.88	1131.07	1521.26	1481.26
Net Worth	6285.47	6829.42	6892.61	7282.80	7242.80
Earnings Per Share (₹)	9.05	12.14	4.81	8.26	1.70

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.:** 080-28381802, **Fax:** 080-28381801

Board's Report

To,

Dear Members,

The Board of Directors of your Company is pleased to present the 12th Board's Report on the business and operations of the Company for the financial year ended 31st March 2026, together with the Audited financial statements, the Auditors' Report thereon, and the comments on Financial Statements by the Comptroller and Auditor General of India (C&AG) for the reporting period.

The year under review reflects a phase of sustained operational execution, strengthened programme delivery, and continued expansion of the Company's defence electronics footprint, aligned with national priorities and evolving customer requirements.

FINANCIAL RESULTS

The financial performance of the Company during the financial year 2025-2026, as compared with the previous financial year 2024-2025, is summarized below:

(Amount in ₹ Lakhs)

Particulars	Financial Year Ended 31st March, 2026	Financial Year Ended 31st March, 2025
Revenue from Operations	14688.97	11777.77
Other Income	511.11	474.41
Total Income	**15200.08**	**12252.18**
Cost of Material Consumed	13,570.83	10674.74
Employee Benefits Expense	599.05	549.97
Finance Cost	25.84	28.46
Depreciation and Amortisation Expenses	261.72	240.48
Administration & Other Expense	611.91	218.36
Total Expenses	**15069.35**	**11712.01**
Profit / (Loss) before Exceptional and Extraordinary Item and tax	**130.73**	**540.17**
Profit / (Loss) Before Tax	**130.73**	**540.17**
Total Tax Expenses	32.90	64.35
Profit / (Loss) for the Year	**97.83**	**475.82**
Add: Other comprehensive Income/(Expenses)	**5.06**	**(2.66)**
Total Comprehensive Income	**102.89**	**473.16**

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. The Company is AS9100D certified and is engaged in the design, development, marketing, supply, and support of civilian and select defence radar systems for Indian and global markets.

Benefitting from the confluence of work culture of the parent organizations, the JV is imbibing the best practices of both. The Company has already diversified into related areas and also new areas to improve business opportunities and to have a variety of products in its portfolio like Advanced Rocket System Interface (ARSI) which is electronic equipment designed to be mounted in the avionics bay of a helicopter or aircraft, Work packages for STIR radar systems on a built-to-print basis.

Orders for ARSI (Prototype & Test bench), SAF (Shock Absorbing foundation), FZ906 Mock-up, FZ906 Prototype, and FZ906 Serial are received. The Company has successfully executed all these projects and manufactured & delivered 46 units of Low Band Receiver (LBREC) for the 36 Rafale offset program of the Indian Air Force. Similarly, order towards manufacturing of 34 units of LBREC for the Indian Navy contract has also been received recently.

The Company has the necessary capabilities for Radar Service Management and has bagged contracts from Indian Navy, HAL Bangalore and Nasik. Similar contracts for ICG Daman and DRDO are also under consideration. In addition, a contract for Installation of IFF on Indian Navy Ships has been signed with BEL GAD

The company also submitted responses to RFIs/EOIs like LLLWR to IAF and Supply, Installation of Seabed Suite to NSTL Vizag.

The company is continuously growing in terms of sales turnover and profit. The company is planning to expand its operation within the next two years by putting up facilities to meet the upcoming project requirements.

Major expected orders are - Advanced Rocket system Interface (ARSI)- Serial production, FZ906 Serial Production, LCTU Serial Production, Shock Absorbing Foundation (SAF) serial production, Supply and qualification of Unified casting, through an Indian supplier followed by serial production, Supply of Components for TRMs Manufacturing & PCBs, Long-Range Surveillance Radar (LRSR), Supply of Passive Coherent Locator (PCL), supply of Medium Range Radar (MRR), Product support activities for Ashlesha Radar, Maintenance of LLTR, AMC Services for MSSR Radar for HAL Nasik, Repair of Radar modules for ICG Daman etc.

Also, as per market insights - The proposed procurement of 114 Rafale jets—alongside the 26 Rafale-M (Marine) jets—aims to localize up to 50–60% of production content which will create additional business opportunities, and the new EW programs such as Project Eclipse, are expected to strengthen our book and drive steady growth over the next five years.

In the Financial Year 2025–26, your Company recorded a turnover of ₹14,688.97 Lakhs, reflecting a robust growth of 24.72% over the previous year's turnover of ₹11,777.77 Lakhs. The Profit Before Tax (PBT) stood at ₹130.73 Lakhs as compared to ₹540.17 Lakhs in the previous financial year, while the Profit After Tax (PAT) stood at ₹97.83 Lakhs as against ₹475.82 Lakhs in the previous year. The Company's order book stood at a healthy ₹ 270 Crores as of 31st March 2026.

DIVIDEND:

For the Financial Year 2025-26, the Board of Directors of the Company has recommended a dividend of ₹5.03 per equity share as compared to ₹2.48 per equity share for the financial year 2024-25. The said dividend is subject to approval of Members at the ensuing Annual General Meeting and will be subject to deduction of tax at source, as applicable. The total dividend outgo for FY 2025-2026 amounts to ₹289.80 Lakhs, representing a payout of 4% of the net worth of the Company for the year.

No interim dividend was declared during the Financial Year under review.

TRANSFER TO RESERVE:

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

SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURE:

The Company does not have any subsidiary, associate, or joint venture companies. Further, no entity ceased to be a subsidiary, associate, or joint venture of the Company during the year under review.

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

During the Financial Year under review, the Company has not granted any loans, provided any guarantees, or made any investments in terms of Section 186 of the Companies Act, 2013.

SHARE CAPITAL:

There were no changes in the share capital of the Company during the Financial Year under review.

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 neither accepted nor renewed any deposits falling within the purview of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the Financial Year under review. Accordingly, the disclosure requirements relating to deposits not in compliance with Chapter V of the Act are not applicable to the Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

The composition of the Board of Directors and the Key Managerial Personnel of the company as on 31st March 2026 was as follows:

Sr. No.	Name of the Directors and KMP	Designation
1.	Shri Damodar Bhattad	Chairman & Nominee Director
2.	Shri Venkata Suresh Kumar Kaipa	Nominee Director
3.	Shri Harikumar Raghavan Nair	Nominee Director
4.	Shri Ankur Deepak Kanaglekar	Additional Director
5.	Shri Srinivas Vijaya Kumar Merugu	Chief Executive Officer
6.	Shri Amresh Kumar Jha	Chief Financial Officer
7.	Ms. Kirti Sewani	Company Secretary

During the year under review and up to the date of this Report, the following changes took place in the composition of the Board of Directors of the Company:

- Shri Bhanu Prakash Srivastava (DIN: 09578183) ceased to be Nominee Director of the company with effect from 01st June 2025.
- Shri HariKumar Raghavan Nair (DIN: 11086669) was appointed as the Additional Director of the company with effect from 01st June 2025.
- Shri Gilles Antoine Gaston Bono (DIN:10868564) ceased to be Nominee Director of the company with effect from 12th November 2025.
- Shri Ankur Deepak Kanaglekar (DIN: 07498521) was appointed as the Additional Director of the company with effect from 17th November 2025.
- Shri Venkata Suresh Kumar Kaipa (DIN: 10200827) ceased to be Nominee Director of the company with effect from 01st July 2026.

Your Directors place on record their sincere appreciation for the valuable contributions made by Shri Bhanu Prakash Srivastava (DIN: 09578183), Shri Gilles Antoine Gaston Bono (DIN:10868564), Shri Venkata Suresh Kumar Kaipa (DIN: 10200827) during their tenure on the Board of the Company.

During the year under review and up to the date of this Report, the following changes took place in the Key Managerial Personnel (KMP) of the Company:

- The tenure of Shri Amresh Kumar Jha as the Chief Financial Officer (Key Managerial Personnel) of the Company was extended for a further period of one year with effect from 1st July 2025. He ceased to be the Chief Financial Officer of the Company with effect from 23rd June 2026.
- Mrs. Kalyani Brundavanam was appointed as the Chief Financial Officer (KMP) of the Company with effect from 25th June 2026.

The Board wishes to place on record its deep appreciation for the valuable contribution rendered by Shri Amresh Kumar Jha during his association with the Company.

GENERAL MEETINGS:

During the Financial Year 2025–26, the 11th Annual General Meeting (“AGM”) of the Company was held on 20th August 2025. The attendance of the Directors at the said AGM is as under:

Name of Director(s)	DIN	AGM 20.08.2025
Shri Damodar Bhattad	09780732	Yes
Shri Venkata Suresh Kumar Kaipa	10200827	Yes
Shri HariKumar Raghavan Nair	11086669	Yes
Shri Gilles Antoine Gaston Bono (Ceased w.e.f. 12th November 2025)	10868564	Yes

BOARD MEETINGS:

During the financial year 2025-26, seven (7) meetings of the Board of Directors were held. The meetings were held on 12th May 2025, 30th June 2025, 21st July 2025, 17th October 2025, 17th December 2025, 17th January 2026 and 16th March 2026. The requisite quorum was present at all meetings.

The details of the Board Meetings and attendance of Directors are provided in the Corporate Governance Report, which forms part of this Report.

COMMITTEES OF THE BOARD:

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

AUDIT COMMITTEE:

In compliance with the provisions of the Companies Act, 2013, your Company has constituted the Audit Committee of the Board of Directors. The constitution of the Audit Committee of the Company as on 31.03.2026 was as under:

Sr. No.	DIN	Name	Designation
1	09780732	Shri Damodar Bhattad	Chairman of the Committee
2	10200827	Shri Venkata Suresh Kumar Kaipa	Member
3	11086669	Shri HariKumar Raghavan Nair	Member
4	07498521	Shri Ankur Deepak Kanaglekar	Member

Details of the scope of the Audit Committee and its meetings are provided in the Corporate Governance Report, which forms part of this 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 31.03.2026 was as under:

Sr. No.	DIN	Name	Designation
1	10200827	Shri Venkata Suresh Kumar Kaipa	Chairman of the Committee
2	09780732	Shri Damodar Bhattad	Member
3	11086669	Shri HariKumar Raghavan Nair	Member
4	07498521	Shri Ankur Deepak Kanaglekar	Member

Details of the scope of the Nomination and Remuneration Committee and its meetings are provided in the Corporate Governance Report, which forms part of this Report.

DECLARATION OF INDEPENDENT DIRECTOR:

As per the provisions 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. Accordingly, the requirement to furnish a declaration under Section 149(7) of the Companies Act, 2013 from Independent Directors confirming that they meet the criteria of independence prescribed under Section 149(6) of the Act is not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Company, being an unlisted company, the provisions of Section 134(3)(e) relating to the laying down of internal financial controls to be followed by the Company are not applicable.

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

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)/1918 dated 13.09.2025, appointed **M/s. *Vasanth & Co***, Chartered Accountants, (**ICAI Firm Registration No. 00*8204S***), as the Statutory Auditor of the Company for the financial year 2025-26.

The Statutory Auditor has issued an unqualified audit report on the Financial Statements of the Company for the financial year 2025-2026. The report is self-explanatory and does not require any further comments from 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 18th June, 2026 has given 'NIL' Comments on the Financial Statements of your Company for the financial year ended 31st March 2026 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 2026 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, which are required to be disclosed in the Board's Report.

COST AUDITORS AND MAINTENANCE OF COST RECORDS:

Your Company appointed M/s. Vishwanath Bhat & Associates, Cost Accountants, Bengaluru, as Cost Auditors of the Company for FY 2025-26 for the audit of the cost records of the Company. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

SECRETARIAL AUDITOR:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), your Company has appointed M/s. Thirupal Gorige & Associates LLP, Practising Company Secretaries, Bengaluru, to undertake the Secretarial Audit of the Company for the Financial Year 2025-2026. The Secretarial Audit Report is annexed to this Report as **Annexure I** and forms part of the Annual Report**.** The Secretarial Report does not contain any qualifications, reservation or adverse remark or disclaimer.

SECRETARIAL STANDARD:

The Company has followed applicable Secretarial Standards, i.e. SS-1 and SS-2 relating to ‘Meetings of the Board of Directors’ and ‘General Meetings’ issued by the 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 of various risks associated with different areas of operations such as technology, product, markets, human resources, finance, operations have been defined.

The management of the Company oversees the risk management efforts undertaken to mitigate the normal industry 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 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 2025-26 on the basis of certain key parameters such as level of engagement and contribution, exercise of independent judgement, achievement of objectives and targets, protection of interest of various stakeholders and the performance was found to be satisfactory.

HUMAN RESOURCES:

As on 31st March 2026, the Company had total employee strength of 21 employees out of which 6 employees were on secondment from Bharat Electronics Limited, 1 employee on secondment from THALES and 14 employees were on the rolls of your Company. All employees of the company are at executive level. Further, out of 21 employees, 3 are women employees. The employee relations environment during the year remained cordial.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

During the period under review, there was no amount of unpaid or unclaimed dividend required to be transferred to 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:

The Directors confirm that they have put in place adequate 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 are 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 Public Sector Undertaking (PSU), is exempt from the disclosure requirements relating to conservation of energy, technology absorption, foreign exchange earnings and outgo under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, pursuant to the Ministry of Corporate Affairs Notification G.S.R. 680(E) dated 4th September 2015.

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 or material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company’s operations in the 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. G.S.R. 463(E), dated 5th June 2015, issued by the Ministry of Corporate Affairs, Government of India.

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

The Company has constituted an Internal Complaints Committee under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company is committed to providing a safe and conducive work environment to its employees and has zero tolerance towards any instances of sexual harassment at the workplace. During the year under review, no cases of sexual harassment were reported at any workplace of the Company.

DISCLOSURE OF RELATED PARTY TRANSACTIONS:

During the year, all the contracts, arrangements, transactions entered into with the related parties as referred to in Section 188(1) of the Companies Act, 2013, were in the ordinary course of business and on an arm’s length basis. The particulars of said contracts or arrangements with related parties are disclosed in the Notes to Financial Statements. The Information pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this report as **Annexure II** and forms part of this Report.

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

Except as disclosed elsewhere in this Report, no material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year 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. Accordingly, the requirement to disclose the details of any application made or proceedings pending under the Insolvency and Bankruptcy Code, 2016, together with their status as at the end of the financial year, is not applicable.

ONE TIME SETTLEMENT AND VALUATION:

During the Financial Year 2025-26, no event occurred that requires disclosure of the difference, if any, between the amount of valuation carried out at the time of a one-time settlement and the valuation carried out while availing loans from banks or financial institutions.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

The Management Discussion and Analysis Report, prepared in accordance with the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is annexed to this Report as Annexure III.

CORPORATE GOVERNANCE REPORT:

The Company has established a robust system for monitoring various statutory and procedural compliances. The Company believes that good corporate governance is fundamental to fostering a culture of responsibility, accountability, consistency, fairness, and transparency in its dealings with all stakeholders. Accordingly, the Corporate Governance Report forms part of this Report as **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, Government of India, a separate chapter on the Company's Sustainable Development initiatives during the financial year 2025–26 is annexed to this Report as **Annexure VI.**

EXTRACT OF ANNUAL RETURN:

The Annual Return pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 for the Financial Year ended 31st March 2026 is available on the Company's website and can be accessed at **https://btsl-india.co.in/anl_rtn_25_26_Template.html**

ACKNOWLEDGEMENT:

The Board of Directors places on record its sincere appreciation for the support and cooperation received from the Ministry of Defence, Government of India, Bharat Electronics Limited, Thales India Private Limited, and Thales LAS France SAS.

The Board also acknowledges with gratitude the valuable guidance and support received from the Office of the Comptroller and Auditor General of India, the Statutory Auditor, the Internal Auditor, and the Secretarial Auditor of the Company.

The Board further expresses its gratitude to all stakeholders, including bankers, customers, consultants, contractors, and vendors, for their continued support and confidence reposed in the Company.

The Board also places on record its appreciation for the dedication, commitment, and untiring efforts of the employees at all levels, whose contributions have enabled the Company to continue its growth and achieve operational excellence.

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

Sd/-
(Shri Damodar Bhattad)
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
Place: Bengaluru

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026

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

To

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEL-THALES SYSTEMS LIMITED (CIN: U32106KA2014GOI076102) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2026, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms, and returns filed and other records maintained by the Company for the financial year ended on 31 March 2026 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder - **Not Applicable**

iii. 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;

iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder **Not Applicable**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 – **Not Applicable**

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not Applicable**

d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable during the audit period) - **Not Applicable**

e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable during the audit period) - **Not Applicable**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable during the audit period) - **Not Applicable**

h. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 - **Not Applicable**

i. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 - **Not Applicable**

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

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

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

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:

i. Guidelines issued by Department of Public Enterprises;

ii. Guidelines/Circulars issued by Ministry of Defence from time to time;

iii. Order/Regulations issued by the Govt. of India from time to time;

iv. E-Waste (Management & Handling) Rules, 2016;

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company;

Adequate notice, agenda and detailed notes on agenda were given to all directors to schedule the Board Meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and

Majority decision was carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there are following events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place: **Nil**.

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

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

Place: Bengaluru
Date: 22.07.2026
UDIN: F006680H000908561

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

Annexure A

To

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management as conducted the affairs of the company

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

Sd/-
CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680H000908561

Place: Bengaluru
Date: 22.07.2026

FORM No. 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]

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

Number of contracts or arrangements or transactions not at arm's length basis: 0 (Zero)

2. Details of material contracts or arrangements or transactions at arm's length basis

Number of material contracts or arrangements or transactions at arm's length basis: 0 (Zero)

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

Sd/-
(Shri Damodar Bhattad)
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
Place: Bengaluru

Annexure "III" to Board's Report

Management Discussion and Analysis Report

Industry structure and developments:

Over the last few decades, industry structures have undergone significant transformation, driven by technological advancements, globalization and evolving regulatory frameworks. Key trends include digital transformation, mergers and acquisitions, cross-border competition, sustainability initiatives and geopolitical developments.

India has historically relied on imports to meet a significant portion of its defence requirements. However, defence imports have declined in recent years owing to the Government's emphasis on indigenous manufacturing under the "Atmanirbhar Bharat" initiative. The Government of India aims to develop a strong and self-reliant domestic defence industry with increased participation from the private sector, including MSMEs and start-ups, thereby reducing dependence on imports.

Overall, the defence industry continues to evolve rapidly due to technological innovation, changing security requirements, regulatory reforms and increasing global competition. Industry participants must continuously adapt to these changing dynamics, as organisations that fail to innovate may lose their competitive advantage over the long term.

In this evolving business environment, BTSL continues to strengthen its engagement with strategic partners, customers and other key stakeholders across the Indian defence and non-defence sectors.

Strengths, Weaknesses, Opportunities and Threats:

a) Strengths

- Strong brand recognition of BEL and Thales in domestic and international markets.
- Growth-oriented and forward-looking organisation with strong relationships across domestic and international defence and non-defence markets.
- Strong brand reputation supported by BEL's legacy as a defence PSU and Thales' global technological expertise.
- Agility in diversification initiatives and leveraging strategic partnerships for growth.
- Expertise in radar systems and radar subsystems.
- Long-term commitment to customer satisfaction, supported by the availability of business resources, technological capabilities and financial support from the Joint Venture Partners.
- Well-established manufacturing infrastructure and technical expertise, including facilities supporting integration and testing activities.
- AS9100D-certified Company with an ICRA credit rating of AA.

b) Weaknesses

- Limited proprietary product portfolio and technology ownership.
- Dependence on defence procurement cycles and project-based demand.
- Limited domestic Electronic System Design and Manufacturing (ESDM) ecosystem for advanced defence electronics.

- Dependence on foreign OEMs for certain critical technologies.

c) Opportunities

- Growing defence budget allocation towards modernisation, upgrade programmes and Maintenance, Repair and Overhaul (MRO) activities.
- Technological capabilities acquired with the support of the Parent Companies have enabled the Company to undertake projects such as manufacturing and integration of the Advanced Rocket System Interface (ARSI) and manufacturing of modules for EW Suite on a Build-to-Print (BTP) basis.
- Expansion of the Product Support business by acquiring new customers and projects beyond Radar Service Management, including installation of IFF and CMS on Indian Navy ships.
- Existing Offset Business Partnership with Lockheed Martin provides opportunities for future business growth.
- Opportunities in the Design, Implementation and Maintenance of the Unique Digital Identity Project, Navigational Aids, LLLWR and related programmes.

d) Threats

- Rapid changes in technology.
- Increasing competition from Indian private industry and foreign OEMs, including their Joint Ventures in the defence sector.
- Changing market requirements and customer expectations.
- The long gestation period for product evaluation and acceptance in the defence sector may impact revenue realisation and cash flows.
- Limited availability of MSMEs capable of supplying advanced electronic components and subsystems for state-of-the-art radar systems.

Major Initiatives Undertaken and planned to ensure sustained performance and growth:

- The Company maintained a healthy order book of approximately ₹270 Crore as on 31st March 2026 and is currently executing orders for Advanced Rocket System Interface (ARSI), FZ906 and Shock Absorbing Foundation (SAF) on a Build-to-Print (BTP) basis.
- To sustain its growth, the Company secured its highest export order from TDMS France for the manufacture of 34 units of LBREC valued at approximately INR 123 crore. In addition, the Company is actively pursuing several business opportunities, including Testing and Environmental Stress Screening (ESS) for PCBs, Product Support projects such as IFF installation, the Unique Digital Identity Project, LLLWR and participation as an industry partner for the Seabed Sensor programme.
- The Company continues to expand its infrastructure and is equipped with an integration laboratory comprising facilities for Quality Inspection, Testing, Assembly, Functional Testing, Thermal Cycling and Vibration Testing.
- The Company is pursuing opportunities in the Civil Aviation and Indian Space sectors and is strengthening its capabilities to address future business opportunities.

- The Company continues to evaluate alternative business models to support long-term sustainable growth.

Segment–wise or product-wise performance:

- Radar Service Management – 7%
- Export – 2%
- Supply Chain (BGAs) – 91%

Outlook:

The Company has undertaken strategic initiatives to diversify into both related and new domains, aiming to enhance business prospects and broaden its product portfolio. Significant orders have been secured, including:

- ARSI (Prototype & Test Bench)
- SAF (Shock Absorbing Foundation)
- FZ906 Mock-up, Prototype, and Serial Production
- Manufacturing of 34 units of LBREC under the Rafale Offset Programme for the Indian Navy

BTSL possesses strong capabilities in Radar Service Management and has been awarded contracts by the Indian Navy, HAL Bengaluru and HAL Nasik. Budgetary quotations for additional contracts from ICG Daman and DRDO have been submitted and are under consideration.

The Company continues to pursue a range of promising business leads, including:

- Weather Radar for LCH
- LLLWR (Low-Level Lightweight Radar)
- TACAN
- Sonar and Electronic Warfare Systems
- Testing and Environmental Stress Screening (ESS) for PCBs
- Product Support projects, including IFF installation
- Design, implementation and maintenance of the Unique Digital Identity Project
- Collaboration as an industry partner for the Seabed Sensor initiative

To support these activities, BTSL is expanding its infrastructure. The current integration laboratory is well-equipped for production and includes facilities for quality inspection, assembly, testing, functional verification and system integration. BTSL has further strengthened its environmental testing facilities for Environmental Stress Screening (ESS) and qualification testing.

The Company is also exploring opportunities in the Civil Aviation and Indian Space business segments. In preparation for future market dynamics, BTSL is actively scaling up its capabilities and evaluating alternative business models that are expected to support sustainable long-term growth.

Risks and Concerns:

- Limited proprietary product portfolio results in dependence on third-party technology partners and suppliers, exposing the Company to pricing, supply chain and delivery schedule risks.

- Lower product margins and high material costs may impact overall profitability.
- Employee attrition and challenges in attracting and retaining skilled talent may impact business operations and project execution.
- Business interruption arising from operational, supply chain or external disruptions remains a key business risk.
- Foreign exchange fluctuation risk is mitigated through appropriate pricing mechanisms and financial contingencies incorporated while preparing business proposals.

Internal Control Systems and their adequacy:

The Company has established a robust internal control framework commensurate with the size, scale, and complexity of its operations. The framework is designed to provide reasonable assurance regarding the effectiveness of operational processes, reliability of financial reporting, safeguarding of assets, compliance with applicable laws and regulations, and adherence to internal policies and procedures.

The internal control environment supports the timely identification and mitigation of business risks, ensures appropriate authorisation of transactions, and promotes operational efficiency and financial discipline. The Board of Directors periodically reviews the effectiveness of the internal control systems and is satisfied that the controls are adequate, commensurate with the nature and size of the Company's operations and operating effectively.

Financial / Operational Performance:

a) **Strategy & Objectives**

The Company's financial strategy is focused on maintaining financial resilience, supporting sustainable growth and creating long-term stakeholder value. The key strategic priorities during the financial year included:

- Maintaining healthy liquidity through effective working capital and cash flow management.
- Optimising tax efficiency while ensuring full regulatory compliance.
- Strengthening financial governance and transparency to meet stakeholder expectations.
- Ensuring compliance with applicable Indian Accounting Standards (Ind AS) and best practices in financial reporting.

b) **Performance Highlights** **(₹ in Lakhs)**

Particulars	Financial Year ended March 31, 2026	Financial Year ended March 31, 2025
Total Income	15200.08	12252.18
Total Expenses	15069.35	11712.01
Profit / (Loss) Before Tax	130.73	540.17
Less: Tax Expense	32.90	64.35
Profit / (Loss) After Tax	97.83	475.82

Human Resources / Industrial Relations:

As at March 31, 2026, total employee strength of the Company was 21 employees, out of which 6 employees were on secondment from Bharat Electronics Limited, 1 employee was on secondment from THALES and 14 employees were on the rolls of your Company. The industrial relations scenario continued to be on a cordial and harmonious note. During the financial year 2025-26, there was no loss of man-days on account of industrial unrest. Employee training and development continued to receive key focus. During the financial year 2025-26, employees of the Company attended various training programmes, workshops, webinars etc. resulting in 45 training man-days during the year.

Environmental Protection and Conservation:

BTSL remains committed to conducting its business responsibly while minimising its environmental footprint. The Company continues to integrate environmentally sustainable practices into its operations through efficient utilisation of resources, energy conservation initiatives, and continuous improvement in environmental performance.

As a responsible corporate citizen, the Company promotes energy-efficient practices and remains focused on reducing the environmental impact associated with its business activities, while ensuring compliance with applicable environmental regulations and contributing to the Company's long-term sustainability objectives.

Corporate Social Responsibility:

The Company remains committed to creating sustainable and inclusive value through responsible business practices and impactful Corporate Social Responsibility (CSR) initiatives. Guided by its CSR Policy and the provisions of the Companies Act, 2013, BTSL continues to integrate social, environmental, and economic considerations into its business philosophy, with the objective of contributing to long-term community development and national priorities.

During FY 2025–26, the Company's CSR initiatives were focused on healthcare and contributions to the Prime Minister's National Relief Fund (PMNRF). These initiatives reflect BTSL's commitment to strengthening community well-being, supporting national relief efforts, and creating a meaningful and lasting social impact.

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

Sd/-
(Shri Damodar Bhattad)
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
Place: Bengaluru

Annexure "IV" to Board's Report

Corporate Governance Report

Company's philosophy on Corporate Governance:

Corporate Governance is about promoting corporate fairness, transparency and accountability in the best interests of various stakeholders in the Company. The Company philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, compliance with applicable laws, transparency in decision making and avoiding conflicts of interest. 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 Board of Directors whose members are well acquainted with their duties and responsibilities.

Composition of Board of Directors:

The Board of Directors of your Company comprises four Directors. The Board comprises three Directors nominated by Bharat Electronics Limited and one Director nominated by Thales India Private Limited. As on 31st March 2026, the composition of the Board of Directors of your company was as under:

Sr. No.	DIN	Name of the Directors	Designation
1.	09780732	Shri Damodar Bhattad	Chairman & Nominee Director
2.	10200827	Shri Venkata Suresh Kumar Kaipa	Nominee Director
3.	11086669	Shri Harikumar Raghavan Nair	Nominee Director
4.	07498521	Shri Ankur Deepak Kanaglekar	Additional Director

Board Meetings:

During the financial year 2025-26, seven (7) Board meetings were held. The Meetings were held on 12th May 2025, 30th June 2025, 21st July 2025, 17th October 2025, 17th December 2025, 17th January 2026 and 16th March 2026. The requisite quorum was present at all the Board Meetings. Details of the Board Meetings held during the year, and attendance of Directors thereat are given below:

Name of the Director(s)	DIN	Meeting No. / Meeting Date							Number of Meetings which the 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**	
		61	62	63	64	65	66	67					As Chairman	As Member
		12.05.2025	30.06.2025	21.07.2025	17.10.2025	17.12.2025	17.01.2026	16.03.2026						
Shri Bhanu Prakash Srivastava (Ceased with effect from 01st June 2025)	09578183	Yes	NA	NA	NA	NA	NA	NA	1	1	NA	NA	NA	NA
Shri Damodar Bhattad	09780732	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	Yes	2	1	1
Shri Venkata Suresh Kumar Kaipa	10200827	Yes	Yes	Yes	Yes	Yes	Yes	Yes	7	7	Yes	1	-	-
Shri Gilles Antoine Gaston Bono (Ceased with effect from 12th November 2025)	10868564	Yes	Yes	Yes	Yes	NA	NA	NA	4	4	Yes	NA	NA	NA
Shri Harikumar Raghavan Nair (Appointed with effect from 01st June 2025)	11086669	NA	Yes	Yes	Yes	Yes	Yes	Yes	6	6	Yes	1	-	-
Shri Ankur Deepak Kanaglekar (Appointed with effect from 17th November 2025)	07498521	NA	NA	NA	NA	Yes	Yes	Yes	3	3	*NA*	7	NIL	NIL

* Only directorships held in Indian companies have 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 constituted the following sub-committees of the Board as on 31st March 2026:

1. Audit Committee
2. Nomination and Remuneration Committee

Audit Committee:

The term of reference of the 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, all recommendations of the Audit Committee were accepted by the Board.

The constitution of the Audit Committee of the Company as on 31.03.2026 was as under:

Sr. No.	DIN	Name	Designation
1	09780732	Shri Damodar Bhattad	Chairman of the Committee
2	10200827	Shri Venkata Suresh Kumar Kaipa	Member
3	11086669	Shri Harikumar Raghavan Nair	Member
4	07498521	Shri Ankur Deepak Kanaglekar	Member

During the year 2025-26, four (4) meetings of the Audit Committee were held on 12th May 2025, 21st July 2025, 17th October 2025, 17th January 2026. The attendance of Members at these Meetings was as under:

Name of the Member(s)	Meeting Number			
	Date of the Meeting			
	40	41	42	43
	12.05.2025	21.07.2025	17.10.2025	17.01.2026
Shri Damodar Bhattad	Yes	Yes	Yes	Yes
Shri Bhanu Prakash Srivastava (Ceased with effect from 01st June 2025)	Yes	NA	NA	NA
Shri Venkata Suresh Kumar Kaipa	Yes	Yes	Yes	Yes
Shri HariKumar Raghavan Nair (Appointed with effect from 01st June 2025)	NA	Yes	Yes	Yes
Shri Gilles Antoine Gaston Bono (Ceased with effect from 12th November 2025)	Yes	Yes	Yes	NA
Shri Ankur Deepak Kanaglekar (Appointed with effect from 17th November 2025)	NA	NA	NA	Yes

Nomination & Remuneration Committee:

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

(i) identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the board their appointment and removal;

(ii) formulate the criteria for determining qualifications, positive attributes & recommend to the board a policy relating to the remuneration for KMP & other employees;

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

The constitution of the Nomination and Remuneration Committee of the Company as on 31.03.2026 was as under:

Sr. No.	DIN	Name	Designation
1	10200827	Shri Venkata Suresh Kumar Kaipa	Chairman of the Committee
2	09780732	Shri Damodar Bhattad	Member
3	11086669	Shri HariKumar Raghavan Nair	Member
4	07498521	Shri Ankur Deepak Kanaglekar	Member

During the year, six (6) Meetings of the Committee were held on 12th May 2025, 30th June 2025, 17th October 2025, 17th December 2025, 17th January 2026, 16th March 2026.

The attendance of Members at these Meetings was as under:

Name of the Member(s)	Meeting Number Date of the Meeting					
	32	33	34	35	36	37
	12.05.2025	30.06.2025	17.10.2025	17.12.2025	17.01.2026	16.03.2026
Shri Venkata Suresh Kumar Kaipa	Yes	Yes	Yes	Yes	Yes	Yes
Shri Bhanu Prakash Srivastava (Ceased with effect from 01st June 2025)	Yes	NA	NA	NA	NA	NA
Shri Damodar Bhattad	Yes	Yes	Yes	Yes	Yes	Yes
Shri Gilles Antoine Gaston Bono (Ceased with effect from 12th November 2025)	Yes	Yes	Yes	NA	NA	NA
Shri Harikumar Raghavan Nair (Appointed with effect from 01st June 2025)	NA	Yes	Yes	Yes	Yes	Yes
Shri Ankur Deepak Kanaglekar (Appointed with effect from 17th November 2025)	NA	NA	NA	Yes	Yes	Yes

Remuneration policy / Details of remuneration to all the Directors:

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

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

General Body meetings:

The attendance of Directors at Annual General Meeting held during FY 2025-26 is as under:

Name of the Director(s)	DIN	AGM 20.08.2025
Shri Damodar Bhattad	09780732	Yes
Shri Venkata Suresh Kumar Kaipa	10200827	Yes
Shri HariKumar Raghavan Nair (Appointed with effect from 01st June 2025)	11086669	Yes
Shri Gilles Antoine Gaston Bono (ceased with effect from 12th November 2025)	10868564	Yes

Forthcoming AGM: Date, Time and Venue:

The 12th Annual General Meeting of the Company (AGM) is scheduled on Thursday, 20th August 2026 at 10:00 A.M. (IST) at the registered office of the company at CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru, Karnataka-560013

Location and Time of the last three AGMs:

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

AGM	9th	10th	11th
Date and Time	25th August 2023 at 10:30 A.M. (IST)	22nd August 2024 at 10:30 A.M. (IST)	20th August 2025 at 12:00 P.M. (IST)
Venue	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013	Registered Office: CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru – 560013	Emerald and Pre-Function Area (Ground Floor), Courtyard by Marriott Bengaluru Hebbal, No. 2/55, Outer Ring Road, Nagavara, Bengaluru, Karnataka – 560045
Special Resolution Passed	-	-	-

Disclosures:

i. The Annual Financial Statements FY 2025-26 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 internal control and certified other matters to the Board and Audit Committee, as per the requirements of Department of Public Enterprises Guidelines.

iv. As a part of BTSL's persisting endeavor to set high standard of conduct for a "Code of Business Conduct and Ethics for Board Members and Senior Management" were laid down. All Board Members and Senior Management personnel affirm compliance with the BTSL's Code of Conduct annually. A declaration signed by the Chairman to this effect is placed as part of this report.

v. There have been no penalties or strictures imposed on the Company by any statutory authority on any matter related to the guidelines issued by the Government during the last three years.

vi. The Company has complied with the provisions of DPE guidelines on Corporate Governance, to the extent same is applicable under the provisions of Companies Act, 2013.

vii. During the year under review, no Presidential Directive was received by your Company.

viii. There is no expenditure debited in the books of accounts, which are not for the purposes of the business during the financial year ended March 31, 2026.

ix. There is no expense incurred by the Company for the financial year ended March 31, 2026, 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 9 % 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	:	080-28381802
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/-
(Shri Damodar Bhattad)
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
Place: Bengaluru

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

To,

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

We, **Srinivas Vijaya Kumar Merugu, 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 2026 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 2026 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/-
Srinivas Vijaya Kumar Merugu
Chief Executive Officer

Place: Bengaluru
Date: 24.04.2026

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 contained in the DPE Office Memorandum No.18(8)/2005-GM dated 14th May 2010, all the Board Members and Senior Management Personnel of BEL-THALES Systems Limited have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company, for the financial year ended 31st March 2026.

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

Sd/-
(Shri Damodar Bhattad)
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
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 BEL-THALES Systems Limited ("BTSL") has been approved by the Board of Directors and is in line with the provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended. The Policy aims to undertake CSR initiatives in a structured and transparent manner and implement projects that contribute to the social and economic development of the community. The CSR Policy is available on the Company's website.

2. Composition of CSR Committee:

As per the provisions of Section 135 (9) of the Companies Act, 2013, the Company is not required to constitute a Corporate Social Responsibility (CSR) Committee. Accordingly, the functions of the CSR Committee have been discharged by the Board of Directors of the Company during the financial year.

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:

https://www.btsl-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, as amended, a 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 2025–26, the Company did not have an average CSR obligation of ₹10 crore or more during the three immediately preceding financial years. Accordingly, the provisions relating to impact assessment are not applicable to the Company.

5. **(a) Average net profit** of the company as per sub-section (5) of section 135**:** ₹ 6,34,43,886.09

(b) Two percent of average net profit of the company as per sub-section (5) of **section 135:** ₹ 12,68,877.72

(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)]: ₹ 12,68,877.72

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 12,54,252

(b) Amount spent in administrative overheads: ₹ 14,748

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

(d) Total amount spent for the Financial Year [(a)+(b) +(c)]: ₹ 12,69,000

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

<table>
<tr><th rowspan="3">Total Amount Spent for the Financial Year. (In ₹)</th><th colspan="5">Amount Unspent (in ₹)</th></tr>
<tr><th colspan="2">Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.</th><th colspan="3">Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.</th></tr>
<tr><th>Amount.</th><th>Date of transfer</th><th>Name of the Fund</th><th>Amount</th><th>Date of Transfer</th></tr>
<tr><td>12,69,000</td><td colspan="2">NIL</td><td colspan="3">NIL</td></tr>
</table>

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

Sl. No.	Particular	Amount (In ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	12,68,877.72
(ii)	Total amount spent for the Financial Year	12,69,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	122.28
(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 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 ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (In ₹)	Amount Spent in the Financial Year (in ₹)	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 ₹)	Deficiency, if any
					Amount (in ₹)	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/-
Srinivas Vijaya Kumar Merugu
Chief Executive Officer

Sd/-
Shri Damodar Bhattad
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
Place: Bengaluru

Annexure "VI" to Board's Report

Sustainability Report

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

The aforesaid 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 Initiatives

Waste Management

The Company operates from premises taken on lease from Bharat Electronics Limited (BEL). The wastewater generated from the Company's operations is treated through the Sewage Treatment Plant (STP) maintained by BEL, thereby ensuring environmentally responsible wastewater management.

Energy Management and Promotion of Renewable Energy

The Company has installed energy-efficient LED lighting throughout its premises as part of its ongoing efforts to promote energy conservation and improve operational efficiency.

On-Site Emergency Response Plan

The Company has established an On-site Emergency Response Plan. Periodic mock drills are conducted, and the Emergency Response Plan is prominently displayed at appropriate locations within the Company's premises to enhance safety awareness and preparedness.

Ecological Sustainability

The Company remains committed to environmental sustainability by maintaining a clean, safe and green workplace. The total area of the Company's premises is approximately 13,962.20 sq. ft., of which approximately 3,800 sq. ft. has been developed and maintained as green cover. The Company continues to undertake plantation and maintenance activities to preserve and enhance the ecological balance within its premises.

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

Sd/-
(Shri Damodar Bhattad)
Chairman & Nominee Director
DIN: 09780732

Date: 22nd July 2026
Place: Bengaluru

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 8th May 2026.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **BEL-THALES Systems Limited** ("the Company"), having **CIN U32106KA2014GOI076102** which comprise the Balance Sheet as at March 31, 2026 the Statement of profit and Loss (including Other Comprehensive Income), the statement of Cash Flows and the statement of Changes in Equity for the year ended and the notes to the financial statements including accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS'), specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the company as at 31 March 2026, and its profit (including other comprehensive income), its cash flows and changes in equity 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. 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Responsibilities of Management and Those charged with Governance for financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statements 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 and Board of Directors 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 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 given in 'Annexure-B' a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable.

2. As required by Section 143 (3) of the "Companies Act, 2013" we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company in electronic mode on servers located in India so far as it appears from our examination of those books. The Company has maintained backup on daily basis of its accounts and other records, as specified in the Companies (Accounts) Fourth Amendment Rules, 2022 dt. 5th Aug 2022

(c) The Balance sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

(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 the 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, are 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 any pending litigations which would impact its financial position, except for the appeals filed with Income Tax Department for AY 2015-16 & AY 2016-17 as detailed in Annexure-B 7(b). As per the management, the company is not anticipating any major impact on Financial Position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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 that no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from Borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief that no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

v. The Company has Declared dividend of Rs.142.89 lakhs for the financial year 2024-25 and hence compliance with section 123 of the Companies Act, 2013 is applicable to the company.

vi. Based on our examination which included test checks, the company in respect of financial year commencing on 01 April 2025, has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements.

3. As Required under Section143(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 Vasanth & Co.
Chartered Accountants
Firm Reg.No.008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064KLVINB9686

Date: 15th June 2026
Place: Bengaluru

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2025-26 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.

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 Vasanth & Co.
Chartered Accountants
Firm Reg.No.008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064KLVINB9686

Date: 15th June 2026
Place: Bengaluru

ANNEXURE-B REFERRED TO IN PARAGRAPH 1 UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF THE AUDITORS REPORT OF EVEN DATE TO THE MEMBERS OF BEL-THALES SYSTEMS LIMITED FOR THE YEAR ENDED 31ST MARCH 2026

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, the Company does not own any immovable property hence this clause is not applicable.

d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year and hence the provisions of paragraph 3(i)(d) of the order is not applicable to the company.

e) There were no proceedings have been initiated during the year or are pending against the Company as at March 31, 2026 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) 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 explanation given to us,

a) Physical verification of the inventory has been carried out at Reasonable intervals and no material discrepancies were noticed on such verification, and in our opinion the coverage, the procedure of such verification by the management is appropriate.

b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii) (b) of the Order is not applicable to the company.

iii. During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties and accordingly, the provisions of 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.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 and accordingly the provisions of paragraph 3 (v) of the Order are not applicable to the Company.

vi. The Central Government of India has prescribed the maintenance of cost records under section 148(1) of the Act, for any of the business activities rendered by the Company and accordingly Paragraph 3(vi) of the Order is applicable to the Company have been maintained by the Company.

vii. According to information and explanations given to us and on the basis of our examination of the books of account, and records,

(a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Cess and any other material statutory dues with the appropriate authorities.

No undisputed amounts payable in respect of the above were in arrears as at March 31, 2026 for a period of more than six months from the date on when they become payable.

(b) Details of dues outstanding in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, Customs duty, cess which have not been deposited on account of any dispute are as follows.

Name of the Statute	Nature of the dues	Period to which the amount relates	Outstanding Amount Rs.	Forum where dispute is pending
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
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	Rs.2,09,304 pertains to AY 2015-16 and Rs.7,61,395/- pertains to AY 2016-17
Refund of AY 2018-19 adjusted against demand for AY 2016-17			30,45,575	
Refund for AY 2025-26 adjusted against demand of AY 2015-16			16,66,044	

viii. According to the information and explanations given to us, the Company does not have any transactions 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).

ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or Government.

(b) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and hence, reporting under clause 3(ix) (c) of the Order is not applicable.

(d) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not taken any funds on short term basis during the year and there is no outstanding of short term funds at the beginning of the year and hence, reporting under clause 3(ix)(d) of the Order is not applicable.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not taken any loans during the year and hence, reporting under clause 3(ix)(f) of the Order is not applicable.

x. According to the information and explanations given to us, in respect of the money 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 money by way of initial public offer or further public offer including the debt instruments. Hence the provisions of paragraph 3(x)(a) are not applicable to the Company.

(b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally convertible) during the year and hence the provisions of paragraph 3(x)(b) are not applicable to the Company.

xi. (a) Based upon the audit procedures performed in accordance with the generally accepted audited practices in India and according to the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3 (xii) of the Order are not applicable to the Company.

xiii. In our opinion and according to the information and explanation given to us, the company is in compliance with sections 177 and 188 of Companies Act, 2013, where applicable, for all transactions with related party transactions have been disclosed in the Financial Statements 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 adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the provisions of section 192 of the Companies Act, 2013, not applicable to the Company.

xvi. (a) In our Opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Hence, the provisions of Clause 3 (xvi) (a) & (b) of the Order are not applicable to the Company.

(b) In our opinion, either the Company or there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(c) & (d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence the provisions of paragraph 3(xvii)(a) to (d) not applicable to the Company.

xviii. There has been no resignation of the statutory auditors of the Company during the year, hence clause xviii is not applicable to the company.

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 and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. With respect to Corporate social responsibility, we report as below:

a) There are no ongoing projects for which requirement of sub section (5) of section 135 of Companies Act, 2013 are applicable.

b) There are no amounts remaining unspent as per sub section (5) of section 135 of Companies Act, 2013. Hence the provisions of paragraph 3(xx)(b) are not applicable to the Company.

c) With respect to financial statements, we conclude that there are no subsidiaries of the company. Hence the provisions of paragraph 3(xx)(c) are not applicable to the company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of financial statements of the Company. Accordingly, no comments have been included in respect of said clause under this report.

For Vasanth & Co.
Chartered Accountants
Firm Reg.No.008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064KLVINB9686

Date: 15th June 2026
Place: Bengaluru

ANNEXURE - C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BEL-THALES SYSTEMS LIMITED FOR THE YEAR ENDING 31ST MARCH 2026

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **BEL-THALES Systems Limited** ("the Company") as of 31 March 2026 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended as at 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 over financial reporting 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, 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 over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 and to the best of our information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2026, based on the internal control over financial reporting 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 Vasanth & Co.
Chartered Accountants
Firm Reg.No.008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064KLVINB9686

Date: 15th June 2026
Place: Bengaluru

ANNEXURE "D" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS 2025-26 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
I	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	Based on our Examination of the records and information provided, the company has not made any investments, either directly or through any trust, for funding post-retirement employee benefit obligations during the year. Accordingly, no, plan assets exists	Nil
II	Whether the Company has a system in place to process all the accounting transactions through IT system? If yes, whether review of this system and controls that are significant to the Companies' financial reporting process as well as cyber security has been done by Information Security Auditing Organizations empaneled by Cert-In at a minimum frequency of once in a year and material discrepancies found, if any, have been suitably reported? The implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications may also be reported.	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
III	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

Sl. No.	Directions / Sub-directions	Action Taken	Impact on Financial Statement
IV	Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	Based on our examination of the records and information provided, the Company has identified key risk areas relating to its operations, financial reporting, and regulatory compliance. The Company has also formulated a Risk Management Policy to mitigate such risks. The Risk Management Policy, in our opinion, is commensurate with the size and nature of the Company's operations; however, it is not formally benchmarked against globally recognized frameworks such as COSO Enterprise Risk Management or ISO 31000. Further, the Company has identified its critical data assets and has implemented appropriate controls for safeguarding such data. However, no formal monetary valuation has been carried out for such data assets. Overall, no material weaknesses were observed in the risk management framework commensurate with the scale of operations of the Company.	Nil
V	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted.	The Company is generally in compliance with the applicable provisions of the Companies Act, 2013 and other rules and regulations administered by the Ministry of Corporate Affairs ("MCA"), wherever applicable to the nature and scale of its operations. Further, the Company is also complying with the applicable provisions, directions and guidelines issued by the Department of Investment and Public Asset Management ("DIPAM"), Department of Public Enterprises ("DPE"), Reserve Bank of India ("RBI"), Telecom Regulatory Authority of India ("TRAI"), CERT-In, Ministry of Electronics and	

Sl. No.	Directions / Sub-directions	Action Taken	Impact on Financial Statement
		Information Technology ("MeitY") and National Payments Corporation of India ("NPCI") to the extent applicable. The Company is an unlisted entity and accordingly, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations/circulars issued by the Securities and Exchange Board of India ("SEBI") are not directly applicable to the Company. However, being a subsidiary of a listed entity, the Company extends necessary support and furnishes relevant information/data to its holding company for enabling compliance with applicable SEBI requirements at the group level. Based on the information and explanations provided to us and records examined, no material non-compliance or deviation with respect to the above applicable laws and regulations has been observed during the period under review.	Nil

For Vasanth & Co.
Chartered Accountants
Firm Reg.No.008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064KLVINB9686

Date: 15th June 2026
Place: Bengaluru

Inspection-2 | BEL-THALES | (25-26) /26-27 / 75

प्रधान निदेशक लेखापरीक्षा-वाणिज्यिक,का कार्यालय
ऑडिट भवन- II
3rd और 4th फ्लोर, 68/2, एच.सिद्दैया रोड,
सिद्दैया रेफरल अस्तपताल दोड्डामावल्ली के पास,
सुधामानगर बेंगलुरु - 560002

स्पीड पोस्ट द्वारा
गोपनीय

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

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
DEFENCE - COMMERCIAL,
Audit Bhawan – II
3rd and 4th Floor, # 68/2, H.Siddaiah Road,
Beside Siddaiah Referral Hospital, Doddamavalli,
Sudhamanagar, Bengaluru - 560002

दिनांक / DATE 18.06.2026

सेवा मे,
श्री दामोदर भट्टड़, अध्यक्ष,
मेसेर्स बेल थलेस सिस्टम लिमिटेड,
सी.एन.पी. एरिया, बेल इंडस्ट्रियल इस्टेट,
जलहल्ली, बेंगलुरु - 560 013.

महोदय,

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

मै 31 मार्च 2026 को समाप्त वर्ष के मेसर्स - बेल थलेस सिस्टम लिमिटेड, बेंगलुरु के लेखाओ पर कंपनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरिक्षंक का "शून्य टिपण्णी प्रमाण पत्र " अग्रेषित करता हूँ|

कृपया सुनिश्चित करे कि टिप्पणिया

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

कृपया पत्र की पावती भेजें|

भवदीय,

प्रिया

(के. ज्योतिप्रिया)
निदेशक (रिपोर्ट)

संलग्नः यथोपरि

Phone : 080-22267646 / 22254838 Fax : 080-2226 2491 Email : pda.dc.blr@cag.gov.in

Inspection-2/BEL-Thales/Accs(25-26)26-27/ 75

प्रधान निदेशक लेखापरीक्षा-वाणिज्यिक,का कार्यालय
ऑडिट भवन- II
3rd और 4th फ्लोर, 68/2, एच.सिद्दैया रोड,
सिद्दैया रेफरल अस्तपताल दोड्डामावल्ली के पास,
सुधामानगर बेंगलुरु - 560002

By Speed Post
Confidential

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3rd and 4th Floor, # 68/2, H.Siddaiah Road,
Beside Siddaiah Referral Hospital, Doddamavalli,
Sudhamanagar, Bengaluru - 560002

दिनांक / DATE 18-06-2026

To
Shri Damodar Bhattad,
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 2026.

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 2026.

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,

K. Jyothi priya

(K. Jyothi Priya)
Director (Reports)

Encl: As above.

Phone : 080-22267646 / 22254838 Fax : 080-2226 2491 Email : pda.dc.blr@cag.gov.in

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 2026

The preparation of financial statements of **BEL-THALES SYSTEMS LIMITED, BENGALURU** for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 15 June 2026 which supersedes their earlier Audit Report dated 08 May 2026.

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 2026 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited to primarily inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records.

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 statutory auditor's report under section 143(6) (b) of the Act.

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

Sudha Rajan

(Sudha Rajan)
Director General of Audit (Defence – Commercial)

Place: Bengaluru
Date: 18 June 2026

Balance Sheet

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

	Particulars	Note No.	As at 31 March 2026	As at 31 March 2025
I	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, Plant and Equipment	**1**	499.94	534.95
	(b) Capital Work in Progress	**2**	-	34.00
	(c) Other Intangible Asset	**3**	1,173.84	1,260.02
	(d) Financial Assets			
	(i) Trade Receivables	**7**	-	-
	(ii) Other Financial Assets	**4**	0.29	0.29
	(e) Deferred Tax Assets (Net)	**5**	45.58	71.78
	(f) Inventories	**6**	-	-
			1,719.65	**1,901.04**
2	**Current Assets**			
	(a) Inventories	**6**	2,040.99	410.99
	(b) Financial Assets			
	(i) Trade Receivables	**7**	1,793.11	760.18
	(ii) Cash and Cash equivalents	**8**	68.79	194.45
	(iii) Bank balances other than (ii) above	**9**	8,000.00	6,300.00
	(iv) Other Financial Assets	**4**	157.79	173.79
	(c) Current Tax Assets (net)	**10**	120.63	168.46
	(d) Other Current Assets	**11**	470.79	204.09
			12,652.10	**8,211.96**
	Total Assets		**14,371.75**	**10,113.00**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share Capital	**12**	5,761.54	5,761.54
	(b) Other Equity	**13**	1,481.26	1,521.26
	Total Equity		**7,242.80**	**7,282.80**
	Liabilities			
2	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Lease Liabilities	**14**	183.02	224.53
	(b) Provisions	**18**	25.49	18.35
			208.51	**242.88**
3	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Lease Liabilities	**14**	75.43	85.32
	(ii) Trade Payables :			
	A. Total outstanding dues to Micro Enterprises & Small Enterprises and	**15**	0.19	-
	B.Total outstanding dues to creditors other than Micro Enterprises & Small Enterprises		4,472.49	2,206.48
	(iii) Other Financial Liabilities	**16**	252.31	142.53
	(b) Other Current Liabilities	**17**	2,119.60	152.79
	(c) Provisions	**18**	0.42	0.20
			6,920.44	**2,587.32**
	Total Equity and Liabilities		**14,371.75**	**10,113.00**

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

for **Vasanth & Co.**
Chartered Accountants
FRN No. 008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064HNXBQO3761

Place: Bengaluru
Date : 08.05.2026

for and on behalf of the Board of Directors

Sd/-
Damodar Bhattad
Chairman
(DIN: 09780732)

Sd/-
HariKumar Raghavan Nair
Director
(DIN: 11086669)

Sd/-
Vijayakumar M S
Chief Executive Officer

Sd/-
Amresh Kumar Jha
Chief Financial Officer

Sd/-
Kirti Sewani
Company Secretary

Statement of Profit and Loss

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

	Particulars	Note No.	For the Year ended 31 March 2026	For the Year ended 31 March 2025
I	Revenue from Operations	19	14,688.97	11,777.77
II	Other income	20	511.11	474.41
III	**Total Income (I+II)**		**15,200.08**	**12,252.18**
IV	**Expenses**			
	(a) Cost of Material Consumed	21	13,998.20	11,067.64
	(b) Changes in Inventories of Finished stock & Work-in-progress	22	(427.37)	(392.90)
	(c) Employee Benefit Expense	23	599.05	549.97
	(d) Finance Cost	24	25.84	28.46
	(e) Depreciation and Amortisation Expense	25	261.72	240.48
	(f) Other Expenses	26	611.91	218.36
	Total Expenses (IV)		**15,069.35**	**11,712.01**
V	**Profit / (loss) before exceptional items and tax (III-IV)**		**130.73**	**540.17**
VI	Exceptional items			-
VII	**Profit / (loss) before tax (V-VI)**		**130.73**	**540.17**
VIII	**Tax Expense**	41		
	(1) Current tax		6.40	94.50
	(2) Earlier year tax		0.30	(9.98)
	(3) Deferred tax		26.20	(20.17)
	Total tax expense		**32.90**	**64.35**
IX	**Profit / (loss) for the year (VII-VIII)**		**97.83**	**475.82**
X	**Other Comprehensive income**			
	A) Items that will not be reclassified to profit or loss	37	5.06	(2.66)
	B) Items that will be reclassified to profit or loss		-	-
	Other Comprehensive income for the year, net of tax		**5.06**	**(2.66)**
XI	**Total Comprehensive income for the year (IX+X) (Comprising Profit (Loss) and Other Comprehensive Income for the year)**		**102.89**	**473.16**
XII	**Earnings per equity share (Face value of INR 100 each)**	27		
	(1) Basic earnings per share		**1.70**	**8.26**
	(2) Diluted earnings per share		**1.70**	**8.26**

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

***for* Vasanth & Co.**
Chartered Accountants
FRN No. 008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064HNXBQO3761

Place: Bengaluru
Date : 08.05.2026

for and on behalf of the Board of Directors

Sd/-
Damodar Bhattad
Chairman
(DIN: 09780732)

Sd/-
HariKumar Raghavan Nair
Director
(DIN: 11086669)

Sd/-
Vijayakumar M S
Chief Executive Officer

Sd/-
Amresh Kumar Jha
Chief Financial Officer

Sd/-
Kirti Sewani
Company Secretary

Statement of Cash Flows

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

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
A. Cash flow from Operating Activities		
Net Profit / (Loss) before tax as per Statement of Profit and Loss	**130.73**	**540.17**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and Amortisation Expense	261.72	240.48
Interest Income	(511.02)	(358.02)
Finance costs	25.84	28.46
Provision for gratuity	6.11	3.40
Provision for compensated absences	6.31	1.06
Operating Profit before Working capital changes	**(80.31)**	**455.55**
Working capital adjustments: Increase / (Decrease) due to		
Inventory	(1,630.00)	(401.87)
Trade Receivables	(1,032.94)	374.19
Other Current Financial Assets	16.00	371.32
Other Current Assets	(266.71)	282.61
Provision	-	-
Trade Payables	2,266.20	347.75
Other Current Financial Liabilities	109.78	(125.87)
Other Current Liabilities	1,966.81	131.39
Cash flow from operating activities	**1,348.84**	**1,435.07**
Income tax paid (net)	(41.14)	151.38
Net cash (used in) / flow from Operating Activities (A)	**1,389.98**	**1,283.69**
B. Cash flow from Investing Activities		
Purchase of property, plant and equipment	(86.53)	(456.10)
Purchase of Other Intangible Assets (Prev Year Capital WIP)	(20.00)	(1.70)
Term deposits with Bank more than 3 months and less than 12 months	(1,700.00)	(3,200.00)
Interest received	511.02	358.02
Net cash flow used in Investing Activities (B)	**(1,295.51)**	**(3,299.78)**
C. Cash flow from Financing Activities		
Dividend Paid	(142.89)	(82.97)
Repayment of Lease Liability	(51.40)	309.85
Finance costs	(25.84)	(28.46)
Net cash used in Financing Activities (C)	**(220.13)**	**198.42**
Net Increase/(Decrease) in cash and cash equivalents (A + B + C)	**(125.66)**	**(1,817.67)**
Cash and Cash equivalents at the beginning of the year	194.45	2,012.12
Cash and Cash equivalents at the year end	**68.79**	**194.45**

Note: The Cash Flow Statement has been prepared under "Indirect Method" as set out in Ind-AS - 7 on Statement of Cash Flows notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2015 (as amended).
Material accounting policies and accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

***for* Vasanth & Co.**
Chartered Accountants
FRN No. 008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064HNXBQO3761

Place: Bengaluru
Date : 08.05.2026

for and on behalf of the Board of Directors

Sd/-
Damodar Bhattad
Chairman
(DIN: 09780732)

Sd/-
HariKumar Raghavan Nair
Director
(DIN: 11086669)

Sd/-
Vijayakumar M S
Chief Executive Officer

Sd/-
Amresh Kumar Jha
Chief Financial Officer

Sd/-
Kirti Sewani
Company Secretary

Statement of Changes in Equity

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

A. Equity Share Capital

Particulars	Equity shares	
	Number	Amount In (Lakhs)
Equity Shares of INR 100 each issued, subscribed, fully paid		
As at 1 April 2025	**57,61,537**	**5,761.54**
Add: Issued and subscribed during the year	-	-
As at 31 March 2026	**57,61,537**	**5,761.54**

Particulars	Equity shares	
	Number	Amount In (Lakhs)
Equity Shares of INR 100 each issued, subscribed, fully paid		
As at 1 April 2024	**57,61,537**	**5,761.54**
Add: Issued and subscribed during the year	-	-
As at 31 March 2025	**57,61,537**	**5,761.54**

B. Other Equity

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2025	**1,526.99**	**(5.73)**	1,521.26
Profit for the year	97.83	-	97.83
Other Comprehensive income	-	5.06	5.06
Dividend paid for 2024-25	(142.89)	-	(142.89)
As at 31 March 2026	**1,481.93**	**(0.67)**	**1,481.26**

Particulars	Reserves and Surplus	Other reserves	Total
	Retained earnings	Other Comprehensive Income	
As at 1 April 2024	1,134.14	**(3.07)**	1,131.07
Profit for the year	475.82	-	475.82
Other Comprehensive income	-	(2.66)	(2.66)
Dividend Paid for 2023-24	(82.97)	-	(82.97)
As at 31 March 2025	**1,526.99**	**(5.73)**	**1,521.26**

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

***for* Vasanth & Co.**
Chartered Accountants
FRN No. 008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064HNXBQO3761

Place: Bengaluru
Date : 08.05.2026

for and on behalf of the Board of Directors

Sd/-
Damodar Bhattad
Chairman
(DIN: 09780732)

Sd/-
HariKumar Raghavan Nair
Director
(DIN: 11086669)

Sd/-
Vijayakumar M S
Chief Executive Officer

Sd/-
Amresh Kumar Jha
Chief Financial Officer

Sd/-
Kirti Sewani
Company Secretary

Notes to the financial statements

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

Note 1 - Property, Plant and Equipment

Property, Plant and Equipment as at 31st March 2026

Assets	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 1st April 2025	Additions	Deductions / adjustments during the year	As at 31 March 2026	Accumulated Depreciation / amortisation as at 1st April 2025	Depreciation / Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
Owned Assets										
Buildings	44.48	8.66		53.14	3.68	2.58		6.26	46.88	40.80
Plant & Machinery	183.59			183.59	57.52	13.05		70.57	113.02	126.07
Electronic equipment	1.09	50.75		51.84	0.01	8.70		8.71	43.13	1.08
Office Equipment	61.49	1.08		62.57	21.10	9.32		30.42	32.15	40.39
Furniture & Fixtures	50.97	9.69		60.66	26.78	5.60		32.38	28.28	24.19
Computer Systems	66.48	1.40		67.88	54.18	3.78		57.96	9.92	12.30
Right of Use Asset										
Factory Building	362.65	14.95		377.60	72.53	78.51		151.04	226.56	290.12
Total	**770.75**	**86.53**	**0.00**	**857.28**	**235.80**	**121.54**	**0.00**	**357.34**	**499.94**	**534.95**

Notes to the financial statements

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

Property, Plant and Equipment as at 31st March 2025

Assets	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 1st April 2024	Additions	Deductions / adjustments during the year	As at 31 March 2025	Accumulated Depreciation / Amortisation as at 1st April 2024	Depreciation / Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
Owned Assets										
Buildings	9.08	35.40		44.48	3.06	0.62		3.68	40.80	6.02
Plant & Machinery	144.59	39.00		183.59	48.23	9.29		57.52	126.07	96.36
Electronic equipment	0	1.09		1.09	0	0.01		0.01	1.08	
Office Equipment	52.47	9.02		61.49	12.58	8.52		21.10	40.39	39.89
Furniture & Fixtures	48.44	2.53		50.97	21.97	4.81		26.78	24.19	26.47
Computer Systems	60.07	6.41		66.48	49.61	4.57		54.18	12.30	10.46
Right of Use Asset										
Factory Building	183.24	362.65	183.24	362.65	183.24	72.53	183.24	72.53	290.12	0
Total	**497.89**	**456.1**	183.24	**770.75**	**318.69**	**100.35**	183.24	**235.80**	**534.95**	**179.2**

(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.

Notes to the financial statements

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

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

Assets Class	Years
Buildings	20-40
Plant & Machinery	5 to 15
Electronic Equipments	5
Office Equipment	5-7
Furniture, Fixtures & Equipments	6-10
Computer Systems	5
Right of Use Assets	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 2026	As at 31 March 2025
SAP- ERP *	-	34.00
Total	**-**	**34.00**

** represents expenditure incurred towards Software Licenses/ Implementation of Enterprise Resource Planning (SAP). Implementation of all the modules have been completed. Accordingly has been capitalised during current Financial Year.*

Disclosure of Capital Work in Progress as at 31-03-2026:

Capital Work in Progress	Amount in Capital Work in Progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	-	-	-	-	**-**

Disclosure of Capital Work in Progress as at 31-03-2025:

Capital Work in Progress	Amount in Capital Work in Progress for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1.70	5.10	27.20	-	**34.00**

Notes to the financial statements

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

Note 3 - Other Intangible Assets

Intangible Assets as at 31st March 2026

Assets	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 1st April 2025	Additions	Deductions / adjustments during the year	As at 31 March 2026	Accumulated Depreciation / amortisation as at 1st April 2025	Depreciation / Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2026	As at 31 March 2026	As at 31 March 2025
PHAROS Module	1,401.30	-	-	1,401.30	141.28	140.13	-	281.41	1,119.89	1,260.02
Implementation SAP (ERP)		54.00		54.00	-	0.05		0.05	53.95	-
Total	**1,401.30**	**54.00**	**-**	**1,455.30**	**141.28**	**140.18**	**-**	**281.46**	**1,173.84**	**1,260.02**

Intangible Assets as at 31st March 2025

Assets	Gross Carrying Amount				Depreciation / Amortisation				Net Carrying Amount	
	As at 1st April 2024	Additions	Deductions / adjustments during the year	As at 31 March 2025	Accumulated Depreciation / amortisation as at 1st April 2024	Depreciation / Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2025	As at 31 March 2025	As at 31 March 2024
PHAROS Module	1,401.30	-	-	1,401.30	1.15	140.13	-	141.28	1,260.02	1,400.15
Implementation SAP (ERP)	-			-	-	-		-	-	-
Total	**1,401.30**	**-**	**-**	**1,401.30**	**1.15**	**140.13**	**-**	**141.28**	**1,260.02**	**1,400.15**

(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.

Notes to the financial statements

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

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

Assets Class	Years
PHAROS Module	10
SAP (ERP)	3

(iii) Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets.

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

(iv) Method of Accounting Depreciation

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

Note 4 - Other Financial Assets

Particulars	As at 31 March 2026	As at 31 March 2025
Non-Current		
Unsecured, Considered Good		
Security deposits	0.29	0.29
	0.29	**0.29**
Current		
Interest accrued on fixed deposits	157.79	173.79
Receivables other than Trade receivables (Sale of PPE)	-	-
	157.79	**173.79**
Total	**158.08**	**174.08**

Note 5 - Deferred Tax Assets (Net)

Particulars	As at 31 March 2026	As at 31 March 2025
Deferred Tax Asset	45.58	71.78
Deferred Tax Liability	-	-
Total	**45.58**	**71.78**
Note 6 - Inventories		
Particulars	**As at 31 March 2026**	**As at 31 March 2025**
Non-Current		
Raw Materials & Components	587.95	587.26
Goods in Transit	-	-
Work in Progress	-	-
Finished Goods	-	-
	587.95	**587.26**
Less: Provision for Obsolescence	(587.95)	(587.26)
Current		
Raw Materials & Components	96.19	18.09
Goods in Transit	1,124.53	-
Work in Progress	820.27	392.90
Finished Goods	-	-
Total	**2,040.99**	**410.99**

Notes to the financial statements

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

Additional Notes:

i) Valuation of inventories has been made as per Company's Accounting Policy No.17

ii) Provision for Material Obsolescence provided for Rs. 1.11 (Prev Year Nil) and withdrawn Rs. 0.42 (Prev Year Nil).

iii) Goods in Transit is Rs. 1124.53 (NIL) and is lying at the Bangalore Airport customs pending clearance (PO INCOTERM - CIP Bangalore)

iv) Inventory issued to Sub Contractors is 380.65 (NIL)

Note 7 - Trade Receivables

Particulars	As at 31 March 2026	As at 31 March 2025
Non-Current		
Unsecured, Considered Doubtful		
Trade receivables from related parties	12.01	12.00
Trade receivables	-	-
Less: Allowance for Expected Credit Loss	(12.01)	(12.00)
Current	**-**	**-**
Unsecured, Considered Good		
Trade receivables from related parties	1,298.01	445.97
Trade receivables	495.10	314.21
Less: Allowance for Expected Credit Loss	-	-
	1,793.11	**760.18**
Total	**1,793.11**	**760.18**

Disclosure of trade receivables as at 31-03-2026:

Particulars	Outstanding for following period from due date of payment					
	Less than 6 months	6 months to 1 year	1 - 2 year	2 - 3 year	More than 3 year	Total
Undisputed Trade Receivables considered good	1,618.29	147.71	16.18	10.93	-	1,793.11
Undisputed Trade Receivables considered doubtful	-	-	7.20	4.80	0.01	12.01
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total (A)	**1,618.29**	**147.71**	**23.38**	**15.73**	**0.01**	**1,805.12**
Less: Allowance for bad and doubtful debts (expected credit loss allowance)			(7.20)	(4.80)	(0.01)	(12.01)
Total (B)	**1,618.29**	**147.71**	**16.18**	**10.93**	**-**	**1,793.11**
Unbilled dues Considered good included above	574.61					**574.61**

Notes to the financial statements

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

Disclosure of trade receivables as at 31-03-2025:

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	487.88	272.29	-	0.01	-	760.18
Undisputed Trade Receivables considered doubtful	-	7.20	4.80	-	-	12.00
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
Total (A)	**487.88**	**279.49**	**4.80**	**0.01**	**-**	**772.18**
Less: Allowance for bad and doubtful debts (expected credit loss allowance)	-	(7.20)	(4.80)	-	-	(12.00)
Total (B)	**487.88**	**272.29**	**-**	**0.01**	**-**	**760.18**
Unbilled dues Considered good included above	141.36					**141.36**

Note 8 - Cash and Cash Equivalents

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with banks		
- On current accounts	68.79	194.45
- Deposits with original maturity of less than 3 months	-	-
Total	**68.79**	**194.45**

Note 9 - Bank balances other than above

Particulars	As at 31 March 2026	As at 31 March 2025
Balances with banks		
- Deposits with original maturity of more than 3 months but less than 12 months	8,000.00	6,300.00
Total	**8,000.00**	**6,300.00**

Note 10 - Current Tax Assets (Net)

Particulars	As at 31 March 2026	As at 31 March 2025
Current		
Advance income-tax (Net of Provision for Tax Rs. 6.4 (Previous year Rs. 94.5))	120.63	168.46
Total	**120.63**	**168.46**

Notes to the financial statements

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

Note 11 - Other Current Assets

Particulars	As at 31 March 2026	As at 31 March 2025
Current		
Contract Assets #	153.61	48.51
Balances with government authorities##	313.56	147.55
Prepaid Expenses	3.62	8.03
Total	**470.79**	**204.09**

 # Movement of Contract Assets

Particulars	As at 31 March 2026	As at 31 March 2025
Opening Balance (A)	**48.51**	**251.15**
Additions		
Against Sales recognised during the year *	153.61	48.51
Receipt of advance from Customer during the year	-	-
Total - (B)	**153.61**	**48.51**
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	48.51	251.15
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)	**48.51**	**251.15**
Grand Total (Closing Balance) D = (A+B-C)	**153.61**	**48.51**

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

Balance with Government authorities Includes

- Deposits of Rs.9.71 for matters that are pending before Income Tax Appellate authorities (AY 2015-16 & AY 2016-17);
- Adjustment of Rs. 30.46 from the refund amount due for the AY 2018-19; and
- Adjustment of Rs. 16.66 from the refund amount due for the AY 2025-26. Refere note 29.

Notes to the financial statements

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

Note 12 - Equity Share Capital

Name of the Company	As at 31 March 2026	As at 31 March 2025
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 2026		As at 31 March 2025	
	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 2026	As at 31 March 2025
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 2026		As at 31 March 2025	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Bharat Electronics Limited	42,63,538	74%	42,63,538	74%
Thales India Private Limited	12,09,923	21%	12,09,923	21%
Thales LAS France SAS	2,88,076	5%	2,88,076	5%

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

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

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

Notes to the financial statements

(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 2026			31 March 2025	
	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 2026	As at 31 March 2025
Reserves & Surplus		
Retained Earnings	1,481.93	1,526.99
Other Comprehensive Income	(0.67)	(5.73)
Total	**1,481.26**	**1,521.26**

Reserves & Surplus

Particulars	As at 31 March 2026	As at 31 March 2025
(i) Retained Earnings		
Opening Balance as on 1st April	1,526.99	1,134.14
Add: Profit/(Loss) for the Year	97.83	475.82
Less: Dividends Paid	(142.89)	(82.97)
Closing balance as on 31st March	**1,481.93**	**1,526.99**
(ii) Other items of OCI		
Opening Balance as on 1st April	(5.73)	(3.07)
Add: Additions during the year	5.06	(2.66)
Less: Reclassified to profit or loss	-	-
Closing balance as on 31st March	**(0.67)**	**(5.73)**
Total reserves and surplus	**1,481.26**	**1,521.26**

Notes to the financial statements

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

Note 14 - Lease Liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Lease Liability for Right of Use		
- Non-Current	183.02	224.53
- Current	75.43	85.32
Total	**258.45**	**309.85**

Note 15 - Trade Payables

Particulars	As at 31 March 2026	As at 31 March 2025
Trade payables		
Total outstanding dues to Micro Enterprises & Small Enterprises and	0.19	-
Total outstanding dues to Micro Enterprises & Small Enterprises	**0.19**	**-**
Total outstanding dues to creditors other than Micro Enterprises & Small Enterprises	4,442.18	2,204.64
Trade payables to related parties	30.31	1.84
Total Outstanding dues other than Micro & Small Enterprises	**4,472.49**	**2,206.48**
Total	**4,472.68**	**2,206.48**

Disclosure of Trade Payables as at 31 March 2026

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	0.19				0.19
Others	4,471.25	1.22	-	0.02	4,472.49
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Total	**4,471.44**	**1.22**	**-**	**0.02**	**4,472.68**

Disclosure of Trade Payables as at 31 March 2025

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	2,206.28	0.18	-	0.02	2,206.48
Disputed dues - MSME					-
Disputed dues - Others					-
Total	**2,206.28**	**0.18**	**-**	**0.02**	**2,206.48**

Notes to the financial statements

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

Note 16 - Other Financial Liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Current		
Outstanding Expenses	252.31	142.53
	252.31	**142.53**
Total	**252.31**	**142.53**

Note 17 - Other Current Liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Current		
Contract Liabilities - Customer Advances #	2,073.41	117.75
Dues to Statutory Authorities	46.19	35.04
Total	**2,119.60**	**152.79**

 # Movement of Contract Liabilities

Particulars	As at 31 March 2026	As at 31 March 2025
Opening Balance (A)	**117.75**	**-**
Additions		
Against Sales recognised during the year	208.31	-
Receipt of advance from Customer during the year	1,989.62	212.56
Change in transaction price recognised during/previous year	-	-
Others (if any)		
Total - (B)	**2,197.93**	**212.56**
Deductions		
Contract liability adjusted against- Revenue recognised during the year out of Opening balance	26.97	-
Contract liability adjusted against- Revenue recognised during the year out of Current year balance	208.31	-
Conversion of Contract Asset to Trade receivable		75.52
Write back of Contract Liability if any	-	-
Impairment of Contract Asset if any	-	-
Change in transaction price recognised during/previous year	6.99	19.29
Others (if any)	-	-
Total -(C)	**242.27**	**94.81**
Grand Total (Closing Balance) D = (A+B-C)	**2,073.41**	**117.75**

Notes to the financial statements

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

Note 18 - Provisions

Particulars	As at 31 March 2026	As at 31 March 2025
Non-Current		
Provision for employee benefits		
-Gratuity	15.73	14.71
-Compensated Absences	9.76	3.64
	25.49	**18.35**
Current		
Provision for employee benefits		
-Gratuity	0.16	0.13
-Compensated Absences	0.26	0.07
	0.42	**0.20**
Total	**25.91**	**18.55**

Note 19 - Revenue from Operations

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Sale of products	14,075.31	11,006.33
Income from Service	572.55	740.97
Revenue from Contracts with Customers	**14,647.86**	**11,747.30**
Other Operating Revenue		
LD Recovered	30.82	28.16
Sale of Scrap	-	0.95
Duty Drawback	10.29	1.36
Total Other Operating Revenue	**41.11**	**30.47**
Total	**14,688.97**	**11,777.77**

Notes to the financial statements

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

i) Disaggregation of Revenue Recognised against contracts with customers

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Income from Sale of Goods		
-Defence	13,369.99	10,826.10
-Non Defence	-	-
-Others	-	-
-Exports	705.32	180.23
Total	**14,075.31**	**11,006.33**
Income from Sale of Services		
-Defence	434.67	740.73
-Non Defence	1.03	0.24
-Others	-	-
-Exports	136.85	-
Total	**572.55**	**740.97**
Grand Total	**14,647.86**	**11,747.30**

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

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Revenue Recognised as per Statement of Profit & Loss		
Income from Sale of Goods	14,075.31	11,006.33
Income from Sale of Services	572.55	740.97
Total (a)	**14,647.86**	**11,747.30**
Add / (Less) adjustment to Contract Price		
Foreign Exchange Variation Claim	(1,114.20)	(174.73)
Price Revision (Custom Duty on Circulator)	-	-
Discount & Rebate Offered	-	-
Others	-	-
Total Adjustment (b)	**(1,114.20)**	**(174.73)**
Contract Price (a+b)	**13,533.66**	**11,572.57**

Notes to the financial statements

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

Note 20 - Other Income

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Interest income on Bank deposits	503.03	350.91
Interest income on Income Tax Refund	7.99	7.11
Miscellaneous income	0.09	-
Foreign exchange gain	-	116.39
Total	**511.11**	**474.41**

Note 21 - Cost of Material Consumed

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Opening Stock		
- Raw Materials & Components	605.35	596.38
	605.35	**596.38**
Add: Purchases		
- Raw Materials & Components	15,201.52	11,076.61
	15,201.52	**11,076.61**
Less: Closing Stock*		
- Raw Materials & Components	1,220.72	18.09
- Provision for Obsolescence	587.95	587.26
	1,808.67	**605.35**
Total	**13,998.20**	**11,067.64**

* Out of the Closing Stock of Rs. 1808.67 (Prev Year 605.35) total amount of Rs. 587.95 (Current Year 0.69, Prev Year Nil & FY 2023-24 Rs. 587.26) has been provided for Material obsolescence. Further it includes Goods in Transit amounting to Rs. 1124.53 (Prev Year Nil). Accordingly the closing stock as on 31st Mar 2026 is Rs. 1220.72 (Net of Provision for Obsolescence). Refer Note 6

Note 22 : Changes in Inventories of Finished stock & Work-in-progress

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Inventories at the end of the year		
- Finished goods	-	-
- Work-in-progress	820.27	392.90
	820.27	**392.90**
Inventories at the beginning of the year		
- Finished goods	-	-
- Work-in-progress	392.90	-
	392.90	**-**
Total	**(427.37)**	**(392.90)**

Notes to the financial statements

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

Note 23 - Employee Benefit Expenses

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Salaries and Allowances	511.19	469.92
Contribution to provident and other funds	36.77	34.75
Expenses for Compensated Absences	21.33	16.85
Superannuation Fund	9.56	10.05
Gratuity Expense	19.72	17.64
Staff Welfare Expenses	0.48	0.76
Total	**599.05**	**549.97**

Additional Notes:

i) The company contributes 12% of (Basic + DA) 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) 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 24 - Finance Cost

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Interest on lease liabilities	25.84	28.46
Total	**25.84**	**28.46**

Note 25 - Depreciation and Amortisation Expense

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Depreciation on Property, Plant & Equipment	43.03	27.82
Depreciation on right-of-use assets	78.51	72.53
Amortisation of Other Intangible Assets	140.18	140.13
Total	**261.72**	**240.48**

Notes to the financial statements

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

Note 26 - Other Expenses

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Power and Fuel	8.14	6.26
Water Charges	0.30	0.17
Rent	16.56	13.94
Rates & Taxes	0.61	0.21
Insurance Charges	5.14	3.79
Legal & Professional Charges	11.23	15.16
Auditors Remuneration	3.00	2.10
Cost Audit Fees	0.60	-
Repairs & Maintenance		
Building	-	0.05
Plant & Machinery	6.35	5.96
Others	12.99	8.94
Manpower Charges	70.42	63.28
Bank charges	2.84	11.82
Printing and Stationery	3.14	2.66
Travelling & Conveyance	35.47	32.43
Telephone & Lease Line Charges	4.23	4.72
Postage, Courier & Freight	1.73	3.70
Foreign Exchange Loss	371.34	-
Provision for Liquidated Damages	23.77	7.20
Provision for Material Obsolescence	0.69	-
Miscellaneous Expenses	20.67	23.15
Corporate Social Responsibility	12.69	12.82
Total	**611.91**	**218.36**

Note 26.1 : Auditors Remuneration

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Payments to Statutory Auditors (Excluding GST)		
For statutory Audit	1.50	1.50
For other taxation matters	0.60	0.60
For Services (Certification Fees)*	0.90	-
Total	**3.00**	**2.10**

* During Prev Year 2024-25 Payment For Services (Certification Fees) grouped under Legal & Professional Charges

Notes to the financial statements

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

Note 26.2 : Miscellaneous Expenses

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Miscellaneous Expenses		
Board Meeting Expenses	9.81	7.47
Publicity & Sales Promotion	-	0.51
Exp on Seminars & Courses	0.22	0.86
Advertisement- Recruitment	1.04	-
Administrative expenses	5.31	3.10
Other Miscellaneous Expenses	4.29	11.21
Total	**20.67**	**23.15**

Note 27 - Earnings per share

(a) The amount used as the numerator in calculating basic and diluted earning per share is the net profit/loss after tax for the period disclosed in the Statement of Profit and Loss.

(b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earning per share is 57,61,537 (57,61,537).

Particulars	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Net Profit/(loss) after tax ₹ in lakhs	97.83	475.82
Weighted average number of equity shares (Nos.)	57,61,537	57,61,537
Basic and diluted earnings per share (for continuing operations)*(a)/(b) ₹	1.70	8.26
Basic and diluted earnings per share (for discontinued operations) ₹	-	-
Nominal value per share ₹	100.00	100.00

Note 28 - Material Accounting policies

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

Note 29 - Contingent liabilities

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31st March 2026 – Nil (Nil).

(b) Other Commitments – i.e. Non-cancellable contractual commitments as on 31st March 2026–Nil (Nil).

(c) Contingent liabilities:

Particulars	As at 31 March 2026	As at 31 March 2025
Claims against the company not acknowledged as debts*	48.53	48.53

Note: As at 31st March 2026, the amount is relating to income tax matters and against this the company deposited an amount Rs. 9.71 (previous year - Rs. 9.71) with relevant authorities on appeal. As also an amount of Rs. 30.46 has been adjusted against the refund amount due for the AY 2018-19 and Rs. 16.66 has been adhusted against the refund amount due for the AY 2025-26. 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.

Notes to the financial statements

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

Note 30 - Operating Leases

As a Lessee:

The Company has taken the Registered Office Building on a non-cancellable operating lease for 5 years from M/s. Bharat Electronics Limited, (the Holding Company) with an option to renew the lease after this period, The operating lease rentals under Building contract are payable on monthly basis. There are no sub-leases.

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

Particulars	As at 31 March 2026	As at 31 March 2025
Not later than one year	75.43	85.32
Later than one year and not later than five years	183.02	224.53
Later than five years	-	-

Note 31 : Related Party Disclosures

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

a) Name of the related party and nature of relationship

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

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

Nature of Transactions	Name of Related Party	For the Year ended 31 March 2026	For the Year ended 31 March 2025
Sale of services	Bharat Electronics Limited	18.38	322.05
Sale of Goods	Bharat Electronics Limited	13,369.99	10,826.10
Purchase of services	Bharat Electronics Limited	1.00	1.00
	Thales LAS France SAS	263.26	443.72
Leasing arrangements - Office Premises	Bharat Electronics Limited	92.19	81.26
Other services availed	Bharat Electronics Limited	20.00	1.70
	Thales India Pvt Ltd	1.03	
Dividend Paid	Bharat Electronics Limited	105.74	61.39
	Thales India Private Limited	30.01	17.42
	Thales LAS France SAS	7.14	4.15

Notes to the financial statements

(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 as at		Payable as at	
		31 March 2026	31 March 2025	31 March 2026	31 March 2025
Sale of services	Bharat Electronics Limited	29.84	22.03	-	-
	Thales India Private Limited	-	-	-	-
	Thales LAS France SAS	-	-	-	-
Sale of Goods	Bharat Electronics Limited	1266.97	423.94	-	-
Purchase of services	Bharat Electronics Limited	-	-	-	-
	Thales India Private Limited	-	-	-	-
	Thales LAS France SAS	-	-	166.56	65.33
Purchase of Goods	Bharat Electronics Limited	-	-	-	-
	Thales India Private Limited	-	-	-	-
	Thales LAS France SAS	-	-	-	-
Leasing arrangements - Office Premises	Bharat Electronics Limited	-	-	8.71	-
Other services availed	Thales India Private Limited	1.20	-	-	-
	Bharat Electronics Limited	-	-	21.60	1.84

d) Directors of the Company are as follows:

Sl. No.	Name of Directors	Designation
(a)	Shri Bhanu Prakash Srivastava (upto 01.06.2025)	Director
(b)	Shri Damodar Bhattad	Director
(c)	Shri Venkata Suresh Kumar Kaipa	Director
(d)	Shri HariKumar Raghavan Nair (From 01.06.2025)	Director
(e)	Shri Ankur Deepak Kanaglekar (From 17.11.2025)	Director
(f)	Shri Gilles Antoine Gaston Bono (Upto 12.11.2025)	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 VijayaKumar M S	CEO
(b)	Shri Amresh Kumar Jha	CFO
(c)	Ms Kirti Sewani	Company Secretary

Notes to the financial statements

(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	For the year ended 31 March 2026	For the year ended 31 March 2025
Short-term benefits	104.90	108.20
Post-employment benefits	14.28	14.91
Other long-term employee benefits	-	-
Termination benefits	-	-
Share based payment	-	-
Total Compensation	**119.18**	**123.11**

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 by the Company during the year as per terms and conditions of employment.

Note 32 - 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 33 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

An amount of Rs. 0.19 (Nil) is due to Micro and Small Enterprises 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 34 - 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 35 - Research and Development Expenditure

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

Note 36 - Corporate Social Responsibility

a) Gross amount required to be spent by the company during the FY 2025-26 is Rs. 12.69.

b) **Amount Spent During the FY 2025-26**

Sl No	Particulars	In cash	Yet to be paid in cash	Total	Appropriation / Provision * for unspent Amount	CSR Grand Total
i)	Preventive Healthcare	12.11	-	12.11	-	12.11
ii)	Contribution to PM National Relief Fund	0.58	-	0.58	-	0.58

Notes to the financial statements

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

c) Movement of CSR Provision

Sl No	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
i)	As at 1st April	-	-
ii)	Additional Provision/ Appropriation recognised during the year	12.69	12.82
iii)	Less Amount used during the year	12.69	12.82
iv)	Less Amount reversed during the year	-	-
v)	As at 31st March	-	-

Note 37 - 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.23) 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.23).

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

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Contribution to Provident Fund included under contribution to provident and other funds.	46.33	44.80
	46.33	**44.80**

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, 2025 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.

Notes to the financial statements

(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 For the year ended	
	31 March 2026	31 March 2025
Net Employee benefit expense recognized in the employee cost in statement of profit & loss account		
Current service cost	5.08	2.78
Interest cost on benefit obligation	1.02	0.62
Past Service Cost		
Expected return on plan assets		
Sub Total	**6.10**	**3.40**
Recognised in Other Comprehensive Income		
Net actuarial (gain)/loss recognized in the year on paln obligations	**(5.06)**	**2.66**
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-	-
Effect of Balance Sheet asset limit	-	-
Sub Total	**(5.06)**	**2.66**
Net benefit expense recognised in Statement of Profit & Loss	**1.04**	**6.06**

Notes to the financial statements

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

Balance Sheet	As at 31 March 2026	As at 31 March 2025
Benefit asset / liability		
Present value of defined benefit obligation	15.88	14.84
Fair value of plan assets	-	-
Assets / (Liability) recognized in the balance sheet	**15.88**	**14.84**
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation	14.84	8.78
Interest Cost	1.02	0.62
Current Service Cost	5.08	2.78
Actuarial (gain)/loss on obligation	(5.06)	2.66
Acquisition Adjustments	-	-
Present Value of defined Benefit Obligation at the end of the period	**15.88**	**14.84**

Bifurcation of Present Value of Obligation at the end of the year	As at 31 March 2026	As at 31 March 2025
Current Liability (Short term)	0.16	0.13
Non-Current Liability (Long term)	15.73	14.71
Present Value of Obligation	**15.89**	**14.84**
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)	7.83%	6.89%
Expected rate of salary increase (%)	6.00%	6.00%
Mortality rate	(% of IALM 2012-14)	(% of IALM 2012-14)
Normal retirement age	60.00	60.00
Attrition / Withdrawal rates per annum	1.00%	1.00%

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.

Notes to the financial statements

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

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, 2026	15.89	(15.89)	1.78	3.27	-

Sensitivity analysis of the defined benefit obligation

Assumptions	Discount Rate		Salary Growth Rate	
Sensitivity Level	+50 basis point	-50 basis point	+50 basis point	-50 basis point
0.50% movement	8.33%	7.33%	6.50%	5.50%
Increase/(decrease) in defined benefit Obligation	14.42	17.54	17.57	14.37
Increase/(decrease) in Current Service Cost	3.62	4.44	4.41	3.61

Particulars	As at 31 March 2026	As at 31 March 2025
Compensated absences		
Charge in the Statement of Profit and Loss	21.33	16.85
Liability as at the year end	10.02	3.71

Bifurcation of Present Value of Obligation at the end of the year	As at 31 March 2026	As at 31 March 2025
Current Liability (Short term)	0.26	0.07
Non-Current Liability (Long term)	9.76	3.64
Present Value of Obligation	**10.02**	**3.71**
Actuarial assumptions		
Discount rate	7.83%	6.89%
Salary escalation	6.00%	6.00%
Retirement age	60 Yrs	60 Yrs
Attrition rate	1.00%	1.00%

Note 38 - 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.

Notes to the financial statements

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

Financial Assets carried at Amortised Cost

Particulars	As at 31 March 2026	As at 31 March 2025
Trade Receivables	1,793.11	760.18
Cash & Cash equivalents	68.79	194.45
Bank balances other than above	8,000.00	6,300.00
Other Financial Assets	158.08	174.08
Total Financial Assets	**10,019.98**	**7,428.71**

Financial Liabilities carried at Amortised Cost

Particulars	As at 31 March 2026	As at 31 March 2025
Trade Payables	4,472.68	2,206.48
Lease Liabilities	258.45	309.85
Other Financial Liabilities	252.31	142.53
Total Financial Liabilities	**4,983.44**	**2,658.86**

Note 39 : Financial Risk Management

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

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

a) Credit Risk

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

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

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

Deposits and cash balances are placed with reputable banks.

Trade and other receivables

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

Notes to the financial statements

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

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

Particulars	As at 31 March 2026	As at 31 March 2025
India	1,328.83	554.57
France	-	-
Belgium	294.45	-
Netherland	169.83	76.24

At 31st March 2026, the Company's most significant customers, Bharat Electronics Limited, the holding company accounted for INR 1296.82 (INR 457.97).

The credit quality of the financial assets is satisfactory.

b) Liquidity Risk

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

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

Exposure to liquidity risk

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

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 2026				
Lease Liabilities	75.43	183.02	-	258.45
Trade Payable	4,472.49	-	-	4,472.49
Other Financial Liabilities	252.31	-	-	252.31
	4,800.23	**183.02**	**-**	**4,983.25**
31st March 2025				
Lease Liabilities	85.32	224.53	-	309.85
Trade Payable	2,206.48	-	-	2,206.48
Other Financial Liabilities	142.53	-	-	142.53
	2,434.33	**224.53**	**-**	**2,658.86**

Notes to the financial statements

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

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 2026, there was no change to the manner in which the Group manages or measures market risk.

Currency risk

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

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

Exposure to foreign currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2026 and 31 March 2025 are as below:

Particulars	31 March 2026 EUR Amount	31 March 2026 INR (in Lakhs)
Financial Liabilities		
Trade and other payables	3982744.00	4411.46
Payable towards Capital Purchases	-	-
Contract Liabilities	2015490.00	2073.41
Total Payable	**5998234.00**	**6,484.87**
Financial Assets		
Trade Receivables	435248.00	464.28
Total Receivables	**435248.00**	**464.28**
Net Exposure	**5562986.00**	**6020.59**

Notes to the financial statements

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

Particulars	31 March 2025 EUR Amount	31 March 2025 INR (in Lakhs)
Financial Liabilities		
Trade and other payables	2258956.00	2131.32
Payable towards Capital Purchases	-	-
Contract Laibilities	124800.00	117.75
Total Payable	**2383756.00**	**2,249.07**
Financial Assets		
Trade Receivables	83000.00	76.24
Total Receivables	**83000.00**	**76.24**
Net Exposure	**2300756.00**	**2172.83**

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

Particulars	Average Rate for the year ended		Year-end Spot Rate	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
EUR	102.53	95.16	110.09	94.35

Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the Indian Rupee against Euro at 31 March 2026 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 2026

Effect in INR	Profit / (loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
EUR sensitivity				
10% movement	602.06	(602.06)	Nil	Nil

As at 31 March 2025

Effect in INR	Profit / (loss) before tax		Effect on pre-tax equity	
	Strengthening	Weakening	Strengthening	Weakening
EUR sensitivity				
10% movement	217.28	(217.28)	Nil	Nil

Notes to the financial statements

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

Interest rate risk

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

Exposure to interest rate risk

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

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

Particulars	As at 31 March 2026	As at 31 March 2025
Fixed-rate instruments		
Financial assets – Deposits with original maturity of less than 3 months	-	-
Financial assets – Deposits with original maturity of less than 12 months	8,000.00	6,300.00

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

Note 40 : 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	As at 31 March 2026	As at 31 March 2025
Total borrowings #	-	-
Total equity	7,242.80	7,282.80
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

Notes to the financial statements

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

Note 41- Income taxes

a) Amount recognised in statement of profit and loss

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
Current tax expenses:		
Current tax*	6.40	94.50
Changes in Estimates related to earlier years	0.30	(9.98)
Deferred tax (income) / expense:		
Origination and reversal of temporary differences	26.20	(20.17)
Tax expense for the year	**32.90**	**64.35**

b) Income tax recognised in OCI – Nil (31 March 2025 - Nil)

c) Reconciliation of effective income tax rate

Particulars	For the year ended 31 March 2026		For the year ended 31 March 2025	
	Rate %	Amount	Rate %	Amount
Profit / (Loss) before tax from continuing operation		130.73		540.17
Tax using the company's domestic tax rate (Income tax)	25.17%	6.40	25.17%	135.95
Tax effect of:				
Carry forward of business losses				
Provision on Material Obsolescence				
Others		26.50		(71.60)
Total income tax expense for the year	**25.17%**	**32.90**	**25.17%**	**64.35**

Notes to the financial statements

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

d) Movement in deferred tax balances

Deferred tax assets and liabilities are attributable to the following:

Particulars	Deferred tax assets as at		Deferred tax liabilities as at		Deferred tax (liabilities) / asset, net as at	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Property, plant and equipment & RoU	-	-	119.96	85.66	(119.96)	(85.66)
Provisions	165.54	157.44	-	-	165.54	157.44
	165.54	**157.44**	**119.96**	**85.66**	**45.58**	**71.78**

Movement in temporary differences

Particulars	As at 1 April 2025		Recognition during the year		As at 31 March 2026	
	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	-	85.66	(34.30)	-	-	119.96
Provisions	157.44	-	8.10	-	165.54	-
	157.44	**85.66**	**(26.20)**	**-**	**165.54**	**119.96**

Particulars	As at 1 April 2024		Recognition during the year		As at 31 March 2025	
	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	48.73	-	(134.39)	-	-	85.66
Provisions	2.88	-	154.56	-	157.44	-
	51.61	**-**	**20.17**	**-**	**157.44**	**85.66**

e) Unrecognised deferred tax assets

There are no items for which Deferred tax asset has not been recognised, because it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

f) Unrecognised tax losses carried forward

All the tax losses carried forward has been recognised and adjusted. Further, there are no unrecognised tax losses that will expire.

Notes to the financial statements

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

Note 42 - Analytical Ratios

The following are the analytical ratios for the year ended:

Particulars	Numerator	Denominator	31 March 2026	31 March 2025	Variance in Ratios	Reasons for variance
Current Ratio	Current Assets	Current Liabilities	1.83	3.17	-42%	1
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.036	0.043	-16%	2
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	1.30	5.58	-77%	3
Return on Equity Ratio	Net Profits after taxes	Average Shareholder's Equity	0.01	0.07	-80%	4
Inventory Turnover Ratio	Cost of goods sold	Average Inventory	11.07	50.82	-78%	5
Trade Receivable Turnover Ratio	Net Credit Sales	Average Trade Receivables	11.51	12.43	-7%	6
Trade Payables Turnover Ratio	Net Credit Purchases	Average Trade Payables	4.55	5.45	-16%	7
Net Capital Turnover Ratio	Revenue	Working Capital	2.56	2.09	22%	8
Net Profit Ratio	Net Profits	Net Sales	0.01	0.04	-83%	9
Return on Capital Employed	Earnings before interest and taxes	Capital employed	0.02	0.08	-72%	10

1. Reduction in current Ratio during the F.Y. 2025-26 as compared to F.Y. 2024-25 is mainly due to increase in Current Liabilities Rs. 4333.11 (Mainly Trade Payables (Rs. 2266.20 & Other Financial Liabilities Rs. 1966.81) coupled with increase in Current Assets Rs. 4440.13 (mainly increase in Inventories Rs. 1630.09, Trade receivables Rs. 458.32 Lakhs and Increase in Bank balances (Rs. 1700).
2. The reduction in the Debt-Equity Ratio is because of reduction in Lease liability by Rs. 51.40 and increase in net worth by Rs. 40.00.
3. Reduction is due to decrease in Profit Before Tax (Mainly because of FE Loss of Rs. 371.34).
4. During the F.Y. 2025-26 PAT decreased by 93% as compared to PAT of F.Y. 2024-25 (Due to FE Loss of Rs. 371.34).
5. There is reduction in Inventory Turnover Ratio during FY 2025-26 as compared to FY 2024-25. The reduction is because of Goods in Transit of Rs. 1124.53 (Prev Year Nil) and changes in Inventories of FG & WIP Rs. 427.37 (Prev Year Rs. 392.90).

Notes to the financial statements

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

6. The variance is due to increase in sales 24.74% (PY 25.59%) with minor increase in Average Trade Receivables 4% (PY Reduction of 17.58%) during the F.Y 2025-26 as compared to F.Y. 2024-25.
7. The reason for variance is due to substantial increase in purchase (Rs. 4124.91) coupled with increase in Average Trade Payable (Rs. 1306.98) during F.Y. 2025-26.
8. The reason for variance is due to Increase in Revenue from Operations (24.74%) during F.Y. 2025-26 as compared to F.Y. 2024-25.
9. Reduction in the Net Profit Ratio is because of reduction in PAT during F.Y. 2025-26 as compared to F.Y. 2024-25.
10. During the current year these is substantial decrease in Operating profit due to FE loss of Rs. 371.34 resulting in reduction in Return on Capital Employed ratio.

Note 43 - 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 2026

Particulars	Total	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year
Sale of Services	964.00	389.00	575.00		-
Sale of Products	26,111.00	510.00	12,001.00	13,600.00	-
Total	**27,075.00**	**899.00**	**12,576.00**	**13,600.00**	**-**

As at 31 March 2025

Particulars	Total	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 year
Sale of Services	522.00	510.00	12.00	-	-
Sale of Products	22,252.00	10,664.00	11,588.00	-	-
Total	**22,774.00**	**11,174.00**	**11,600.00**	**-**	**-**

Note 44 - 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 45 - The Company does not have any transactions with struck off companies.

Note 46 - The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

Note 47 - The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

Note 48 - 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:

Notes to the financial statements

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

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Note 49 - The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 50 - 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 51 - Impact of Labour Code

On 21st November 2025, the Government of India notified provisions of the Code on Wages 2019, the Industrial Relations Code 2020, the Code on Social Security 2020 and the Occupational Safety, Health and Working Conditions Code 2020, which consolidates the existing 29 labour laws into a unified framework governing employee benefits. Based on the evaluation carried out there is no financial impact because of these changes.

Note 52 - 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. For the year ended March 31, 2026, MCA has not notified any new accounting standards or amendments to the existing standards applicable to the company.

Note 53 - Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 5.03 (INR 2.48) 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. 289.71 (Rs. 142.89).

Note 54 - Previous year's figures

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

***for* Vasanth & Co.**
Chartered Accountants
FRN No. 008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064HNXBQO3761

Place: Bengaluru
Date : 08.05.2026

for and on behalf of the Board of Directors

Sd/-
Damodar Bhattad
Chairman
(DIN: 09780732)

Sd/-
HariKumar Raghavan Nair
Director
(DIN: 11086669)

Sd/-
Vijayakumar M S
Chief Executive Officer

Sd/-
Amresh Kumar Jha
Chief Financial Officer

Sd/-
Kirti Sewani
Company Secretary

Notes to the financial statements for the year ended 31 March 2026

Material Accounting Policies on Ind AS Standalone Financial Statements

Corporate Information

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

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

Material Accounting Policies

1. Basis of Preparation

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

2. Use of Estimates

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

3. Basis of Measurement

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

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

4. Functional and Presentation Currency

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

5. Revenue Recognition

A. Revenue from Contract with Customers

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

ii. Satisfaction of performance obligation over time

a. Revenue is recognised over time where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:

- the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
- the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date

b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

c. In case of AMC contracts, where passage of time is the criteria for satisfaction of performance obligation, revenue is recognised using the output method.

iii. Satisfaction of performance obligation at a point in time

a. In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.

b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:

- the company has transferred physical possession of the asset
- the customer has legal title to the asset
- the customer has accepted the asset
- when the company has a present right to payment for the asset
- the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco- terms of the contracts

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

FOR Contracts – In the case of FOR contracts, revenue is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period.

c. Bill and hold Sales Bill and hold sales is recognised when all the following criteria are met:

- the reason for the bill and hold sales is substantive
- the product is identified separately as belonging to the customer
- the product is currently ready for physical transfer to the customer
- the company does not have the ability to use the product or to direct it to another customer

iv. Measurement

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

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

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

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

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

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

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

v. Penalties

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

vi. Significant financing component

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

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

B. Other Income

Recognition of other income is as follows

i. **Interest Income**

Interest income is recognised using the effective interest rate method.

ii. **Dividend Income**

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

iii. **Rental Income**

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

iv. **Other Income**

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

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

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

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

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

7. Intangible Assets, Intangible Asset under Development

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

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

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

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

8. Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

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

9. Disposal of Property, Plant and Equipment

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

10. Research and Development Expenditure

i. Expenditure on Research activity is recognised as an expense in the period when it is incurred.

ii. Development expenditure (other than on specific development - cum sales contracts and Developmental projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development – cum - sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

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

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

iii. Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

iv. Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received.

In case customer order is immediately not forthcoming:

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

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on 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 it's 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 it's 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* Vasanth & Co.**
Chartered Accountants
FRN No. 008204S

Sd/-
N. Amarnath
Partner
Membership No: 510064
UDIN: 26510064HNXBQO3761

Place: Bengaluru
Date : 08.05.2026

for and on behalf of the Board of Directors

Sd/-	Sd/-
Damodar Bhattad	**HariKumar Raghavan Nair**
Chairman	**Director**
(DIN: 09780732)	(DIN: 11086669)

Sd/-	Sd/-	Sd/-
Vijayakumar M S	**Amresh Kumar Jha**	**Kirti Sewani**
Chief Executive Officer	**Chief Financial Officer**	**Company Secretary**

NOTES

YEAR IN PICTURES

People and community engagement during the year

PEOPLE, CULTURE & COMMUNITY

Corporate Social Responsibility (CSR) Initiative

Corporate Social Responsibility (CSR) Initiative

Sales Conference

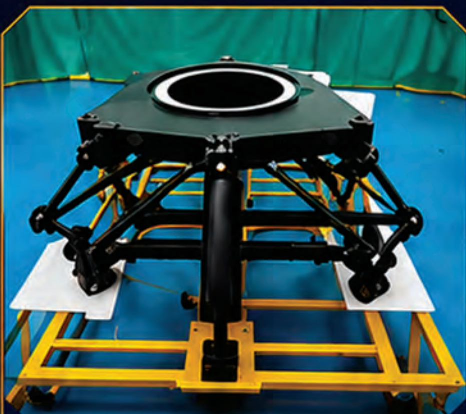
Ayudha Pooja Celebration

Director Retirement

POSH Training Programme

Vigilance Awareness Week

NEW PRODUCTS INTRODUCED



SAF
(SHOCK ABSORBING FOUNDATION)

ARSI
(ADVANCED ROCKET SYSTEM INTERFACE)

LCTU
(LASER GUIDED ROCKET CONFIGURATION AND TEST UNIT)

FZ906
(GROUND SUPPORT EQUIPMENT)

LBREC
(LOW BAND RECEIVER)

BEL-THALES Systems

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CIN: U32106KA2014GOI076102
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Tel: 080-28381802 | Fax: 080-28381801