

# **S.N. Dhawan & CO LLP**

**Chartered Accountants**

2nd Floor, Plot No. 51-52,  
Udyog Vihar, Phase IV,  
Sector - 18, Gurugram  
Haryana 122016, India

## **INDEPENDENT AUDITOR'S REPORT**

Tel: +91 124 481 4444

To the Members of **Thales Reliance Defence Systems Limited**

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

#### **Opinion**

We have audited the financial statements of **Thales Reliance Defence Systems Limited** ("the Company"), which comprise the balance sheet as at March 31, 2024, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material 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 prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Director's report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

## **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those 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.

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

- 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.
- 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- 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.

- 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.

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.

### **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 Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report to the extent applicable that:

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

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid or provided any managerial remuneration to its directors during the year; and

(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, as amended 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;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. (a). The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 44(ii) to the accounts, no funds 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b). The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 44(ii) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(c) Based on the audit procedures performed 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) contain any material misstatement.  
  
(v) The final dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act; and  
  
(vi) Based on our examination, the Company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024, which does not have a feature of recording audit trail (edit log) facility. Consequently, we are unable to comment on audit trail requirements of the said software, as envisaged under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014, as amended.

For **S.N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Pankaj Walia**  
Partner  
Membership No.: 509590  
UDIN: 24509590BKFNWN9128

**Place:** Gurugram  
**Date:** July 26, 2024

**Annexure I Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Thales Reliance Defence Systems Limited on the financial statements as of and for the year ended March 31, 2024**

- (i) (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.
- (a) (B) The Company does not have any intangible assets. Accordingly, the provisions of clause 3(i)(a)(B) of the Order are not applicable.
- (b) The Property, Plant and Equipment and right-of-use assets have been physically verified by the management during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the Property, Plant and Equipment and right-of-use assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and the records examined by us, the Company does not hold any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) during the year, being under cost model. Accordingly, the provisions of clause 3(i)(d) of the Order are not applicable.
- (e) There are no proceedings which have been initiated or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and Rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year except for goods-in-transit. In respect of goods-in-transit, the goods have been received subsequent to year end. According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the coverage and procedure of such verification by the management is appropriate and no material discrepancies of 10% or more in the aggregate for each class of inventory were noticed on physical verification as compared to the book records.
- (b) According to the information and explanations given to us, during the year, the Company has not been sanctioned any working capital limit from banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii) (b) of the Order are not applicable.
- (iii) According to the information and explanations given to us, 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 (LLPs) or any other parties. Accordingly, the provisions of clause 3(iii)(a) - (f) of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposits nor the amounts which are deemed to be deposits during the year and further the Company had no unclaimed deposits at the beginning of the year within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products/services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

**Annexure I Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Thales Reliance Defence Systems Limited on the financial statements as of and for the year ended March 31, 2024**

- (vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, income-tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) According to the information and explanations given to us, the Company has no loans or other borrowings or interest payable to any lender during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) (a) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of clause 3(x)(a) of the Order are not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally). Accordingly, provisions of clause 3 (x)(b) of the order are not applicable.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended) 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) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii)(a)-(c) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards. The provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company does not have an internal audit system as it is not required to have an internal audit system as per Section 138 of the Act. Accordingly, the provisions of clause 3(xiv) (a)-(b) of the Order are not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the RBI Act, 1934. Accordingly, provisions of clause 3 (xvi) (a) of the order are not applicable.

**Annexure I Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of Thales Reliance Defence Systems Limited on the financial statements as of and for the year ended March 31, 2024**

- (b) The Company has not conducted non-banking financial or housing finance activities during the year.
- (c) The Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3(xvi)(c) of the Order are not applicable.
- (d) The Group has no CIC which are part of the Group.
- (xvii) The Company has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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 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) (a) There is no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with the second proviso to sub-section (5) of Section 135 of the said Act.
- (b) There is no unspent amount towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a special account in compliance with provision of sub-section (6) of Section 135 of the said Act.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **S.N. Dhawan & Co LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**Pankaj Walia**  
Partner  
Membership No.: 509590  
UDIN: 24509590BKFNWN91z0

**Place:** Gurugram  
**Date:** July 26, 2024

**Annexure II to the Independent Auditor's Report of even date to the members of Thales Reliance Defence Systems, on the financial statements for the year ended March 31, 2024**

**Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Thales Reliance Defence Systems Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 the Company's 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to Financial Statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



**Annexure II to the Independent Auditor's Report of even date to the members of Thales Reliance Defence Systems, on the financial statements for the year ended March 31, 2024**

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

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

For **S.N. Dhawan & CO LLP**  
Chartered Accountants  
Firm's Registration No.:000050N/N500045

**Pankaj Walia**  
Partner  
Membership No.: 509590  
UDIN: 24509590BKFNWN9128

**Place:** Gurugram  
**Date:** July 26, 2024

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
CIN - U29305MH2018PLC305829  
BALANCE SHEET AS AT MARCH 31, 2024

	Note	(All amounts in Rs. lakh unless stated otherwise)	
		As at March 31, 2024	As at March 31, 2023
<b>Assets</b>			
<b>1 Non-current assets</b>			
a. Property, plant and equipment	3	2,917	3,080
b. Right-of-use asset	4	375	390
c. Financial assets			
i. Other financial assets	5	11	13
d. Non-current tax assets (net)	6	-	46
e. Other non-current assets	7	5,596	254
<b>Total non-current assets</b>		<b>8,899</b>	<b>3,783</b>
<b>2 Current assets</b>			
a. Inventories	8	766	171
b. Financial assets			
i. Trade receivables	9	589	1,014
ii. Cash and cash equivalents	10	8,578	7,695
iii. Loans	11	2	1
c. Other current assets	7	1,397	4,427
<b>Total current assets</b>		<b>11,332</b>	<b>13,308</b>
<b>Total assets</b>		<b>20,231</b>	<b>17,091</b>
<b>Equity and liabilities</b>			
<b>1 Equity</b>			
a. Equity share capital	12	2,857	2,857
b. Other equity	13	5,921	3,707
<b>Total equity</b>		<b>8,778</b>	<b>6,564</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
a. Provisions	14	88	67
b. Deferred tax liabilities (net)	15	-	247
c. Other non-current liabilities	16	5,523	368
<b>Total non-current liabilities</b>		<b>5,611</b>	<b>682</b>
<b>Current liabilities</b>			
a. Financial liabilities			
i. Trade payables	17		
- total outstanding dues of micro enterprises and small enterprises		7	9
- total outstanding dues of creditor other than micro enterprises and small enterprises		1,409	1,386
ii. Other financial liabilities	18	5	5
b. Other current liabilities	19	3,973	8,442
c. Provisions	14	6	3
d. Current tax liabilities (net)	20	442	-
<b>Total current liabilities</b>		<b>5,842</b>	<b>9,845</b>
<b>Total liabilities</b>		<b>11,453</b>	<b>10,527</b>
<b>Total equity and liabilities</b>		<b>20,231</b>	<b>17,091</b>

Summary of material accounting policies information 2.1

The accompanying notes are an integral part of these financial statement.

In terms of our report of even date attached

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

For on behalf of Board of Directors of  
**Thales Reliance Defence Systems Limited**

**Pankaj Walla**  
Partner  
Membership No. 509590

Place: Gurugram  
Date: July 26, 2024

**Rajesh K Dhillon**  
Director  
DIN:03612092

Place: New Delhi  
Date: July 26, 2024

**Angarai N Sethuraman**  
Director  
DIN:01098398

Place: New Delhi  
Date: July 26, 2024

**Alok Malik Anand**  
Chief Executive Officer

Place: Nagpur  
Date: July 26, 2024

**Sriranganadham  
Doddla**  
Chief Financial  
Officer

Place: Nagpur  
Date: July 26, 2024

**Dheeraj Sachdeva**  
Company Secretary

Place: New Delhi  
Date: July 26, 2024

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
CIN - U29305MH2018PLC305829  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

(All amounts in Rs. lakh unless stated otherwise)

	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>I Income</b>			
Revenue from operations	21	14,126	11,188
Other income	22	80	491
<b>Total income</b>		<b>14,206</b>	<b>11,679</b>
<b>II Expenses</b>			
Cost of material consumed		5,526	3,623
Cost of services		2,461	3,395
Changes in inventories of service work-in-progress and finished goods	23	3	269
Employee benefits expense	24	673	351
Depreciation and amortisation expense	25	246	236
Other expenses	26	670	560
<b>Total expenses</b>		<b>9,579</b>	<b>8,434</b>
<b>III Profit before tax (I-II)</b>		<b>4,627</b>	<b>3,245</b>
<b>IV Tax expense</b>			
Current tax	27	835	567
Deferred tax	15	(246)	23
Tax adjustment relating to earlier years		21	-
		<b>610</b>	<b>590</b>
<b>V Profit for the year (III-IV)</b>		<b>4,017</b>	<b>2,655</b>
<b>VI Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
i. Remeasurement (loss)/gain of defined benefit plans	31(b)	(4)	1
ii. Income tax relating to items that will not be reclassified to profit or loss		1	(0)
<b>Other comprehensive income, net of taxes</b>		<b>(3)</b>	<b>1</b>
<b>VII Total comprehensive income for the year (V +VI)</b>		<b>4,014</b>	<b>2,656</b>
<b>VIII Earnings per equity share</b>			
Equity shares of face value Rs. 100 each			
Basic and diluted (Rs. Per share)	28	140.59	92.92
Summary of material accounting policies information	2.1		

The accompanying notes are an integral part of these financial statement.

In terms of our report of even date attached

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

For on behalf of Board of Directors of  
**Thales Reliance Defence Systems Limited**

**Pankaj Wallia**  
Partner  
Membership No.509590

Place: Gurugram  
Date: July 26, 2024

**Rajesh K Dhillon**  
Director  
DIN:03612092

Place: New Delhi  
Date: July 26, 2024

**Angarai N Sethuraman**  
Director  
DIN:01098398

Place: New Delhi  
Date: July 26, 2024

**Alok Malik Anand**  
Chief Executive Officer

Place: Nagpur  
Date: July 26, 2024

**Sriranganadham  
Doddla**  
Chief Financial Officer

Place: Nagpur  
Date: July 26, 2024

**Dheeraj Sachdeva**  
Company Secretary

Place: New Delhi  
Date: July 26, 2024

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
CIN - U29305MH2018PLC305829  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024**

(All amounts in Rs. lakh unless stated otherwise)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A Cash flow from operating activities</b>		
Profit before tax	4,627	3,245
Adjustments for:		
Depreciation and amortisation expense	246	236
Unrealised gain on foreign exchange fluctuations (net)	-	(2)
<b>Cash generated from operations before working capital changes</b>	<b>4,873</b>	<b>3,479</b>
<b>Movement in working capital:</b>		
(Increase) in financial assets and other assets	(2,310)	(1,994)
Decrease/(increase) in trade receivables	425	(212)
(Increase)/decrease in inventories	(595)	736
Increase in provisions	20	20
Increase/(decrease) in trade payable	20	(442)
Increase in financial liabilities and other liabilities	686	1,731
<b>Cash generated from operations</b>	<b>3,119</b>	<b>3,318</b>
Income taxes paid	(368)	(616)
<b>Net cash flow from operating activities (A)</b>	<b>2,751</b>	<b>2,702</b>
<b>B Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(68)	(114)
<b>Net cash flow used in investing activities (B)</b>	<b>(68)</b>	<b>(114)</b>
<b>C Cash flow from financing activities</b>		
Dividend paid	(1,800)	(1,630)
<b>Net cash flow from financing activities (C)</b>	<b>(1,800)</b>	<b>(1,630)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>883</b>	<b>958</b>
Cash and cash equivalents as at the beginning of the year	7,695	6,737
<b>Cash and cash equivalents at the end of year (refer note 10)</b>	<b>8,578</b>	<b>7,695</b>

- 1) The statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 on statements of cash flow.  
2) Figures in brackets indicate cash outflow.

Summary of material accounting policies information 2.1

The accompanying notes are an integral part of these financial statement.

In terms of our report of even date attached

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

For on behalf of Board of Directors of  
**Thales Reliance Defence Systems Limited**

**Pankaj Walia**  
Partner  
Membership No.509590

Place: Gurugram  
Date: July 26, 2024

**Rajesh K Dhillon**  
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Chief Financial Officer

Place: Nagpur  
Date: July 26, 2024

**Dheeraj Sachdeva**  
Company Secretary

Place: New Delhi  
Date: July 26, 2024

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
**CIN - U29305MH2018PLC305829**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

(All amounts in Rs. lakh unless stated otherwise)

**A. Equity share capital (Refer note 12)**

Particulars	Number of Shares	Amount
Balance as at April 01, 2022	28,57,400	2,857
Issued during the year	-	-
<b>Balance as at March 31, 2023</b>	<b>28,57,400</b>	<b>2,857</b>
Issued during the year	-	-
<b>Balance as at March 31, 2024</b>	<b>28,57,400</b>	<b>2,857</b>

**B. Other equity (Refer note 13)**

	Retained earnings	Other comprehensive income	Total
Balance as at April 01, 2022	2,682	(1)	2,681
Profit for the year	2,655	-	2,655
Other comprehensive income for the year			
Remeasurement gain/(loss) of defined benefit plans	-	1	1
<b>Total comprehensive income for the year</b>	<b>5,337</b>	<b>-</b>	<b>5,337</b>
Dividends (refer note 46)	(1,630)	-	(1,630)
<b>Balance as at March 31, 2023</b>	<b>3,707</b>	<b>-</b>	<b>3,707</b>
Profit for the year	4,017	-	4,017
Other comprehensive income for the year			
Remeasurement gain/(loss) of defined benefit plans	-	(3)	(3)
<b>Total comprehensive income for the year</b>	<b>7,724</b>	<b>(3)</b>	<b>7,721</b>
Dividends (refer note 46)	(1,800)	-	(1,800)
<b>Balance as at March 31, 2024</b>	<b>5,924</b>	<b>(3)</b>	<b>5,921</b>

Summary of material accounting policies information 2.1

The accompanying notes are an integral part of these financial statement.

In terms of our report of even date attached

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

For on behalf of Board of Directors of  
**Thales Reliance Defence Systems Limited**

**Pankaj Walia**  
Partner  
Membership No.509590

**Rajesh K Dhillon**  
Director  
DIN:03612092

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**Alok Malik Anand**  
Chief Executive Officer

Place: Gurugram  
Date: July 26, 2024

Place: New Delhi  
Date: July 26, 2024

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Date: July 26, 2024

Place: Nagpur  
Date: July 26, 2024

**Sriranganadham Doddla**  
Chief Financial Officer

Place: Nagpur  
Date: July 26, 2024

**Dheeraj Sachdeva**  
Company Secretary

Place: New Delhi  
Date: July 26, 2024

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
**CIN - U29305MH2018PLC305829**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**1 Background of the Company**

Thales Reliance Defence Systems Limited ('the Company') is a joint venture between Reliance Aerostructure Limited and Thales India Private Limited with an equity participation of 51:49. The Company is engaged to carry on business on for air borne radar systems and electronic warfare system for aircraft in India.

The Company is a public limited Company incorporated and domiciled in India having the identification number U29305MH2018PLC305829. The Company was incorporated on March 1, 2018 and has its registered office at 502, Plot No. 91/94, Prabhat Colony, Santacruz (East), Mumbai - 400 055.

**2 Basis of preparation**

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented.

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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

- Derivative Financial Instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statements are presented in Indian Rupees except as stated otherwise.

Amounts in the Financial Statements are presented in Rs. Lakhs unless stated otherwise. Certain amounts that are required to be disclosed and do not appear due to round off are expressed as '0'.

The financial statements for the year ended March 31, 2024 were authorized and approved for issue by the Board of Directors on July 26, 2024. The revision to financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

**2.1 Summary of material accounting policies information**

**a. Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Deferred Tax assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**b. Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at the spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

**c. Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
CIN - U29305MH2018PLC305829  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**d. Revenue recognition**

The Company derives revenue primarily from rendering of services and sale of goods.

Revenue is recognised on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

*Performance obligations*

For each contract, the promised services (called performance obligations) are distinct only if the client can benefit from the services on its own and if the Company's promise to transfer these services is separately identifiable from other promises in the contract.

Revenue comprises of and is accounted as under -

(i) Revenue from the sale of goods is recognised when delivery has taken place and control of the goods has been transferred to the customer, and when there are no longer any unfulfilled obligations. The customer obtains control of the goods when the goods are delivered to and accepted by the customer, according to the agreed delivery terms.

(ii) Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed.

(iii) Revenue from radar integration activity will be recognised when delivery has taken place at customer port.

**Goods contributed by the customer**

If any customer contributes goods or services (for example, materials, equipment or labour) to facilitate Company's fulfilment of the contract, an assessment is made whether the Company has obtained 'Control' of those contributed goods or services. If so, the Company recognises for the contributed goods or services as non-cash consideration received from the customer and consequently recognise property, plant and equipment as well.

'Control' of an asset is deemed to be existing when there is:

- the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. The benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly in many ways, such as by:

(a) using the asset to produce goods or provide services (including public services);

(b) using the asset to enhance the value of other assets;

(c) using the asset to settle liabilities or reduce expenses;

(d) selling or exchanging the asset;

(e) pledging the asset to secure a loan; and

(f) holding the asset.

**e. Taxes**

**Current income tax**

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Company enjoys income tax exemption for a period of 10 years under Section 10AA of the Income Tax Act, 1961 for its Unit at Nagpur registered under Special Economic Zone of India. Accordingly, provision for tax for this Unit is calculated as per the provisions of Section 10AA of the Income Tax Act 1961, as amended from time to time.

**Deferred tax**

Deferred tax is provided using the liability 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 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.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Minimum alternate tax**

Minimum alternate tax (MAT) credit entitlement is recognized as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Standalone Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
**CIN - U29305MH2018PLC305829**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**f. Property, plant and equipment**

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

**Depreciation methods, estimated useful lives and residual value:**

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful lives to provide depreciation on its fixed assets.

Category of assets	Estimated useful life
Computers and equipment	3 years
Furniture and fixtures	10 years
Office equipment	5 years
Building	30 years
Road	10 years
Temporary structure	3 years

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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.

**g. Leases**

**Company as a lessee**

The Company's lease asset consist of lease hold land. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

**Customer furnished assets used exclusively to fulfil the sales contract**

The contracts involving customer furnished assets are evaluated to identify the existence of leases. The leases in such cases are recognised if:

- (i) the assets are identified ones
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- (iii) the Company has the right to direct how and for what purpose the identified asset is used throughout the period of use

In other cases, assuming the conditions (i) and (ii) above are also satisfied, lease is recognised where the relevant decisions about how and for what purpose the asset is used are predetermined and:

- (i) the Company has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the customer having the right to change those operating instructions; or
- (ii) the Company designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use

In assessing the control transferred through the rights to use the asset, the Company evaluates the following criteria:

- (i) **Linked contracts** — The right to use the asset is directly linked to the revenue arrangement. That is, the arrangement is executed as part of one contract or each part of two or more contracts is deemed to be combined and accounted for as a single transaction since the contracts are interdependent.
- (ii) **Coterminous period** — Some or all of the period of use of the asset is coterminous with the revenue arrangement. As discussed further below, if the period of use for the asset begins before or ends after the revenue arrangement, this condition would only be satisfied (and therefore net treatment would only be appropriate) for the overlapping period.
- (iii) **Restricted use** — During the coterminous period identified in criterion 2, the vendor's use of the asset is either restricted contractually or limited practically to solely transferring the goods or services promised in the revenue arrangement, including restricting the vendor from assigning or transferring the rights of the asset without the customer's consent.

When the above three criteria are met, the substance of the transaction is that there are no leases (i.e. neither inbound nor outbound) and the accounting is done on a net basis (i.e., there are no separate accounting effects related to the customer-furnished assets).



**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
**CIN - U29305MH2018PLC305829**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**h. Provisions and contingent liabilities**

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.

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.

**i. Employee benefits**

**Gratuity**

In accordance with Indian law, the Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Gratuity Plan provides a lump sum payment to vested employees on retirement or on termination of employment for an amount based on the respective employee's salary and the years of employment with the Company.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method based on an actuarial valuation performed by an independent actuary.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- Net interest expense or income

**Compensated absences**

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as undiscounted liability at the balance sheet date. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date. The Company recognised compensated absence liability as current liability.

**Provident fund**

In Accordance with Indian Law, all eligible employees of the Company are entitled to receive benefits under the Provident fund plan in which both the employees and employer (at a defined rate). The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. The Company makes annual contributions based on a specified percentage of each eligible employee's salary.

**Impairment of financial assets**

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

- a) Financial assets that are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b) Available for sale financial assets
- c) Lease receivables under Ind AS 116
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdrafts and derivative financial instruments.

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
CIN - U29305MH2018PLC305829  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**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 held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by 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 profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Reclassification of financial assets**

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. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**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.

**j. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**k. Earning per share**

Basic earnings per share is computed by dividing the net profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

**l. Inventories**

Inventories are valued at the lower of cost (on FIFO) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads.

Service work-in-progress consists of cost incurred in respect of job activities, which are incomplete as at the balance sheet date and is valued at lower of cost incurred up to stage of completion and net realisable value. Cost comprises Company incurred own as well as third party cost of labour and services.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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(All amounts in Rs. lakh unless stated otherwise)

**3 Property, plant and equipment**

	Building	Plant and Machinery	Office equipment	Furniture and fixtures	Computer and servers	Total
<b>Gross block</b>						
Balance as at April 1, 2022	1,273	2,068	27	50	76	3,494
Additions	13	21	44	23	13	114
Deletions	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>1,286</b>	<b>2,089</b>	<b>71</b>	<b>73</b>	<b>89</b>	<b>3,608</b>
Additions	9	-	10	42	7	68
Deletions	-	-	-	-	-	-
<b>Balance as at March 31, 2024</b>	<b>1,295</b>	<b>2,089</b>	<b>81</b>	<b>115</b>	<b>96</b>	<b>3,676</b>
<b>Accumulated depreciation</b>						
Balance as at April 1, 2022	73	177	9	10	39	307
Charge for the year	44	138	8	6	25	221
Disposals	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>117</b>	<b>315</b>	<b>17</b>	<b>16</b>	<b>64</b>	<b>528</b>
Charge for the year	45	140	16	10	20	231
Disposals	-	-	-	-	-	-
<b>Balance as at March 31, 2024</b>	<b>162</b>	<b>455</b>	<b>33</b>	<b>26</b>	<b>84</b>	<b>759</b>
<b>Net book value</b>						
<b>Balance as at March 31, 2023</b>	<b>1,169</b>	<b>1,774</b>	<b>54</b>	<b>57</b>	<b>25</b>	<b>3,080</b>
<b>Balance as at March 31, 2024</b>	<b>1,133</b>	<b>1,634</b>	<b>49</b>	<b>89</b>	<b>13</b>	<b>2,917</b>

There are no contractual commitments for acquisition of property, plant and equipment.

**4 Right-of-use Asset**

	Leasehold land
<b>Gross carrying amount</b>	
Balance as at April 1, 2022	456
Additions	-
Deletions	-
<b>Balance as at March 31, 2023</b>	<b>456</b>
Additions	-
Deletions	-
<b>Balance as at March 31, 2024</b>	<b>456</b>
<b>Accumulated amortisation</b>	
Balance as at April 1, 2022	51
Charge for the year	15
Deletions	-
<b>Balance as at March 31, 2023</b>	<b>66</b>
Charge for the year	15
Deletions	-
<b>Balance as at March 31, 2024</b>	<b>81</b>
<b>Net carrying amount</b>	
<b>Balance as at March 31, 2023</b>	<b>390</b>
<b>Balance as at March 31, 2024</b>	<b>375</b>

Note: In previous years, the Company had received a right to use for leasehold land from its Holding Company (Reliance Aerostructure Limited) in consideration of which, 422,740 fully paid up equity shares were allotted to the Holding Company. The lease period for leasehold land is 30 years.

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<b>5 Other non-current financial assets</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Security deposits	11	13
	<u>11</u>	<u>13</u>
<b>6 Non-current tax assets (net)</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Advance tax (net)	-	46
	<u>-</u>	<u>46</u>
<b>7 Other assets</b> (unsecured, considered good, unless otherwise stated)	<b>As at</b>	<b>As at</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Non-current</b>		
a. Advance to vendors	5,591	254
b. Prepaid expenses	5	-
	<u>5,596</u>	<u>254</u>
<b>Current</b>		
a. Advance to employees	-	15
b. Advance to vendors	1,288	4,307
c. Prepaid expenses	109	105
	<u>1,397</u>	<u>4,427</u>
<b>8 Inventories</b> (Valued at lower of cost or net realisable value)	<b>As at</b>	<b>As at</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
a. Raw material **	766	168
b. Finished goods*	-	3
	<u>766</u>	<u>171</u>
**It includes material in transit of Rs. 245 lakhs (March 31, 2023; Rs. Nil)		
*It includes material in transit of Rs. Nil (March 31, 2023; Rs. 3 lakhs)		
<b>9 Trade receivables</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Trade receivables		
- Unsecured, considered good	589	1,014
	<u>589</u>	<u>1,014</u>

**Notes:**

- i. Trade receivables are non-interest bearing and are due on immediate basis.
- ii. Receivables from related parties (refer note 40) 589 1,014
- iii. Trade receivables ageing schedule for the year ended as on March 31, 2024 and March 31, 2023:

Particulars	Year ended	Unbilled revenue	Not Due	less than 6 months	Total
Undisputed trade receivable- considered good	March 31, 2024	-	-	589	589
Undisputed trade receivable- considered good	March 31, 2023	228	-	786	1,014
Undisputed trade receivables – which have significant increase in credit risk	March 31, 2024	-	-	-	-
Undisputed trade receivables – which have significant increase in credit risk	March 31, 2023	-	-	-	-
Undisputed trade receivables – credit impaired	March 31, 2024	-	-	-	-
Undisputed trade receivables – credit impaired	March 31, 2023	-	-	-	-
Disputed trade receivables – considered good	March 31, 2024	-	-	-	-
Disputed trade receivables – considered good	March 31, 2023	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	March 31, 2024	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	March 31, 2023	-	-	-	-
Disputed trade receivables – credit impaired	March 31, 2024	-	-	-	-
Disputed trade receivables – credit impaired	March 31, 2023	-	-	-	-
<b>Total</b>	March 31, 2024	-	-	589	589
	March 31, 2023	228	-	786	1,014

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(All amounts in Rs. lakh unless stated otherwise)

	<u>As at</u> <u>March 31, 2024</u>	<u>As at</u> <u>March 31, 2023</u>
<b>10 Cash and cash equivalents</b>		
a. Cash in hand	0	-
b. Balances with banks in current account	8,578	7,695
	<u>8,578</u>	<u>7,695</u>
<b>11 Loans-current</b>		
a. Loan to employees	<u>2</u>	<u>1</u>
	<u>2</u>	<u>1</u>

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(All amounts in Rs. lakh unless stated otherwise)

12 Equity share capital	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>				
Equity shares of Rs. 100 each	37,82,000	3,782	37,82,000	3,782
	<b>37,82,000</b>	<b>3,782</b>	<b>37,82,000</b>	<b>3,782</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs. 100 each	28,57,400	2,857	28,57,400	2,857
<b>Total</b>	<b>28,57,400</b>	<b>2,857</b>	<b>28,57,400</b>	<b>2,857</b>

**a. Reconciliation of the shares**

Equity shares	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	28,57,400	2,857	28,57,400	2,857
Issued during the year	-	-	-	-
Balance as at the end of the year	<b>28,57,400</b>	<b>2,857</b>	<b>28,57,400</b>	<b>2,857</b>

**b. Terms/Rights attached to equity**

The Company has only one class of equity shares having a par value of Rs. 100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The Company declares and pay dividend in Indian Rupees. The dividend proposed by the Board of Directors is subjected to the approval of Shareholders in the ensuing Annual General Meeting.

**c. Shares held by Holding Company**

	As at March 31, 2024	As at March 31, 2023
	Number of shares	Number of shares
Reliance Aerostructure Limited and its nominees	14,57,274	14,57,274

**d. Details of shareholders holding more than 5% shares in the Company\***

Name of shareholder	As at March 31, 2024		As at March 31, 2023	
	Number of shares	% held	Number of shares	% held
Reliance Aerostructure Limited and its nominees	14,57,274	51.00%	14,57,274	51.00%
Thales India Private Limited	14,00,126	49.00%	14,00,126	49.00%

\*As per the records of the Company including its register of members.

e. During the year ended March 31, 2020, the Company had allotted 422,740 fully paid up equity shares to its holding Company (Reliance Aerostructure Limited) pursuant to contract without consideration being received in cash. As non-cash consideration, the holding Company had provided a right to use-leasehold land to the Company.

**f. Shares held by promoters:**

Promoter name	Shares held by promoters at the beginning of the year		Shares held by promoters at the end of the year		% change during the year
	Number of shares	% of total shares	Number of shares	% of total shares	
Reliance Aerostructure Limited	14,57,269	51%	14,57,269	51%	-
Thales India Private Limited	14,00,126	49%	14,00,126	49%	-
Sadacharam Ramasamy	1	0%	1	0%	-
Paresh Purushottam Lal Rathore	1	0%	1	0%	-
Arup A. Gupta	1	0%	1	0%	-
Anirban Roy Chowdhury	1	0%	1	0%	-
Rajeev Vaid	1	0%	1	0%	-

**13 Other equity**

	As at March 31, 2024	As at March 31, 2023
a. Retained earnings	5,924	3,707
b. Other comprehensive income	(3)	-
	<b>5,921</b>	<b>3,707</b>
<b>Retained earnings</b>		
Balance at the beginning of year	3,707	2,682
Profit for the year	4,017	2,655
Dividend paid during the year	(1,800)	(1,630)
Balance at the end of the year	<b>5,924</b>	<b>3,707</b>
<b>Other comprehensive income</b>		
Balance at the beginning of year	-	(1)
Remeasurement (loss)/gain of defined benefit plans	(3)	1
Balance at the end of the year	<b>(3)</b>	<b>-</b>

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**14 Provisions**

(All amounts in Rs. lakh unless stated otherwise)

	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
<b>Provision for employee benefits:</b>		
Compensated absences	53	44
Gratuity (refer note 31 (b))	35	23
	<u>88</u>	<u>67</u>
<b>Current</b>		
<b>Provision for employee benefits:</b>		
Compensated absences	5	3
Gratuity (refer note 31 (b))	1	-
	<u>6</u>	<u>3</u>

**15 Deferred tax liabilities (net)**

	As at March 31, 2024	As at March 31, 2023
Deferred tax liabilities in relation to Property, plant and equipment	284	268
	<u>284</u>	<u>268</u>
Deferred tax assets in relation to Employee benefit obligation	27	21
Minimum alternative tax credit	2,592	-
	<u>2,619</u>	<u>21</u>
Net deferred tax assets/(liability)	-	(247)
Deferred tax charge/ (credit)		
Recognised in statement of profit or loss	(246)	23
Recognised in other comprehensive income *	(1)	0

**Notes:**

1. The Company follows Ind AS 12 "Income Taxes". The Company has net deferred tax assets consisting of Minimum Alternative tax credit ('MAT Credit'). However, Deferred tax assets have not been recognized in respect of the MAT Credit as they may not be used to offset taxable profits in the Company and there are no other tax planning opportunities or other evidence of recoverability in the near future.

2. A new section 115BAA had been inserted in the Income Tax Act with effect from financial year 2019-20 which allows any domestic Company an option to pay income-tax at the rate of 22% subject to the condition that the Company will not avail certain exemptions/incentives, deductions and allowances (including additional depreciation). Further, no carry forward of tax losses as attributable to exemptions/incentives, deductions and allowances claimed in the previous years will be allowed to be set off against the taxable Income. Also, such companies shall not be required to pay Minimum Alternate Tax (MAT). The Company has decided not to opt for the concessional tax regime now and will continue to comply with old tax regime.

3. There are unused minimum alternate tax credits as mentioned below which have not been recognized as an asset in the books of accounts considering that the Company believes, it is not probable that the same can be utilized during the specified allowable period against the future taxable profits to be computed as per the normal provisions of the Income Tax Act, 1961.

Assessment year	MAT Credit Available	MAT credit set off available upto (AY)
2021-22	743	2036-37
2022-23	474	2037-38
2023-24	567	2038-39
2024-25	808	2039-40
<b>Total</b>	<b>2,592</b>	

**16 Other non-current liabilities**

	As at March 31, 2024	As at March 31, 2023
Advances from customers	5,523	368
	<u>5,523</u>	<u>368</u>

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**17 Trade payables**

	As at March 31, 2024	As at March 31, 2023
Trade payables		
a. Total outstanding dues of micro enterprises and small enterprises (MSME)	7	9
b. Total outstanding dues of creditors other than micro enterprises and small enterprises*	1,409	1,386
	<b>1,416</b>	<b>1,395</b>

Trade payables ageing schedule for the year ended as on March 31, 2024 and March 31, 2023:

Particulars	Year ended	Not Due	Less than 1 year	1-2 years	Total
i. Undisputed dues - MSME	March 31, 2024	-	7	-	7
i. Undisputed dues - MSME	March 31, 2023	-	9	-	9
ii. Undisputed dues - others	March 31, 2024	599	453	357	1,409
ii. Undisputed dues - others	March 31, 2023	1,152	234	-	1,386
<b>Total</b>		<b>599</b>	<b>460</b>	<b>357</b>	<b>1,416</b>
		<b>1,152</b>	<b>243</b>	<b>-</b>	<b>1,395</b>

\* Includes unbilled dues of Rs. 599 lakhs (March 31, 2023: Rs. 1,152 lakhs)

**18 Other financial liabilities**

	As at March 31, 2024	As at March 31, 2023
Payable to creditors for capital goods	5	5
	<b>5</b>	<b>5</b>

**19 Other current liabilities**

	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	78	69
Employee related payables	89	68
Advance billing to customer	829	3,126
Advances from customers	2,977	5,179
	<b>3,973</b>	<b>8,442</b>

**20 Current tax liabilities (net)**

	As at March 31, 2024	As at March 31, 2023
Provision for income tax (net)	442	-
	<b>442</b>	<b>-</b>

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**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(All amounts in Rs. lakh unless stated otherwise)

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>21 Revenue from operations</b>		
Sale of products	7,452	4,150
Sale of services	6,674	7,038
	<b>14,126</b>	<b>11,188</b>
<b>22 Other income</b>		
Gain on foreign currency transactions and translations (net)	80	487
Miscellaneous income	0	4
	<b>80</b>	<b>491</b>
<b>23 Changes in inventories of service work-in-progress and finished goods</b>		
Opening balance of service work-in-progress	-	241
Closing balance of service work-in-progress	-	-
<b>Changes in inventories of service work-in-progress</b>	<b>-</b>	<b>241</b>
Opening balance of finished goods	3	31
Closing balance of finished goods	-	(3)
<b>Changes in inventories of finished goods</b>	<b>3</b>	<b>28</b>
<b>Changes in inventories of service work-in-progress and finished goods</b>	<b>3</b>	<b>269</b>
<b>24 Employee benefits expense</b>		
Salaries, wages and bonus	608	310
Contribution to provident and other funds (refer note 31(a))	27	16
Gratuity (refer note 31(b))	10	8
Staff welfare expenses	28	17
	<b>673</b>	<b>351</b>
<b>25 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (refer note 3)	231	221
Amortisation of Right of Use (RoU) assets (refer note 4)	15	15
	<b>246</b>	<b>236</b>

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**26 Other expenses**

	<u>For the year ended</u> <u>March 31, 2024</u>	<u>For the year ended</u> <u>March 31, 2023</u>
Repair and maintenance		
-Building	46	33
-Machinery	1	0
-Others	118	92
Insurance	112	95
Communication expenses	12	10
Payment to auditors (refer note below)	22	22
Travelling and conveyance	68	104
Business support services	41	35
Legal and professional charges	31	20
Software expenses	12	25
Power and fuel	76	62
Corporate Social Responsibility expense (refer note 33)	68	43
Rent	6	-
Miscellaneous expenses	57	18
	<u>670</u>	<u>560</u>
<b>Note:</b>		
I Payments to auditors		
(i) Audit fees	19	18
(ii) Tax audit fees	3	3
(iii) Other services	-	1
	<u>22</u>	<u>22</u>

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**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(All amounts in Rs. lakh unless stated otherwise)

**27 Income taxes**

	<b>For the year ended March 31, 2024</b>	<b>For the year ended March 31, 2023</b>
<b>Current tax</b>	<b>835</b>	<b>567</b>
	<b>835</b>	<b>567</b>
<b>Deferred tax</b>		
In respect of the current year	(246)	23
Tax adjustment for earlier years	21	-
	<b>(225)</b>	<b>23</b>
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>610</b>	<b>590</b>
<b>Other comprehensive income section</b>		
Income tax relating to items that will not be reclassified to profit or loss	(1)	0
<b>Reconciliation of tax expense and the accounting profit multiplied by prevailing income tax rate</b>		
Profit before tax	4,627	3,245
Income tax rate	29.1%	29.1%
Calculated income tax expense	1,347	944
Deduction under section 10AA	(748)	(354)
Tax of earlier years recognised in current year	21	-
Others	(10)	-
<b>Income tax expense</b>	<b>610</b>	<b>590</b>

**28 Earnings per share**

	<b>For the year ended March 31, 2024</b>	<b>For the year ended March 31, 2023</b>
Net profit attributable to equity shareholders	4,017	2,655
Nominal value per share (Rs.)	100	100
Weighted average number of outstanding equity shares during the year	28,57,400	28,57,400
Basic and diluted earnings per share (in Rs.)	140.59	92.92

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**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

(All amounts in Rs. lakh unless stated otherwise)

**29 Segment information**

The Company is engaged in the business of assembly and services of radar and electronic warfare systems, which in the context of Ind AS 108, is considered as the only business segment by the Chief Operating Decision Maker. Hence, the reporting requirements for segment disclosure as prescribed by Ind AS 108 are not applicable.

**30 Commitments and contingencies**

- a. The estimated amount of contracts remaining to be executed on capital amounts and not provided for (net of advances) are Nil (March 31, 2023: Nil.)
- b. The Company has other commitments, for purchase of goods and services and employee benefits, in normal course of business. The Company does not have any long term commitments/contracts for which there will be any material foreseeable losses.
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d. The Company does not have any pending litigations which would impact its financial position in the financial statements. There are no contingent liabilities.

**31 Employee benefit plans**

**a. Defined contribution plans**

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. Employer's contribution to provident fund scheme recognised as expense in the statement of profit and loss for the year are as under:

	For the year ended March 31, 2024	For the year ended March 31, 2023
Contribution to provident fund (refer note 24)	27	16
	<b>27</b>	<b>16</b>

**b. Defined benefit plan**

The Company has a defined benefit gratuity plan. Employee who have completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme of gratuity is unfunded.

The following tables summaries the expense recognised in the statement of profit or loss and amounts recognised in the balance sheet :

**(i) Change in defined benefit obligations (DBO)**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Present value of defined benefit obligation at the beginning of the year	23	16
Current service cost	9	7
Interest cost	1	1
Benefits paid	(1)	-
Actuarial (gains)/losses on defined benefit obligation	4	(1)
Present value of defined benefit obligation at year end	36	23

**(ii) Net Gratuity expense recognised in the statement of profit and loss:**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service cost	9	7
Interest cost	1	1
Expenses recognised in the statement of profit and loss	10	8

**(iii) Net Gratuity expense recognised in other comprehensive income:**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial (gain) / loss for the year on DBO	4	(1)
Actuarial (gain) / loss for the year on asset	-	-

**(iv) Actuarial gain or losses:**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial (gain) / loss from change in demographic assumptions	-	-
Actuarial (gain) / loss from change in financial assumptions	1	1
Actuarial (gain) / loss from change in experience adjustment	3	(2)

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**(v) Actuarial assumptions**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Discount rate (%)	7.20%	7.50%
Attrition rate (%)	4.00%	4.00%
Mortality rates inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
Retirement age	58 years	58 years
Rate of increase in compensation levels (%)	9.75%	9.75%

**(vi) Sensitivity analysis of the defined benefit obligation at the year end**

Impact of change in closing defined benefit obligation	March 31, 2024		March 31, 2023	
	Discount rate	Salary increment	Discount rate	Salary increment
Impact due to increase of 0.5%	(2)	2	(1)	2
Impact due to decrease of 0.5%	2	(2)	2	(1)

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by half percentage, keeping all other actuarial assumptions constant.

**(vii) Maturity profile of defined benefit obligation**

Period	March 31, 2024	March 31, 2023
Within 1 year	1	-
Between 1-2 year	1	1
Between 2-3 year	9	1
Between 3-4 year	1	6
Between 4-5 year	1	1
Beyond 5 year	80	60

**32 Foreign currency exposure that are not hedged by derivative instrument or forward contracts amount to:**

Particulars	Currency	As at March 31, 2024		As at March 31, 2023	
		In foreign currency	Rs. in Lakhs	In foreign currency	Rs. in Lakhs
Trade receivables	EURO	5,78,236	518	8,79,396	1,014
Trade receivables	USD	85,595	71	-	-
Trade payables	EURO	57,654	52	2,46,812	221
Trade payables	USD	1,66,392	139	-	-

**33 Expenditure incurred on corporate social responsibility activities**

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted CSR Committee. The details for CSR activities are as follows:

	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Gross amount required to be spent by the Company	68	43
(ii) Amount spent during the year	-	-
(a) Construction / acquisition of any asset	-	-
(b) On purpose other than (a) above	68	43
<b>Total</b>	<b>68</b>	<b>43</b>

**Nature of CSR activities**

The Company has paid the amount required to be spent as CSR to the Prime Minister's National Relief Fund.

The Company does not carry any provisions for corporate social responsibility expenses for the current year and previous year.

The Company does not have any ongoing projects as at March 31, 2024 and March 31, 2023.

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**34 Ratios**

Particulars	Numerator	Denominator	As at	As at	Variance	Remarks
			March 31, 2024	March 31, 2023		
(a) Current ratio (in times)	Current assets	Current liabilities	1.94	1.35	44%	Refer note (i) below
(b) Return on equity ratio (in %)	Net Profits after taxes	Average shareholder's equity	52%	44%	19%	Not Applicable
(c) Inventory turnover ratio (in times)	Cost of goods sold	Average inventory	17.06	13.52	26%	Refer note (ii) below
(d) Trade receivables turnover ratio (in times)	Revenue from operations	Average trade receivable	17.62	12.33	43%	Refer note (iii) below
(e) Trade payables turnover ratio (in times)	Cost of goods sold	Average trade payable	5.69	4.51	26%	Refer note (iv) below
(f) Net capital turnover ratio (in times)	Revenue from operations	working capital	2.57	3.23	-20%	Not applicable
(g) Net profit ratio (in %)	Net Profit after tax	Revenue from operations	28%	24%	20%	Not applicable
(h) Return on capital employed (in %)	Earning before interest and taxes	Capital employed*	53%	48%	11%	Not applicable
(i) Debt-equity ratio (in times)	Total borrowings	Shareholder's equity	NA	NA	NA	Not applicable
(j) Debt service coverage ratio (in times)	Earnings available for debt service	debt service	NA	NA	NA	Not applicable
(k) Return on investment (in %)	Income generated from invested funds	investment	NA	NA	NA	Not applicable

\*Tangible net worth+Deferred tax liabilities

**Notes:**

- (i) Current ratio has increased in the current year mainly due to transfer of advance billing to customer to sale of service amounting to Rs. 2,084 lakhs.
- (ii) The Company does not deal in standard products. Almost all of its products supplied are made/engineered to order as per relevant requirement of customers. The variation in inventory turnover ratio is due to the change in mix of products sold during the year as compared to those sold in previous year.
- (iii) In previous year, sales towards end of the year is higher than current year, due to which the trade receivable turnover ratio has increased in current year.
- (iv) In previous year, purchase towards end of the year is higher than current year, due to which the trade payable turnover ratio has increased in current year.

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**35 Fair Value Measurements**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

**Financial instruments by category**

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Financial assets</b>		
<b>Measured at fair value through Profit &amp; Loss</b>	-	-
<b>Measured at amortised cost</b>		
a. Security deposits	11	13
b. Trade receivables	589	1,014
c. Cash and cash equivalents	8,578	7,695
d. Loan to employee	2	1
	<u>9,180</u>	<u>8,723</u>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
a. Trade payables	1,416	1,395
b. Other financial liabilities	5	5
	<u>1,421</u>	<u>1,400</u>
<b>Measured at fair value through other comprehensive income</b>	-	-

The Company does not have any assets and liabilities which need to category as 'fair value through profit and loss' and 'fair value through other comprehensive income.

**(i) Fair value hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are :

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Level 3</b>		
<b>Financials assets</b>		
a. Security deposits	11	13
b. Trade receivables	589	1,014
c. Cash and cash equivalents	8,578	7,695
d. Loan to employee	2	1
<b>Total financial assets</b>	<u>9,180</u>	<u>8,723</u>
<b>Financial liabilities</b>		
a. Trade payables	1,416	1,395
b. Other financial liabilities	5	5
<b>Total financial liabilities</b>	<u>1,421</u>	<u>1,400</u>

**(ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**36 Financial risk management**

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

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**a. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to any equity price risk.

**(i) Exposure to foreign currency risk**

	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance with Bank in Foreign Currency (EUR) Account	7,673	7,411
Trade receivables	518	1,014
Trade Payables	(52)	(221)
	<u>8,139</u>	<u>8,204</u>
Balance with Bank in Foreign Currency (USD) Account	858	-
Trade receivables	71	-
Trade Payables	(139)	-
	<u>790</u>	<u>-</u>

Profit/ (loss) is sensitive to changes in foreign exchange rates arising from foreign currency denominated financial instruments

INR /EUR- decrease by 5% *	(336)	(339)
INR /EUR- increase by 5% *	336	339
INR /USD- decrease by 5% *	(33)	-
INR /USD- increase by 5% *	33	-

\* holding all other variables constant

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of now, the Company is not exposed to any interest risk.

**c. Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per the requirements. The Company has sufficient cash flows to meet its financial obligations as and when they fall due.

**Liquidity Risk - Table**

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivatives	As at March 31, 2024			As at March 31, 2023		
	Trade Payables	Other financial liabilities	Total	Trade Payables	Other financial liabilities	Total
Less than 1 year	1,416	5	1,421	1,395	5	1,400
Between 1 year and 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	<b>1,416</b>	<b>5</b>	<b>1,421</b>	<b>1,395</b>	<b>5</b>	<b>1,400</b>

**37 Capital Risk Management**

The Company considers the following components of its Balance Sheet to be manage capital:

Total equity – share capital, share premium and retained earnings.

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**38 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	March 31, 2024	March 31, 2023
the principal amount remaining unpaid to any supplier as at the end of year	7	9
the interest due on above remaining unpaid to any supplier as at the end of year	-	-
the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during year	-	-
the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-



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**39 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, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

**40 Related Parties**

a. List of related parties

**i. Ultimate Holding Company**

Reliance Infrastructure Limited

**ii. Holding Company**

Reliance Aerostructure Limited

**iii. Entity which exercises significant influence on the Company**

Thales India Private Limited

**iv. Enterprises under the common control**

Reliance Defence Limited  
Thales DMS France SAS  
Thales LAS France SAS  
Thales Global Services SAS  
BEL-Thales Systems Limited  
Thales Italia SPA  
Reliance Transports and Travels Private Limited  
Thales Belgium SA

**Country of incorporation**

India  
France  
France  
France  
India  
Italy  
India  
Belgium

**v. Key management personnel**

Mr. Alok Malik Anand  
Mr. Sriranganadham Doddla  
Mr. Pankaj Kripalani  
Mr. Dheeraj Sachdeva  
Mr. Angaraj N. Sethuraman  
Mr. Rajesh K. Dhingra

Chief Executive Officer  
Chief Financial Officer (w.e.f. November 01, 2023)  
Chief Financial Officer (till May 03, 2023)  
Company Secretary  
Director  
Director

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**b. Transactions with related parties during the year**

Particulars	Holding Company		Enterprises exercising significant influence		Enterprises under the common control		Key management personnel		Total	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Transactions during the period</b>										
<b>Dividend Payments</b>										
- Reliance Aircrafts Limited	818	831	-	-	-	-	-	-	1,650	1,639
- Thales India Private Limited	-	-	882	799	-	-	-	-	818	831
<b>Business/Infra Support Services and cost of services</b>										
- Reliance Defence Limited	-	-	1,961	2,716	41	34	-	-	2,002	2,750
- Thales India Private Limited	-	-	1,981	2,715	-	-	-	-	41	34
<b>Employee Benefit Expense</b>										
- Thales India Private Limited	-	-	78	-	-	-	-	-	78	-
<b>Traveling expense</b>										
- Reliance Transport & Travels Limited	-	-	-	-	49	50	-	-	49	50
<b>Cost of service and miscellaneous expense</b>										
- Reliance Transport & Travels Limited	-	-	-	-	10	-	-	-	10	-
<b>Purchase of Inventory</b>										
- BEL-Thales Systems Limited	-	-	-	-	119	2,673	-	-	119	2,673
- Thales Pats SPA	-	-	-	-	170	2,670	-	-	170	2,670
<b>Sale of goods</b>										
- Thales DMS France SAS	-	-	-	-	7,462	4,150	-	-	7,462	4,150
- Thales Global Services SAS	-	-	-	-	1,244	-	-	-	1,244	-
<b>Sale of services</b>										
- Thales DMS France SAS	-	-	-	-	6,874	7,038	-	-	6,874	7,038
- Thales LAS France SAS	-	-	-	-	5,145	5,994	-	-	5,145	5,994
- Thales Global Services SAS	-	-	-	-	395	750	-	-	395	750
- Thales Global Services SAS	-	-	-	-	1,154	234	-	-	1,154	234
<b>Managerial remuneration</b>										
Mr. Akh Malik Anand	-	-	-	-	-	-	128	128	128	128
Mr. Parthiv Khatabari	-	-	-	-	-	-	4	38	4	38
Mr. Sravanprakash Dodiya	-	-	-	-	-	-	23	-	23	-

**c. Balances outstanding with related parties**

Particulars	Holding Company		Enterprises exercising significant influence		Enterprises under the common control		Key management personnel		Total	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Trade Receivable</b>										
- Thales DMS France SAS	-	-	-	-	589	1,014	-	-	589	1,014
- Thales LAS France SAS	-	-	-	-	245	809	-	-	245	809
- Thales Global Services SAS	-	-	-	-	99	205	-	-	99	205
- Thales Global Services SAS	-	-	-	-	247	-	-	-	247	-
<b>Trade Payables</b>										
- Thales India Private Limited	-	-	544	750	46	133	-	-	590	883
- BEL-Thales Systems Limited	-	-	-	-	-	-	-	-	-	544
- Thales Pats SPA	-	-	-	-	-	-	-	-	-	133
- Thales Pats SPA	-	-	-	-	45	-	-	-	45	-
<b>Advance from customer</b>										
- Thales DMS France SAS	-	-	-	-	8,500	5,547	-	-	8,500	5,547
- Thales DMS France SAS	-	-	-	-	9,623	4,134	-	-	9,623	4,134
- Thales Global Services SAS	-	-	-	-	1,734	1,413	-	-	1,734	1,413
- Thales Bekoum SA	-	-	-	-	90	-	-	-	90	-
<b>Advance billing to customer</b>										
- Thales DMS France SAS	-	-	-	-	828	3,126	-	-	828	3,126
- Thales DMS France SAS	-	-	-	-	323	3,126	-	-	323	3,126

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**41 Transfer pricing**

The Company is in the process of completing the transfer pricing study, as required by the Income Tax Act, 1961, for the transactions undertaken with related parties for the year ended March 31, 2024. These financial statements have been prepared based on agreed rates with such related parties. Any adjustment that may arise on completion of the transfer pricing study for the year ended March 31, 2024, which in the opinion of the management is not expected to be material, will be incorporated in the books of account of the subsequent period.

**42** There are no events observed after the reported period which requires an adjustment or disclosure in the financial statements.

**43** The Company has received till date Specific Tools and Test equipment (STTE) from the customer having a custom assessed value of Rs 52,363 lakhs (March 31, 2023: Rs 55,086 lakhs). These STTE are provided to the Company free of cost and are necessary to perform the manufacturing activities. The key agreement terms with respect to these customer furnished assets are:

- Transfer of title in the STTE shall be deemed to be transferred to the Company upon remittance of such STTE to the first carrier in France as evidenced by the issuance of the transport department (Airway bill or bill of lading).
- The transfer of risk of damage or loss to the STTE shall pass to the Company upon unloading of such STTE at the Nagpur Delivery at Port against signature by Company of any document presented by the customer's transporter.
- Transfer of title to the STTE shall not be construed as a transfer of title to any intellectual property rights (IPR).
- The customer reserves the right at any time to demand STTE from the Company. If such demand is made before offset credit claim by the customer, the re-dispatch and delivery of STTE will be carried out at Nil price and at the cost of customer. If demand is made after offset claim by customer then re-dispatch and delivery of STTE will be made at fair value. In case of disagreement as to the fair value, it will be sent to an independent valuer.
- The warranty period for the STTE shall be 12 months from the date of Certificate of Completion of Commissioning.
- Upon expiry or termination of cooperation agreement between the customer and the Company, the Company shall immediately and without further notice cease any use of STTE; and

(a) If no claim for offset credits has already been made by the customer, the Company shall return and deliver with the corresponding transfer of title, the STTE to the customer at Nil price and at the cost of the customer, immediately upon simple request made by the customer

(b) If a claim for offset credits has already been made by the customer, the Company shall return and deliver with the corresponding transfer of title, the STTE to any third party designated by the customer, subject to prior necessary regulatory/governmental approvals enabling such a transfer. Such a transfer shall be made at the fair value to be agreed between the parties, or by an Independent valuer in case of disagreement between the parties.

As per the accounting policy adopted by the Company basis the guidance contained in Ind AS 115 and Ind AS 116, the control was found non-existent vis a vis the customer furnished STTE. The non-existence of control was concluded both in case of evaluation pursuant to whether or not a non-cash consideration has been received from the customer warranting a recognition of Property, Plant and Equipment and also for whether or not the recognition of lease was identified. Therefore, in the absence of control, the non-cash consideration or lease has not been recognised.

**44** Additional regulatory information required by Schedule III of Companies Act, 2013:

- (i) **Details of Benami property:** No proceedings have been initiated or are pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (ii) **Utilisation of borrowed funds and share premium:** The Company have not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.The Company have not received any fund from any person or entity, including foreign entity (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.
- (iii) **Compliance with number of layers of Companies:** The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (iv) **Compliance with approved scheme(s) of arrangements:** The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (v) **Undisclosed income:** There have been no transactions which have not been recorded in the books of account, that have been surrendered or disclosed as income during the year ended March 31, 2024, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended March 31, 2024.
- (vi) **Details of crypto currency or virtual currency:** The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- (vii) The Company has not granted any loans or advances in the nature of loans either repayable on demand.
- (viii) The Company does not have any transactions with the Companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended March 31, 2024.

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- (ix) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (x) The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended March 31, 2024.
- (xi) The Company has no working capital limits from banks, accordingly the Company is not required to file any quarterly returns or statements with such banks.

**45 Disclosure pursuant to Ind AS 115 " Revenue from Contracts with Customers"**

- a) Out of the total revenue recognised under Ind AS 115 during the year, Rs. 5,412 lakh (previous year: Rs. 3,813 lakh) is recognised over a period of time and Rs. 8,714 lakh (previous year: Rs. 7,375 lakh) is recognised at a point in time.

**b) Contract balances:**

**i. Movement in contract balances during the year.**

Particulars	FY 2023-24			FY 2022-23		
	Contract assets	Contract liabilities	Net contract balance	Contract assets	Contract liabilities	Net contract balance
Opening balance	1,014	8,673	(7,659)	801	6,948	(6,147)
Closing balance	589	9,329	(8,740)	1,014	8,673	(7,659)
(Increase)/decrease	425	(656)	1,081	(213)	(1,725)	1,512

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer in advance.

- i Revenue recognized from opening balance of contract liabilities amounts to Rs. 7,220 lakh (previous year: Rs. 6,241 lakh).
- iii Revenue recognized from the performance obligation satisfied (or partially satisfied) upto previous year (arising out of contract modifications) amounts to Rs.Nil (previous year: Rs.Nil).
- c) **Cost to obtain the contract:**
- i Amortisation in Statement of Profit and Loss: Nil (previous year: Nil)
- ii Recognized as contract assets as at March 31, 2024: Nil (previous year: Nil)

**d) Reconciliation of Contracted Price with Revenue during the year:**

	Year ended March 31, 2024	Year ended March 31, 2023
Opening contracted price of orders as at April 1, 2023	16,572	16,572
Add:		
Fresh orders/change orders received (net)	-	-
Less:		
Orders completed during the year	-	-
Closing contracted price of orders as at March 31, 2024	16,572	16,572
Total revenue recognised during the year:	5,412	3,813
Less: revenue out of orders completed during the year	-	-
Revenue out of orders under execution at the end of the year	5,412	3,813
Revenue recognised upto previous year (from orders pending completion at the end of the year)	9,102	5,289
Balance revenue to be recognised in future	2,058	7,470
<b>Closing contracted price of orders as at March 31, 2024</b>	<b>16,572</b>	<b>16,572</b>

**e) Outstanding performance and Time of its expected conversion into Revenue:**

Particulars	Total	Time for expected conversion to Revenue		
		Upto 1 year	1-5 years	Beyond 5 years
Outstanding Performance				
As on March 31, 2024	2,058	2,058	-	-
As on March 31, 2023	7,470	5,412	2,058	-

**f) Disaggregation of revenue**

Company's entire business falls under one operational segment of 'assembly and services of radar and electronic warfare systems'. Contract revenue represents revenue from assembly and services of radar and electronic warfare systems wherein the performance obligation is satisfied over a period of time. Further, the management believes that the nature, amount, timing and uncertainty of revenue and cash flows from all its contracts are similar. Accordingly, disclosure of revenue recognised from contracts disaggregated into categories has not been made.

- g) The revenue from a customer (having more than 10% of total revenue) during the year is Rs. 13,761 lakh (March 31, 2023: Rs. 10,144 lakh) arising from revenue from assembly and services of radar and electronic warfare systems.

**THALES RELIANCE DEFENCE SYSTEMS LIMITED**  
**CIN - U29305MH2018PLC305829**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**46 Dividend**

	March 31, 2024	March 31, 2023
<b>Proposed Dividend</b>		
Proposed final dividend for the financial year 2023-24 [ Rs. 70.30 per equity share of Rs. 100 each] ^	2009	-
Proposed final dividend for the financial year 2022-23 [ Rs. 63 per equity share of Rs. 100 each] #	-	1,800
<b>Paid Dividend</b>		
Final dividend for the financial year 2022-23 [ Rs. 63 per equity share of Rs. 100 each]	1,800	-
Final dividend for the financial year 2021-22 [ Rs. 57 per equity share of Rs. 100 each]	-	1,630

^ The Board of Directors at its meeting held on July 26, 2024 have recommended a payment of final dividend of Rs. 70.30 per equity share with face value of Rs. 100 each for the financial year ended March 31, 2024, which amounts to Rs. 2,009 lakhs.  
The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

# Paid to shareholders during the financial year 2023-24.

47 Figures for the previous year have been regrouped/rearranged wherever necessary.

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
Firm Registration No.: 000050N/N500045

**For on behalf of Board of Directors of**  
Thales Reliance Defence Systems Limited

**Pankaj Walia**  
Partner  
Membership No.509590

Place: Gurugram  
Date: July 26, 2024

**Rajesh K Dhillon**  
Director  
DIN:03612092

Place: New Delhi  
Date: July 26, 2024

**Angarai N Sethuraman**  
Director  
DIN:01098398

Place: New Delhi      Place: Nagpur  
Date: July 26, 2024      Date: July 26, 2024

**Alok Malik Anand**  
Chief Executive Officer

**Sriranganandham Doodia**  
Chief Financial Officer  
Place: Nagpur  
Date: July 26, 2024

**Uneeraj Sachdeva**  
Company Secretary  
Place: New Delhi  
Date: July 26, 2024