भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
भारत इलेक्ट्रॉनिक्स लिमिटेड
(भारत सरकार का उद्यम, रक्षा मंत्रालय)
पंजीकृत कार्यालय :
आउटर रिंग रोड, नागवारा, बेंगलूर - 560 045, भारत
Bharat Electronics Limited
(Govt. of India Enterprise, Ministry of Defence)
Registered Office : Outer Ring Road,
Nagavara, Bangalore - 560 045, INDIA.
CIN : L32309KA1954GOI000787
टेलीफैक्स/Telefax : +91 (80) 25039266
ई-मेल/E-mail : secretary@bel.co.in
वेब/Web : www.bel-india.com

To
National Stock Exchange of India Ltd.,
Exchange Plaza, Plot No. C/1,G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

No. 17565/6/SE/NSEC/SEC
8th October 2018

Dear Sir/Madam,

Sub: Annual Report 2017-18.

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith copy of Annual Report (Which includes Business Responsibility Report & Sustainability Report) for the financial year 2017-18.

This is for your information and record.

Thanking you,

Yours faithfully,
For Bharat Electronics Limited

S. Sreenivas
Company Secretary

Encls: As stated above.

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MAKE IN INDIA

स्वच्छ भारत
एक कदम स्वच्छता की ओर



Safeguarding land, sea and air space

ANNUAL REPORT
2017-18

Thank you stakeholders



Corporate Social Responsibility



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Corporate Vision, Mission, Values and Objectives

Vision

To be a World-class enterprise in professional electronics.

Mission

To be a customer focused, globally competitive company in Defence Electronics and in other chosen areas of Professional Electronics, through Quality, Technology and Innovation.

Values

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

Objectives

- To be a customer focused company providing state-of-the-art products & solutions at competitive prices, meeting the demands of quality, delivery & service.
- To generate internal resources for profitable growth.
- To attain technological leadership in Defence Electronics through in-house R&D, partnership with defence / research laboratories & academic institutions.
- To give thrust to exports.
- To create a facilitating environment for employees to realise their full potential through continuous learning & teamwork.
- To give value for money to customers and create wealth for shareholders.
- To constantly benchmark company's performance with best-in-class internationally.
- To raise marketing abilities to global standards.
- To strive for self-reliance through indigenisation.

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The Past Decade

(₹ in Lakhs)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16*	2016-17*	2017-18*
Sales & Services	462369	521977	552969	570363	601190	617423	669457	754117	882470	1008484
Value of Production	527327	524788	552080	579358	628991	612690	665854	777537	924383	970595
Other Income	22997	37641	38933	70312	60993	42847	47795	53708	47101	20038
Materials	304106	302454	312931	366903	408463	358356	374453	406077	483222	513626
Employee Benefits Expense	75579	100958	104186	108123	111079	103043	126345	125726	154831	177233
Depreciation / Amortization	10560	11594	12204	12080	13071	14210	15396	17221	19152	25100
Interest / Finance Cost	1077	53	73	60	78	340	138	451	1178	127
Other Expenses (including Excise Duty, Prior period items, Extraordinary & Exceptional items)	49319	42867	45504	55019	57174	77439	67360	123978	141733	111340
Profit Before Tax	109684	104502	116115	107485	111459	117474	146669	173212	202942	194784
Provision For Tax	35108	32415	29968	24495	22476	24312	29945	42476	48180	54855
Profit After Tax	74576	72087	86147	82990	88983	93162	116724	130736	154762	139929
Dividend (Amount)	14960	15360	17280	16640	17840	18640	23360	40800	50257	49058
Dividend (%)	187	192	216	208	223	233	292	170	225	200
Equity Share Capital	8000	8000	8000	8000	8000	8000	8000	24000	22336	24366
Other Equity	370368	424526	490571	554221	622369	693724	780503	874360	728518	751735
Loan Funds	121	73	41	10	1	0	0	0	5000	6666
Gross Block	157990	170217	178900	190158	207323	222667	248515	114689	161699	221984
Cumulative Depreciation / Amortization	111245	121221	130529	139142	149778	157572	171405	17029	36168	61275
Inventory	242096	244871	246032	279182	327108	337014	342688	417747	490501	477552
Debtors / Trade Receivables	227653	216836	289681	268686	333467	412854	378614	371193	435488	570458
Working Capital	313556	365629	NA	NA	NA	NA	NA	NA	NA	NA
Working Capital (As per Revised Sch VI / Sch III)	NA	NA	430800	478994	544494	607714	690982	737289	530455	440924
Capital Employed	360301	414625	NA	NA	NA	NA	NA	NA	NA	NA
Capital Employed (As per Revised Sch VI / Sch III)	NA	NA	479171	530010	602039	672809	768092	834949	655986	601633
Net Worth	378368	432526	498571	562221	630369	701724	788503	898360	750854	776101
Earning Per Share (in Rupees) **	2.83	2.73	3.26	3.15	3.37	3.53	4.42	4.95	6.03	5.70
Book Value Per Share (in Rupees)	15.77	18.02	20.77	23.43	26.27	29.24	32.85	37.43	33.62	31.85
No. of Employees	11961	11545	11180	10791	10305	9952	9703	9848	9716	9726

* In line with Ind AS

** Adjusted for all the previous periods consequent to issue of bonus shares in the ratio of 1:10 during FY 2017-18.

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Financial Highlights - FY 2017-18

Turnover

₹ 1,008,484 Lakhs

Turnover registered a growth of 14.28% from ₹ 882,470 Lakhs in 2016-17 to ₹ 1,008,484 Lakhs in 2017-18

Production

₹ 970,595 Lakhs

Value of production has increased from ₹ 924,383 Lakhs in 2016-17 to ₹ 970,595 Lakhs in 2017-18, increase of 5%

Operating Profit

₹ 174,873 Lakhs

Operating Profit rose by 11.37% from ₹ 157,019 Lakhs in 2016-17 to ₹ 174,873 Lakhs in 2017-18

Turnover Per Employee

₹ 103.69 Lakhs

Turnover per Employee has increased from ₹ 90.83 Lakhs in 2016-17 to ₹ 103.69 Lakhs in 2017-18

Net Worth

₹ 776,101 Lakhs

Net Worth has increased from ₹ 750,854 Lakhs in 2016-17 to ₹ 776,101 Lakhs in 2017-18

Equity

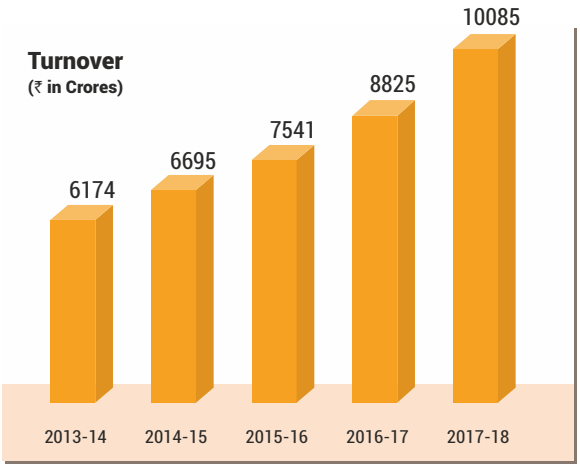
20,397,780 Shares

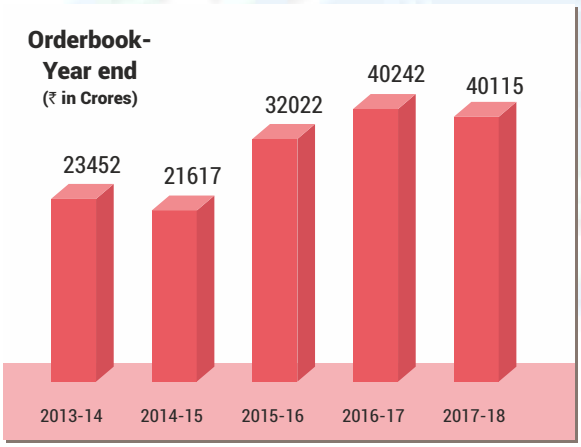
20,397,780 Equity Shares bought back for ₹ 37,226 Lakhs during 2017-18

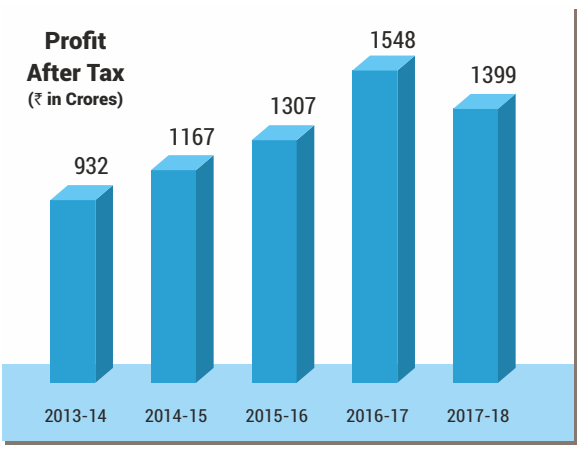


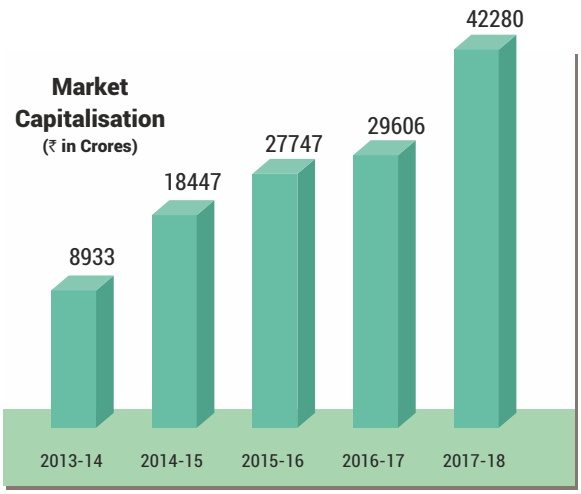
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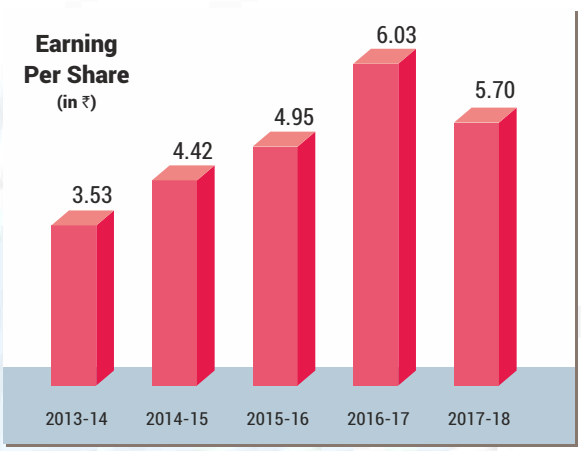
Financial Highlights

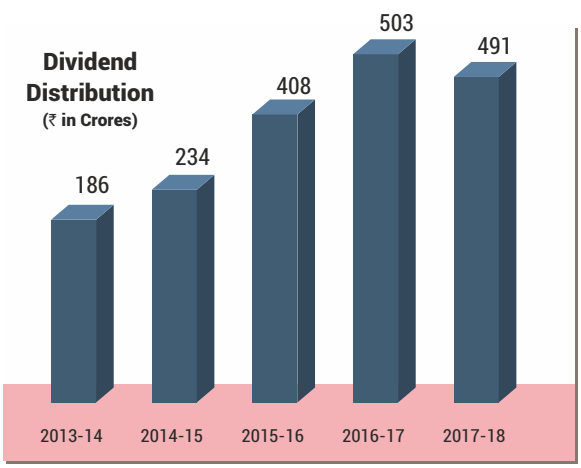












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Global Footprints



The Hon'ble Raksha Mantri, Mrs Nirmala Sitharaman, inaugurating the first Representative Office of BEL in Vietnam (VIRO)



The newly inaugurated Representative Office of BEL in Vietnam



The BEL team at Defence and Security Equipment International Exhibition (DSEI) 2017 held at London, UK



Weapon Locating Radar on display at the BEL outdoor stall at DSEI 2017



The Chief of Vietnam People's Navy at the BEL stall during IMDEX ASIA 2017 exhibition, held at Singapore

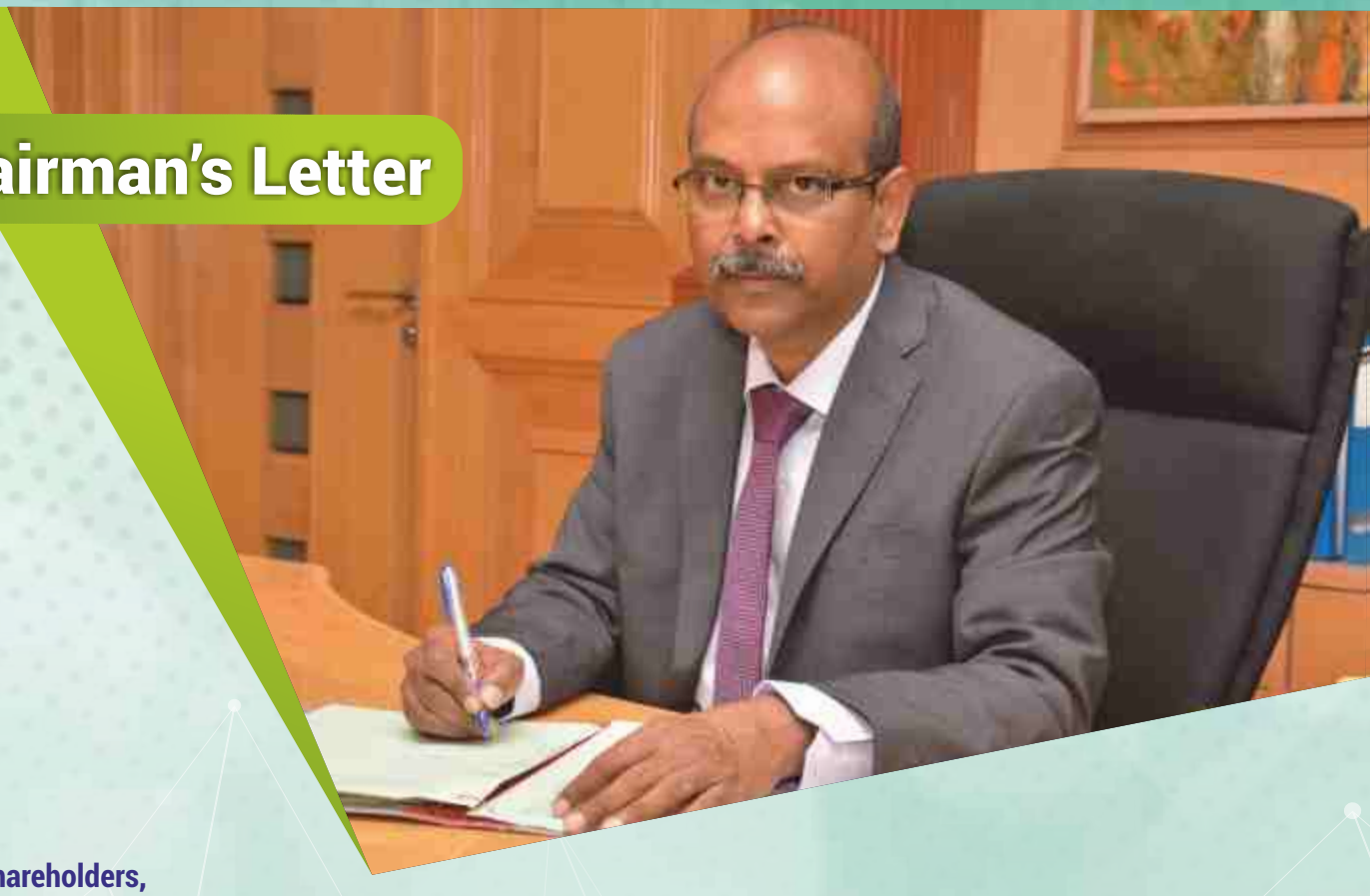


Visitors from the Royal Thai Armed Forces at the BEL stall at Defense & Security Exhibition, held at Bangkok



Signing of Contract for production of LRSAM systems, between BEL and IAI, Israel

Chairman's Letter



Dear Shareholders,

It gives me immense pleasure to share through this letter, the achievements and financial highlights of your Company during the past year. In the FY 2017-18 there were considerable challenges in the environment we operate. In spite of the challenges, your Company has achieved the growth targets with greater emphasis on R&D, technology updation and infrastructure modernisation to meet the fast changing business environment. Your Company has achieved significant growth in revenues. At ₹ 4,011,500 Lakhs (as on 1 April 2018) the order book continues to be healthy and also good order inflow projections are expected in the next 2-3 years. Your Company has continued to maintain its leadership position in supplying equipment / systems to Defence Forces and is on a steady growth path. I take this opportunity to share with you the performance highlights during the past year and the future outlook for the Company.

Highlights of the Year

Your Company achieved a turnover of ₹ 1,008,484 Lakhs during 2017-18 against ₹ 882,470 Lakhs in 2016-17, thereby registering a significant growth of 14%. BEL achieved an export sale of US$ 26.3 Million. Some of the countries, where your Company's products were exported are Sri Lanka, Myanmar, Maldives, Mauritius, Vietnam, Indonesia, Israel, Germany, Sweden and USA. The major Products / Systems exported during the year include Advanced Composite Communication System (ACCS), Compact Airborne Surveillance System, Bharti Radio, Cable Looms, Mechanical Parts, Coastal Surveillance System, Spares for TRS 2215 Radar & V/UHF Radio.

A significant growth of 14% in turnover

All the 9 manufacturing units of the Company have performed well. The Profit After Tax for 2017-18 is ₹ 139,929 Lakhs against ₹ 154,762 Lakhs last year, a decrease of 10% over previous year. This was mainly due to decrease in interest income, increase in tax provision and wage revision. The Net Worth of the Company has increased from ₹ 750,854 Lakhs in year 2016-17 to ₹ 776,101 Lakhs in 2017-18.

R&D expenditure 9.8% of turnover

R&D has been the main focus area of your Company for increasing indigenisation and value addition in our products / systems. The total expenditure on R&D as a percentage of turnover during the year was 9.8% which is one of the highest among the defence PSUs. It is our continued effort towards indigenous development that has led us to achieve 89% of our turnover from indigenous products. Only 11% of our revenues came from products manufactured through ToT from foreign OEMs. Defence being the mainstay of the Company, has contributed 85% of sales revenue, with the balance 15% coming from the non-defence sector.

Some of the major products / systems introduced during 2017-18 are Intelligence Gathering System, Ship Data Network, Advanced Communication System for Ships, Radio On The Move for Weapon Systems, Fire Control System and P15, TI Sight for T-90, TI Sight for T-72, HHTI Bi-Ocular, Electro Optic System, EVM-M3, VVPAT-M3, Mine Field Recording System (MFRS), Multi Purpose Reflex Weapon Sight (MRWS), Radio Relay Upgrade, Secure Phone , 6 kW Solid State Power Amplifier (SSPA) etc.

Revenue through Defence business is 85%

Your Company has received orders worth about ₹ 10,000 Crores. Major orders received during the year include Voter Verifiable Paper Audit Trail, Commander TI Sights for T-72, Low Intensity Conflict EW System, Hull Mounted Sonar for P71, Electronic Voting Machine, Surveillance Radar Element, Network For Spectrum (NFS) Satcom Terminal, Integrated Mobile System, Passive Night Vision Devices, CoMPASS etc.

I have the privilege to inform you that your Company has filed applications for 25 Patents in 2017-18 as against 20 patents filed in 2016-17. As many as 71 technical papers were published by scientists and R&D engineers of BEL in various National and International journals / seminars / conferences.

Filed application for 25 patents

Some of the performance highlights of your Company are :

- Inauguration of 16 MW Solar PV Power Plant at Ordnance Factory, Medak (OFMK).
- Inauguration of BEL Academy of Excellence to address the training needs of BEL employees, as well as of its customers and vendors / partners.
- Inauguration of Advanced EMC Testing Facilities having Anechoic Chamber of size 11m x 21m x 30m which can conduct testing of Systems / Platforms weighing up to 70 Tonnes. It can be used to carry out system level EMC testing for many projects of national importance like AKASH, IACCS, LRSAM, Weapon Locating Radar and Battlefield Management System.
- Defence Innovation Organisation (DIO) was incorporated on 10 April 2017 as a 'Not for Profit' Company as per the provisions of Section-8 of the Companies Act 2013 with Authorised Share Capital of ₹ 1.0 Crore (BEL: 50% ; HAL: 50%).
- "Excellent" MoU Rating for 2016-17 from DPE.
- Inauguration of Near Field Antenna Test Range (NFTR) facility at BEL Bengaluru for calibration and testing of Radars and communication antennae. The NFTR facility at Bengaluru is the third such set-up in BEL and the only one in the Defence industry in India.
- High level Shock Testing Facility established at BEL Bengaluru capable of imparting mechanical shocks up to 120g level for equipment weighing up to 800 kg.
- Secured Manufacturing Test facility established in BEL Bengaluru and Panchkula units for production of EVMs and VVPATs.
- Inauguration of a state-of-the-art Electronic Artillery Fuze manufacturing at BEL Pune.
- BEL participated in the Defence Industry Development Meet, which was inaugurated by Mrs Nirmala Sitharaman, Hon'ble Raksha Mantri, at Chennai on 18 January 2018 and showcased various items for indigenization for domestic vendors including micro and small enterprise.
- BEL empanelled totally 216 organizations, which includes 27 collaborative R&D partners, 128 design service providers, 28 consultants and 33 production service providers and three organizations for supporting both design and production.

You will be happy to know that your Company has received several accolades, the most noteworthy being :

- Raksha Mantri's Awards (2014-15)
  - a) Indigenization Award : Doppler Weather Radar.
  - b) Design Effort : Lynx U2 Naval Gun Fire Control System for Indian Navy.
- Raksha Mantri's Awards (2015-16)
  - a) Institutional Award : Best Performance in Export.
  - b) Division/Factory/Shipyard Award : Best Performing Division of DPSUs : Naval Systems (Radar & Fire Control System).
  - c) Indigenization Award : Light Weight Portable Laser Target Designator.
  - d) Design Effort : Test Bed of Automated Air Defence Control and Reporting System.
- Prime Minister's Shram Awards to BEL Employees for the year 2013-14 & 2014-15.
- Scope Award for Excellence and Outstanding Contribution in the special Institutional category of Digitalization for the year 2016-17.
- All India Management Association (AIMA) Managing India Award for the 'Outstanding PSU of the Year'.
- Governance Now Awards : for Business Diversification, Adoption of Technological Innovations, HR Excellence, Environmental Sustainability and Research & Development.
- Dun & Bradstreet India's Top PSU Award 2017 in the Manufacturing Category under Medium & Light Engineering Sector.
- Amity Leadership Award for Business Excellence, for outstanding contributions to the field of Surveillance and Defence industry.
- Vigilance Excellence Award-2017 for 'Excellent Contribution' in the category of "Best Institutional Practice to Fight Corruption" for the successful implementation of companywide e-filing system called "File Lifecycle Management (FLM)".
- INSSAN Award for Excellence in Suggestion Scheme: BEL Bengaluru Unit has been awarded 1st Prize for Excellence in Performance of the Suggestion Scheme for the year 2016-17 in Engineering Industry Group.
- First Prize in the PSU category for "Responsible Organisation Excellence Award" for the year 2016-17 from Associated Chambers of Commerce & Industry of India (ASSOCHAM).
- ELCINA-EFY Award for Excellence in Export for the year 2016-17 from Electronic Industries Association of India.

Future Outlook

Government's emphasis on 'Make in India' initiative in Defence sector provides a great opportunity for the Company to enhance its indigenization efforts and to address the opportunities in Indian Defence sector.

BEL is targeting a healthy growth of 12-15% during 2018-19. Segments like Radar and Missile Systems, Communication and Network Centric systems, Tank Electronics, Gun Upgrades, Electro Optic Systems and Electronic Warfare & Avionics systems will continue to drive the Company's growth in the coming years. Creating several world-class facilities for R&D, Testing, Production and Skill development are planned for achieving the targeted growth. In the non-defence segment, your Company is pursuing business in the field of Solar, Homeland Security, Smart City elements, Space Electronics, Satellite Integration and Cyber Security.

The future for your Company looks promising as well as challenging. The Defence Sector is opened up for private sector participation under Defence Procurement Procedure. The Government has introduced the "Strategic Partnership" model for broader participation of Indian private sector to enhance manufacturing capacity of major defence platforms in addition to DPSUs. All this has pushed your Company towards much higher competitiveness and productivity through initiatives for enhancing value addition.

The Government has come out with a "Make-II" procedure for enhancing the participation of Indian Industry including MSMEs in providing the import substitution and for promotion of innovative solutions for defence equipment. Your Company has responded to many of these "Make-II" projects which are in line with BEL business. It is important for BEL to stay abreast of technology and develop new products regularly to meet the requirements of the customers and providing cost-effective & innovative solutions.

Thrust on R&D across the Company will continue with roadmaps drawn for future products, acquisition of key technologies and filing of patents. Your company is also laying greater emphasis on working closely with DRDO labs, research institutions and academic institutions as well as with niche technology companies for development of new products and systems. Along with this, your company's own Central Research Labs, Core R&D Groups, R&D Labs attached with business units are working on new technologies and product development. Also, Product Development & Innovation Centre (PD&IC) is working towards translating researches and innovations to new products. Your Company has evolved strategies to retain the leadership position in strategic electronics and has developed action plans to face competition and maintain the technological edge.

Some of the major projects planned for execution in this year are IACCS, Tropo Upgrade, Weapon Locating Radar, EVM & VVPAT, Cdr TI for T-72, LLTR Radar, EW System-LIC-II, DSP for Port Blair, Ground-based Mobile ELINT, II-based PNVDs, ALG Communication, LRSAM P15B (4 Ships), Schilka Upgrade, L70 Gun Upgrade, T-90 Stabiliser and ALG etc. On the export front, the order book as on 1 April 2018 is US$ 92 Million including offset orders of US$ 35 Million. Your company is progressing with plans of opening of marketing offices abroad to increase the geo-spatial presence.

Strategic New Initiatives

Your Company is working in strategic areas like Homeland Security Solutions, Smart Cities, Cyber security, Unmanned Systems, Satellite Integration and Composites in line with the emerging needs of the Customers.

Corporate Social Responsibility

Your Company has taken various programmes/initiatives/projects as per the Companies CSR & Sustainability policy which is in line with the Schedule-VII of the Companies Act, 2013. Your Company has spent ₹ 1,439.45 Lakhs in key sectors like Healthcare, Rural Development, Sanitation, Education & Vocational Skill Development and an amount of ₹ 2,059.16 Lakhs is carried forward.

Governance and Sustainability

Your company takes pride in constantly adopting and maintaining the highest standards of values and principles. A detailed report on compliance of the guidelines on Corporate Governance, as required by the SEBI (LODR) Regulations, 2015 and the guidelines issued by the Department of Public Enterprises for CPSEs, forms part of the Directors' Report.

Your Company has received "NIL" Comments Certificate from the C&AG for the Ninth Consecutive Year.

The corporate performance of BEL measured in terms of the economic, environmental and societal parameters augurs well to reinforce the image of BEL as a socially responsible corporate entity. Sustainability in BEL is the continuing commitment to behave ethically and contribute towards economic development, while improving the quality of life of its workforce, their families and the local community and society at large. The philosophy of greening the environment through recycle, reuse and reduce approach will continue in the near future.

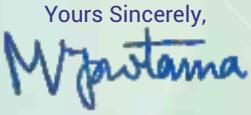
Acknowledgements

I am grateful to the Board of Directors and members of management committee for their unwavering support and guidance. Ministry of Defence and Defence Services have been continuously providing valuable guidance and support. I further deeply appreciate our shareholders, esteemed customers and business associates for providing opportunities to earn their confidence.

The dedication and commitment of our employees and officers at all levels continues to be the major strength of our company. We shall make continuous efforts to build on these strengths to face future challenges and sustain the momentum for profitable growth.

With Best Wishes,

Yours Sincerely,



M V Gowtama
Chairman & Managing Director

Bengaluru
16 August 2018

Highlights



Mr M V Gowtama, CMD (standing in the front row, second from left), along with Mr Narendra Modi, Hon'ble Prime Minister of India and Mr Benjamin Netanyahu, Hon'ble Prime Minister of Israel, at the second meeting of the India-Israel CEOs Forum



The Hon'ble Raksha Mantri, Mrs Nirmala Sitharaman, with the women employees of BEL involved in Akash Missile project and other Radar projects during her visit to BEL - Bengaluru



The then Hon'ble Raksha Mantri, Mr Arun Jaitley, inaugurating the BEL Academy for Excellence in Bengaluru



The first Battlefield Surveillance System (BSS) designed, developed and manufactured by BEL being flagged off from BEL - Ghaziabad



Inauguration of the Online Inventory Management System (OIMS), developed by BEL for the Indian Navy



Inauguration of the new state-of-the-art Fuze manufacturing facility at BEL - Pune



Handing over of Ground Based Mobile ELINT System (GBMES), the state-of-the-art Electronic Warfare System indigenously designed and developed by DLRL and manufactured by BEL - Hyderabad, to the Indian Air Force



Inauguration of the IACCS Test Lab at BEL - Ghaziabad

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BHARAT ELECTRONICS
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Board of Directors

(as on 1 August 2018)



Mr M V Gowtama
Chairman &
Managing Director



Mr Nataraj Krishnappa
Director (Other Units)



Mrs Anandi Ramalingam
Director (Marketing)



Mr R N Bagdalkar
Director (Human Resources)



Mr Koshy Alexander
Director (Finance)



Mr V Mahesh
Director (R&D)



Dr Amit Sahai
Joint Secretary (P&C),
Ministry of Defence,
Dept. of Defence Production
Government Director



Ms J Manjula
DS & DG (ECS), DRDO
Government Director



Dr Bhaskar Ramamurthi
Director, IIT Madras
Independent Director



Dr R K Shevgaonkar
Vice Chancellor
Bennett University, Noida
Independent Director



Mrs Usha Mathur IRAS (Retd)
Ex-Secretary to
Government of India
Independent Director



Mr Sharad Sanghi
Entrepreneur
Independent Director



Mr Mukka Harish Babu
Chartered Accountant
Independent Director



Mr Surendra S Sirohi ITS (Retd)
Ex-Secretary to
Government of India
Independent Director



Dr Vijay S Madan IAS (Retd)
Ex-Secretary to
Government of India
Independent Director



Mr S Sreenivas
Company Secretary
Key Managerial Personnel

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Principal Executives

(as on 1 August 2018)



Mr S Shiva Kumar, IAS
Chief Vigilance Officer



Mr Girish Kumar
OSD BG



Mr M M Joshi
ED NM - Delhi



Mrs Rani Vergis
ED Finance - BG



Mr Charan Singh
ED - Unit Head - GAD



Mr Manmohan Pandey
GM PS - Delhi



Mrs Hema G Acharya
GM IA - CO



Mr V Kiran
GM IM - CO



Mrs K Hemalatha
GM SP - CO



Mr N Vikraman
GM HR - CO



Mr V Muralidharan
GM Finance - CO



Mr Vinay Kumar Katyal
GM MilCom - BG



Cdr S Gopakumar (Retd.)
GM T&BS - BG



Mr B S Ravi
GM MR - BG



Mr A Ravisankaran
GM C-D&E, PD&IC - BG



Mr M S S D Senapathy
GM EM - BG



Mr M R Srivathsa
GM R&FCS/NS - BG



Mr K M Shivakumaran
GM HR - BG



Mr S Mohanraj
GM Quality/CO - BG



Mr Jagdish Chand
GM MS - BG



Mr Bhanu Prakash Srivastava
GM S&CS/NS - BG



Mr S Rama Reddy
GM EW&A - BG



Mr Basheer Ahamed
GM ES - BG



Mr Amrendra Kumar Singh
GM HLS&SCB - BG



Mrs Shikha Gupta
GM SCCS - GAD



Mr Joydeep Majumdar
GM NCS - GAD



Mrs Ruchi Garg
GM DCCS - GAD



Mr R S Bhatnagar
GM ANTENNA - GAD



Mr T N Ramesh
GM - MC



Mr Manoj Kumar
GM - KOT



Mr Dinesh Kumar Batra
GM - PUNE



Mr R Srinivasan
GM - CHN



Mr P K Changoiwala
GM - PK



Mr M Venkata Rattayya
GM - HYD



Mr Umesh Chandra
GM - NAMU

R&D Establishments



Mr Ranjan Banerjee
CS CRL - GAD



Mr Manoj Jain
CS CRL - BG



Mr M V Rajasekhar
CTO EO & LASER - CO



Mr V Nanda Kumar
CTO COMM - CO



Mr P Mohan Rao
CTO R&WS - CO

AUDITORS

Statutory Auditors
M/s Suri & Co.,
Bengaluru

Branch Auditors
M/s Ved and Company,
Ghaziabad
M/s Malani Somani Chandak &
Associates, Pune
M/s Tungala & Co.,
Machilipatnam

Cost Auditors
M/s G N V & Associates,
Bengaluru

Secretarial Auditors
M/s Thirupal Gorige & Associates LLP,
Bengaluru

Awards



Raksha Mantri's Award for
'Best Performing Division'



Raksha Mantri's Award for
'Best Performance in Export'



ASSOCHAM Excellence Award for
'Responsible Organisation'



BEL employees receiving the Prime Minister's Shram Awards



Indian Chamber of Commerce
PSE Excellence Awards



Public Relations Council of India
Corporate Collateral Awards



Dun & Bradstreet India's Top PSU Award in the
Manufacturing: Medium and Light
Engineering Sector category



Vigilance Excellence Award for 'Best Institutional
Practice to Fight Corruption' and implementing
File Lifecycle Management



Governance Now Awards for
R&D, HR & Business Excellence and
Environmental Sustainability



'Amity Leadership Award for
Business Excellence' for BEL CMD

Board's Report

To the Members,

Your Directors take pleasure in presenting their Report and the Audited Financial Statements for the financial year ended 31 March 2018 together with the reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

Financial Results and Performance Highlights

A summary of the Company's financial results is given below :

(₹ in Lakhs)

Particulars	2017-18	2016-17
Value of Production	**970,595**	924,383
Turnover (Gross)	**1,008,484**	882,470
Profit Before Depreciation, interest and Tax	**220,011**	223,272
Finance Cost	**127**	1,178
Depreciation & Amortisation	**25,100**	19,152
Profit Before Tax	**1,94,784**	202,942
Provision for Tax	**54,855**	48,180
Profit After Tax	**139,929**	154,762
Other Comprehensive Income / (Loss)	**145**	(9,185)
Total Comprehensive Income	**140,074**	145,577
Dividend paid	**62,765**	61,604
Tax on Dividend	**12,777**	12,541
Transfer to General Reserve	**40,000**	40,000
Other equity (Including Reserves & Surplus)	**751,735**	728,518
Net Worth	**776,101**	750,854
Earnings Per Share (in ₹)	**5.70**	6.03*
Book Value Per Share (in ₹)	**31.85**	33.62

* adjusted due to issue of bonus shares in 2017-18.

Distribution of Value of Production for 2017-18 is given below :

Particulars	Amount (₹ in Lakhs)	Percentage
Materials	513,626	53%
Employee Cost	177,233	18%
Other Expenses (Net)	59,852	6%
Depreciation & Amortisation	25,100	3%
Provision for Tax	54,855	6%
Profit After Tax	139,929	14%
Total	**970,595**	**100%**

Company's turnover (Gross) for the year 2017-18 has increased to ₹ 1,008,484 Lakhs from ₹ 882,470 Lakhs in 2016-17, registering a growth of 14.28%. Profit after Tax for the year is ₹ 139,929 Lakhs as against ₹ 154,762 Lakhs in the previous year. Turnover from indigenously developed products is 89%. Supplies to the defence contributed to 85% of turnover as against 88% in 2016-17.

Dividend

The Board of Directors of the Company has formulated a Dividend Distribution Policy keeping in view the provisions of SEBI (LODR) Regulations, 2015, the Companies Act 2013 and also taking into consideration the guidelines issued by SEBI, DPE, DIPAM, Ministry of Finance and also other guidelines to the extent applicable to the Company. The Policy is annexed to this Report as "**Annexure 1"** and also placed on the Company's website at http://bel-india.in / ContentPage.aspx?MId=17&CId=527&Lid =1&link=527

The Board of Directors has recommended a Final Dividend of ₹ 0.40/- per equity share (40%), ₹ 9,746 Lakhs for the year 2017-18. An interim dividend of ₹ 1.60 per equity share (160%), ₹ 39,312 Lakhs was paid for the year 2017-18 in February 2018. Thus, the total dividend for the year 2017-18 is ₹ 2/- per equity share (200%), ₹ 49,058 Lakhs (excluding dividend distribution tax).

Amount Transferred to Reserves

An amount of ₹ 40,000 Lakhs is transferred to General Reserves for the financial year 2017-18.

Share Capital

The Company's paid-up Equity Share Capital as on 31 March 2018 was ₹ 24,366 Lakhs.

During the year 2017-18, your Company issued bonus shares in the ratio of 1:10 (one fully paid-up equity shares of ₹ 1/- each for every ten fully paid-up equity shares held) to all its shareholders in the month of October 2017. As a consequence, the paid-up share capital of the Company increased from ₹ 22,336 Lakhs to ₹ 24,570 Lakhs.

Subsequently, your Company bought back 20,397,780 equity shares of ₹ 1/- each fully paid-up at price of ₹ 182.50 per equity share in the month of March 2018 consequent to which the paid-up equity share capital of the Company stands reduced to ₹ 24,366 Lakhs as on 31 March 2018.

The details of Directors and Key Managerial Personnel's shareholdings in the Company as on 31 March 2018 is given below :

Sl. No.	Name	Designation	No. of equity shares held
1	Mr M V Gowtama	Chairman and Managing Director	1,263
2	Dr Ajit T Kalghatgi	Director (Research & Development)	1,263
3	Mr Nataraj Krishnappa	Director (Other Units)	1,263
4	Mrs Anandi Ramalingam	Director (Marketing)	1,263
5	Mr R N Bagdalkar	Director (Human Resources)	1,263
6	Mr Koshy Alexander	Director (Finance)	1,265
7	Mr S Sreenivas	Company Secretary	1,263

The Company has not issued any convertible security during the year.

Major Orders Executed

Major Projects executed during the year for tri services and non-defence customers include : Integrated Air Command and Control System to Airforce, Weapon Locating Radar to Army, Hand Held Thermal Imager to Army, Akash Weapon System to Army, Fire Control System to Navy, Integrated Communication Systems to Navy, 3-D Tactical Control Radar to Army, Electronic Warfare Systems to Navy, Integrated Submarine Sonar Suite to Navy, Home Land Security to ONGC, L70 Gun Upgrade to Army, Electronic Voting Machine (EVM) & Voter Verifiable Paper Audit Trail (VVPAT) to ECI, Schilka Gun Tank upgrade to Army, Intelligence Gathering Systems to Airforce.

Exports

Your Company has been giving an increased thrust towards harnessing the export potential of defence electronics products and systems which represent its core area of business. BEL has been exporting various products and systems to various friendly countries. Apart from this BEL is interacting with electoral commissioners of various democratic countries to market Electronic Voting Machines. Having established a Coastal Surveillance System (CSS) for few neighboring countries, BEL is interacting with Ministry of External Affairs on a regular basis for supply of CSS to other friendly countries of India.

BEL is focusing on the various opportunities in the area of helping OEM's to meet offset obligations in various RFPs of MoD on account of offset policy incorporated in the Defence Procurement Procedure. In this regard BEL is closely working with various major foreign Aerospace and Defence Companies. BEL has identified contract manufacturing (build to print and build to spec) to foreign OEM's as one of the areas of emerging export opportunities. Further efforts are being made to establish long term supply chain relationship with global players.

Company has achieved an export sale of US$ 26.3 Million during 2017-18, to various countries, viz., Sri Lanka, Myanmar, Maldives, Mauritius, Vietnam, Indonesia, Israel, Switzerland, Germany, Sweden and USA. Major Products / Systems exported are Advanced Composite Communication System (ACCS), Compact Airborne Surveillance System (CoMPASS), Bharti Radio, Cable Looms Mechanical Parts, Coastal Surveillance System, Spares for TRS 2215 Radar & V/UHF Radio.

The decline in export sale is mainly due to the non-establishment of Letter of Credit by customer for various Naval Systems contracted for Project 21, Offshore Patrol Vessels. The transformation in political and economic scenarios in the Myanmar, Sri Lanka, and Maldives was another factor contributing to reduced exports in the current year.

Initiative taken to increase exports by development of new markets, for products & services during the financial year 2017-18 :

❖ **Marketing Offices Abroad**

- BEL has put in efforts for increasing the business opportunities in South East Asia and Middle East by incessant engagement with customers.
- A Marketing office in Vietnam was established during 2017-18.
- During 2018-19, the following Marketing Offices are proposed to be established in : Muscat - Oman; Colombo - Sri Lanka; Yangon - Myanmar.

❖ **Strategic Alliance with the Indian Platform Manufacturers**

BEL has initiated discussions and process for signing agreements with the following major Indian Platform manufacturers :

- Goa Shipyard Limited, Goa
- Mazagaon Dockyard Limited, Mumbai

- Larsen & Toubro Limited, Mumbai
- Mahindra Defence Systems Limited, Mumbai

❖ **Strategic Alliance with the Foreign OEMs**

Proposed strategic alliance with foreign OEMs to address global markets by offering the best value proposition

- SAAB, Sweden – Marketing agreement for various equipments.
- ELOP, Israel – Electro-optics.
- Elbit, Israel – Airborne EW, TIFCS, SAR, HMDS.
- Controp, Israel – Night Vision and Laser Equipment.
- Meprolight, Israel – Co-production agreement for LRFs, GLS, Day Sights for small Arms.
- Beretta, Italy – MoU for supplying of Reflex Sight and NVDs for Assault / Sniper Rifle for Global requirement.
- Thales – Radar for Rafale, EW Suite and Search Master Radar.

❖ **Coastal Surveillance Systems to countries of Indian Ocean Region :**

- Submitted proposal for establishment of Coastal Surveillance System for Sultanate of Oman in response to a tender.

❖ **Export Version of EVM and VVPAT**

- BEL earlier exported EVMs and accessories to Namibia and now they have indicated the requirement of VVPAT. Botswana also has shown keen interest in obtaining EVMs and VVPATs.
- As per directives of the Election Commission of India, Export Versions of both the EVM and VVPAT are presently under development, qualification and certification.

The following were the scope for offset business during 2017-18 :

- F18 Flight Control Panel for Boing USA
- Cable Harness for Pilatus Switzerland
- EoSCoMPASS for Elop Israel
- G4 A Technical platform (Shelters) for SAAB Sweden

❖ An MoU has been signed with Thales, France for Integration of the Air Borne Radar EW Suite for Rafale aircraft contracted by Dassault Aviation to Indian Air Force. Six modules have been ordered by Thales for necessary qualification. This is expected to be ramped up quickly in the coming years.

MoU with Government

Your Company has been signing a Memorandum of Understanding (MoU) every year with the Government of India, Ministry of Defence. Performance of BEL for the year 2016-17 has been rated as "Excellent" in terms of the MoU with the Government. The MoU rating for 2017-18 is under review by the Government.

Order Book Position

The order book of Company as on 01 April 2018 was around ₹ 40,115 Crores. The order book comprises mainly major programs like Long Range Surface to Air Missile, Integrated Air Command Control System, Battlefield Surveillance System, Advanced Composite Communication System, Command Information Decision Support System, Commander Thermal Imaging Sights, Electronic Voting Machine (EVM) & Voter Verifiable Paper Audit Trail (VVPAT), Intelligence Gathering Systems, Weapon Locating Radar, Sonars etc.

Finance

During this year, your Company has enhanced shareholders value through Buyback of shares and higher dividend payout. The Company returned 5% of share capital and free reserves amounting to ₹ 37,226 Lakhs to the shareholders. Apart from the final dividend of ₹ 23,453 Lakhs (105%) for 2016-17 which was paid out in 2017-18, an interim dividend amounting to ₹ 39,312 Lakhs (160%) was paid out in the month of February 2018 in respect of 2017-18.

The initiatives taken by your Company in taking up some major capital projects is progressing well and the outcome should strengthen the Company's journey to a higher trajectory of turnover and growth. During the year, your Company has been able to meet all the incremental working capital requirements and most of the capital requirements through its internal accruals. Company has availed a term loan of ₹ 10,000 Lakhs to fund its CAPEX requirements, out of which ₹ 6,666 Lakhs is outstanding as on 31 March 2018. Your Company has retained the highest rating by ICRA for both short term and long term borrowing.

The Inventory position (net) of the Company as on 31 March 2018 was ₹ 477,552 Lakhs as against ₹ 490,501 Lakhs as

on 31 March 2017. This works out to 181 days of value of production as on 31 March 2018 as against 206 days achieved as on 31 March 2017. This has been possible due to close monitoring of the inventory levels.

The position of trade receivables (net) as on 31 March 2018 was ₹ 570,458 Lakhs as against ₹ 435,488 Lakhs as on 31 March 2017. This works out to 206 days of turnover as against 180 days of turnover achieved during the previous year. The increase in trade receivables is mainly due to deferment of payments by the customers due to budget constraint.

Deposits

The Company does not have any Public Deposit Scheme at present. However, the matured Public Deposit amount (collected prior to February 2006) with the Company was ₹ 36.95 Lakhs as on 31 March 2018. Out of these 34 deposits amounting to ₹ 36.50 Lakhs are not claimed or not paid as these accounts are frozen on advice by Karnataka Lokayukta, remaining mature deposits of ₹ 0.45 lakh as on 31 March 2018 is unpaid due to in-sufficient documents / records produced by Depositors.

Research & Development

Research and Development (R&D) has been the core strength of BEL. Various Divisions of BEL are involved in developments of Strategic Components, Technology Modules, Subsystems, Products, Systems and System of Systems Apart from in-house efforts, BEL R&D Engineers are working with DRDO, ISRO, CSIR, other national Research Laboratories and Academic Institutes for Joint development. During 2017-18, R&D activities have been carried out in all the business segments namely, Missile Systems, Radars, Electronic Warfare, Avionics, Military Communication, Naval Systems, C4I systems, Electro-optics, Tank Electronics, GUN Upgrades, Civilian Equipments, Systems and components.

BEL has three-Tier R&D structure namely CRL, Central D&E and PD&IC and D&Es attached to SBUs / Units. As a Philosophy and Policy, these R&D Labs work in the identified technology and product area, with well documented three year R&D plans based on ROP / marketing forecast / TPCR and after due approval of budget / time by the competent authority.

In R&D, BEL has many challenges to overcome. Size, weight, power and quality requirements always push the R&D to the edge. At component level, R&D needs to work on the newer requirements of MMICs, highly integrated processor ICs, microwave super-components, etc. At product level, R&D needs to create configurable, multifunction and fault tolerant products. The System of Systems needs expertise in Project management along with system integration expertise. With short life of components, obsolescence is the issue to be on alert on all the time. All these challenges are addressed with well planned R&D initiatives, system driven obsolescence alert, training of R&D Manpower and in collaboration with external agencies.

The major development initiated in 2017-18 are next generation Weapon Systems, Smart elements of HLS, IIR Seekers, Indigenous CSS software, On-the -move Satcom with low profile Antenna, Satcom Man pack terminal, Electronic Sub-Systems for Twin Barrel 30 mm AD Gun, Advanced system for Identification of Friend & Foe for Weapon Systems, Upgraded Voice Control and Communication systems, Coastal Situation Awareness Radar, Ultra light-weight shelter and modular High Altitude Shelters.

Some of the major projects completed in 2017-18 are 3D Airport Radars, Electronic upgrade of gun systems, EOTS for a new Weapon System program, Weapon System Software Upgrade, Medium Power Radar, OPS shelter for Radar and Electronic Warfare System for Tethered Buoy.

During 2017-18, the R&D revenue expenditure was ₹ 883 Crores and Capital expenditure was ₹ 105 Crores, totaling to ₹ 988 Crores, amounting to 9.79% of turnover. The turnover due to indigenous development efforts in 2017-18 is 89% of turnover.

The Important R&D Awards /recognitions received during 2017-18 are the Raksha Mantri Awards for Excellence for the year 2014-15 and 2015-16 in the categories of Indigenization, Design Effort, Institutional Award and Best Performing division of DPSUs and SODET awards for the years 2013-14, 2014-15 and 2015-16 in the categories of Technology Innovations and Technology Developments.

New Products developed :

1. **Intelligence gathering System**

   It consists of one Control and three Receiver stations in Master-Slave mode to search, detect, monitor, record and process hostile emissions and locate the emitter

2. **Gun Fire Control System (FCS) for ships**

   It is a gun FCS with up mast mountable compact Radar with Auto search – Works in auto / Control (controlled by CIAO) modes.

3. **Advanced Communication network for ship**

   It is an advanced communication network providing quick & reliable ship-ship, ship-shore, ship-Air communication.

4. **High Data Rate Ship Data Network**

   It is a Ship Data Network, providing a broadband network for VVD comm. It is a Backbone NW to connect ship combat systems, other ship systems, Gateway and Access switches.

5. **Compact Airborne Transmitter**

   It is based n Coherent Master Oscillator Power Amplifier, with medium peak power and moderate duty cycle. The transmitter is designed for operation under Air borne conditions reliably.

6. **Pedestal for AESA Radar**

   It is a Subsystem of a Fire Control System which detects, tracks target & positions gun at exact angle for engagement.

7. **Radio with Communication on the Move capability for Weapon system**

   It is a radio which is capable of working in partial mesh network, supports medium speed mobility and also supports simultaneous operation in two different Bands simultaneously.

8. **Multi Purpose Reflex Weapon Sight (MRWS)**

   It is a parallax free, compact, light-weight and rugged weapon sight for instant target acquisition.

9. **Light Weight Portable Laser Target Designator (LWPLD)**

   It is a Target Designator with dual magnificent sight and night operation capability through TI (Thermal Imager). It is light weight and portable.

10. **Vehicle mounted X Ray Baggage Inspection System**

    It is a Low bed 60X40 baggage machine (XBIS) mountable on vehicle, capable of scanning metal up to 30mm with high resolutions.

11. **Electro Optic System - SCGC Topaz**

    It is an Electro Optic system installed on the patrol vehicles for surveillance at the sea.

12. **Cdr TI Sight for T-72**

    State of the Art high resolution large format thermal imager based sights have replaced the obsolete Image intensifier tube based Commander Sights.

13. **HHTI Bi Ocular**

    It is a Hand Held TI camera with night vision capability, working with Li-ion battery.

    It has a multiple FoV lens with focus adjustments for better range capability.

14. **Gunner TI Sight for T-90**

    It has continuous zoon lens, with improved detection capabilities.

15. **EO system for Air Defence Radar**

    It is an Electro Optic system with zoom lens, Optical extender for TI sight, long range CCD and LAN compatibility.

16. **Observation Unit for BoSS**

    It is a Day and Night camera and LRF with target localization capability for BSS.

17. **Mine Field Recording System (MFRS)**

    MFRS is used to plot and record coordinates of any desired point on a mine field (ground) at which the MFRS is taken, with higher accuracy.

18. **Radio Relay Upgrade (Low Band)**

    It is an upgrade to BEL's existing Radio Relay which had limited data rate capability.

19. **Secure Phone**

    In-house developed secure phone caters for secure voice, SMS, data and video. It has higher internal storage capacity.

20. **Handheld Digital Compass**

    It provides stable heading info for the Infantry soldier of Indian Army by giving accurate bearing information of targets, storing and recalling of target angels. Facility is provided for map reading during night navigation. It is light weight and compact.

21. **Multi Channel Encryptor Unit (MCEU)**

    It is a versatile encryptor with – Bulk encryption capabilities at different data rates.

22. **Electronic Voting Machine-M3 (EVM-M3)**

    This is an upgrade to the Electronic Voting Machine developed by BEL, with enhanced security and tamper proof features, reduced size and self diagnostics features.

23. **VVPAT-M3**

    This is an upgrade to the VVPAT machine with enhanced security and tamper proof features, built-in-display unit and code readout facility.

New Facilities Established During the Year

Company has been continuously modernizing its infrastructure to be in tune with the changing needs of the technology / products. Specific groups in all the units scan the technology changes that are taking place and identify new processes in the world market for acquisition. This enables the Company to maintain its infrastructure on par with international standards. During the year 2017-18, Company has spent ₹ 634 Crores as part of CAPEX investment towards Modernization of Plant & Machinery, Test Instruments, R&D investments, infrastructure up-gradation etc.

Following are some of the major facilities established during the year :

- Solar PV Power Plant at Ordnance Factory, Medak (OFMK).
- BEL Academy to address the training needs of BEL employees, as well as of its customers and vendors / partners.
- Advanced EMC Testing Facilities having Anechoic Chamber. It can be used to carry out system level EMC testing for many projects of national importance.
- Near Field Antenna Test Range (NFTR) facility at BEL, Bengaluru for calibration and testing of Radars and communication antennas. The NFTR facility at Bengaluru is the third such set-up in BEL.
- High level Shock Testing Facility established at BEL, Bengaluru.
- Secured Manufacturing Test facility established in BEL, Bengaluru and Panchkula units for production of EVMs and VVPATs.
- State of the art Electronic Artillery Fuze manufacturing at BEL Pune.

SAP Implementation in BEL and other IT Initiatives

ERP- SAP was implemented in BEL in 2006-07 and all Business Processes in BEL are mapped in SAP. Over a period of time, BEL has matured in the core Modules of SAP like PP, MM, SD, QM, HR, FICO, PLM, PS etc, and many additional Modules like Supplier Relationship Management (SRM), Customer Relationship Management (CRM), Business Intelligence (BI), File Life Cycle Management (FLM), Employee Self Service (ESS), Knowledge Management (KM), etc have been implemented successfully. BEL has implemented many of the processes in SAP which are not in the standard ERP modules like Standardization, Contract Management System for Engineering Services, Online Spares Order Management System for Navy, Factory Complaint Management System, Township Management System, BEL Guest Management System, Employee Grievance System, Lead Management System, Vigilance Process, Visitors Management System etc. BEL has implemented Governance Risk and Compliance (GRC) module on a pilot scale in one of the SBUs and this will be implemented company wide from 2018-19.

The migration to GST tax system is totally integrated with SAP system. All requirements in form of returns like 3B, 1, etc are taken from the system directly without any manual activities outside system. The migration was zero step movement to new system without a single day discontinuity of business.

BEL implemented Real Time Information system in the form of e-mail and SMS to Stakeholders like Vendors, Customers, Management, Employees and Visitors. BEL implemented GST and Pay Revision of Executives in SAP completely by the in-house IT team.

BEL SAP team has won the prestigious award of "Excellent Contribution" in the category of "Best Institutional Practice to Fight Corruption".

BEL implemented Company wide, State of the Art, Multi Party Video Conferencing facility covering various locations across India. This has improved the efficiency and ease of Communication and Reviews.

BEL has implemented Air Gap concept between Internet and Intranet. Hence the Risk due to external cyber attacks on Information system which is on the intranet is avoided. BEL has released the upgraded Information Security Manual and Procedure in 2017-18. BEL complies with all Cyber Security guidelines issued by Ministry. Various initiatives have been undertaken to improve the Information Security.

Quality

Quality, Technology and Innovation are three guiding pillars of BEL's business initiatives. Quality, being the first pillar, has been one of the focus areas for the Company. Quality initiatives have been taken up for improvement in performance related to Product Design, On-time-Delivery, Process Cycle Times, SPC, Quality Control etc. in order to enhance Quality of Products and Services rendered to customers.

The Company is committed for improvement of its activities through process approach in line with World-Class Quality

Systems. All Units / Strategic Business Units (SBUs) / Common Services Groups (CSGs) are accredited to ISO 9001 Quality Management System (QMS) since early nineties. Seven Units / SBUs, viz. Ghaziabad, Panchkula, Kotdwara, Hyderabad, Military Communications, Electronics Warfare & Avionics and Export Manufacturing have upgraded their QMS to Aerospace Standard, AS 9100.

Units of the Company are committed to Environment Management System through ISO 14001 Certification. Ghaziabad Unit is accredited to OHSAS (Occupational Health Safety and Assessment Series) 18001.

The ISO 9001:2008 version for QMS and ISO 14001:2004 version for EMS have been revised to 2015 versions in September 2015. Similarly, AS 9001 Rev 'C' has been upgraded to Rev 'D' in October 2016. In order to upgrade these certifications in BEL, Awareness Training programmes, Lead Auditor Training programmes and Conversion Programme for Lead Auditors of older versions of Standards to newer versions of the Standards have been conducted for personnel from various SBUs / Units. During the year 2017-18, 9 Units / SBUs got upgraded to 2015 version of ISO 9001 and 4 Units / SBUs to Revision D of AS 9100.

Test Equipments Calibration and Maintenance departments of Bangalore Complex, Ghaziabad and Panchkula Units are certified by National Accreditation Board for Testing and Calibration Laboratories (NABL) in accordance with ISO / IEC 17025 Standard. Pune Unit manufacturing X-ray tubes is certified for ISO 13485 Standard for Medical Devices. Bharat Electronics Software Technology Centre (BSTC) at Bangalore Complex is CMMi level 5 certified. D&E - NCS and CRL - Ghaziabad are certified for CMMi level 3.

EFQM (European Foundation of Quality Management) Model for Business Excellence is being followed in BEL since 2002 as another approach for overall strategic and operational excellence to meet and exceed the needs & expectations of stakeholders and enhancement in competitiveness. Its deployment status was assessed in the Company through participation in 'CII-EXIM Bank Award for Business Excellence' in a phased manner. All Units / SBUs of BEL have achieved 'Commendation for Strong Commitment to Excel' status. Bengaluru, Ghaziabad and Kotdwara Units achieved next higher level i.e. 'Commendation for Significant Achievement'.

Continual improvements in products and processes are being brought out through various approaches. One such approach is 'Six Sigma methodology'. Junior and Middle level executives select Sig Sigma projects from different areas of concern related to products and processes to bring about improvements. In order to effectively implement Six-Sigma methodology and to bring in a culture of improvement through analytical approach, selected senior executives (16 persons) from the Units are periodically trained as 'Black Belt' by Indian Statistical Institute, Bengaluru. These Black Belts guide other executives (Green Belts) in their Six Sigma projects. 519 Six Sigma projects were completed in financial year 2017-18. Out of 35 Six Sigma projects nominated for Regional / National level Competitions, 21 projects received regional level awards and the balance 14 projects received National Level Championships awards.

The organization has facilitated involvement of Non-executives in the Quality Movement through Quality Control Circles (QCC). In the year 2017-18, 656 QCC Presentations for improvement in products and processes were made by various QCCs. Many QCC circles were nominated to participate in national competitions / conventions and all were adjudged for various categories of Awards. One of the QCCs, which won CMD's Rolling Shield in the Inter Unit QCC Competition, represented BEL in the International Convention, ICQCC 2017, held at Okada, Philippines and won the "Gold award".

Another approach for Quality Improvement is through Suggestion Scheme, wherein employees from Non executives up to Managers provide suggestions for which they are suitably rewarded on implementation of their suggestions. Around 2549 suggestions were given by employees this year. Selected BEL employees participated at 28th National Level Convention conducted by Indian National Suggestion Schemes' Association during January 2018 at Aurangabad and won 10 Awards under various categories. Bangalore Complex was awarded the First Prize for "Excellence in Implementation of Suggestion Scheme 2017" under Engineering Industry Category at the National Level.

The Company has nominated D&E engineers for Certified Reliability Engineer (CRE) program conducted by American Society for Quality (ASQ). 39 D&E engineers were professionally certified for CRE in year 2017-18 taking the number of CREs in the Company to 223.

35 operating level Quality Engineers in various SBUs / Units were certified during the year under Certified Quality Engineers (CQE) program by the American Society for Quality (ASQ) taking the number of CQEs in the Company

to 141. Next higher level program, viz. Certified Manager for Quality and Organisation Excellence (CMQ&OE) for Senior level executives, was also conducted by ASQ and 13 senior executives were certified during the year taking cumulative total to 62.

Revised BEL Quality Manual (Revision 4) in line with the latest versions of the Quality Management Systems. Standards including Business Excellence was released during the year.

A 'Quality Recognition Award' scheme was introduced this year. Units / SBUs were evaluated for a number of Quality related parameters and best performing Units viz. Antenna & Radar SBUs of GAD, PK Unit and CHN Unit & MR SBU of BG-Cx were awarded prizes.

In order to inculcate a culture of Project Management, training programs for Project Management Professionals (PMP) were conducted. Post training, 146 PMPs (Cumulative 453 from the year 2007-08 onwards) was certified by Project Management Institute (PMI) in year 2017-18. Besides this, customised training programs, viz. Project Management Implementation Programme (PMIP) were conducted for lower level executives to enable them to use Project Management concepts in their work.

An independent Customer Satisfaction Survey (CSS) was done through an external agency, viz. M/s BPMBC Marketing Research(India) Pvt Ltd, Pune, to capture the Customers' Perceptions on Quality of BEL's Products and Services. Twenty products from 19 Units / SBUs were included in 2017-18 Customer Satisfaction Survey. Result for the same is awaited. Customer Satisfaction Index for the previous year 2016-17 was 83.8% (average).

New Transaction Codes are introduced in SAP ERP system based on user requirements for better management and analysis of the processes thereby helping in their overall improvement. Customer Relationship Management Module (CRM) and Supplier Relationship Management Module (SRM) in SAP are enabling improvements in Customer Services and Procurement Efficiencies.

Human Resources

Your Company employed 9,726 persons as on 31 March 2018 as against 9,716 persons as on 31 March 2017. Of these employees, 4,863 were engineers / scientists and 2,054 were women employees as on 31 March 2018. A total of 361 executives and 98 non-executives were inducted during the year. 82 employees belonging to SC, 31 employees belonging to ST, 133 employees belonging to OBC and 22 employees belonging to the minority community were recruited during the year.

Your Company has been implementing the Government Directives on Reservation. The particulars of SC/ST and other categories of employees as on 31 March 2018 are as under :

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	1019	29	670	42
Scheduled Tribe	344	8	142	24
OBC	1241	36	853	43
Ex-Servicemen	92	6	270	75
Physically Challenged	97	3	125	4

Various Training programs were conducted during the year to enhance competencies in Technical, Functional, Managerial and Leadership areas. Structured Executive Development Programs were conducted regularly with premier Institutes to meet the evolving training needs of executives as they progress through various grades.

The training programs are designed to enhance competencies in various areas like Technical, Functional and Managerial / Leadership.

A detailed write up on Company's HR philosophy and specific HR initiatives during the year is provided separately in the Management Discussion and Analysis Report which forms part of this report.

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

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of Sexual Harassment of Woman at Workplace (Prevention, prohibition and Redressal) Act and Rules framed there under, the Company has implemented the policy on prevention, prohibition and redressal of sexual harassment at the workplace, which has been uploaded on the Company's intranet portal. All women, permanent, temporary or contractual including those of the service providers are covered under the policy.

An Internal Complaints Committee has been constituted in each of the nine constituent units including Corporate Office

to redress complaints relating to sexual harassment. During the year, the Company received one complaint on sexual harassment and no complaint is pending as at the end of the financial year.

Awareness programs were conducted across the Company to sensitize the employees and uphold dignity of their colleagues at workplace, particularly with respect to prevention of sexual harassment.

Awards and Recognitions

Your Company continues to be a highly trusted for the quality of its products, innovation and renovation of its products based on strong consumer insights and the ability to engage with consumers across the country. During the year your Company has received various Awards and Recognitions. Some of the important accolades received during the year by your Company include :

- Raksha Mantri's Awards (2014-15)
  - a) Indigenization Award :
    - o Doppler Weather Radar
  - b) Design Effort :
    - o LYNX U2 Naval Gun Fire Control System
- Raksha Mantri's Awards (2015-16)
  - a) Institutional Award :
    - o Best Performance in Export
  - b) Division / Factory/Shipyard Award :
    - o Best Performing Division of DPSUs : Naval Systems (Radar & Fire Control System)
  - c) Indigenization Award :
    - o Light Weight Portable Laser Target Designator.
  - d) Design Effort :
    - o Test Bed of Automated Air Defence Control and Reporting System.
- Prime Minister's Shram Awards to BEL Employees for the year 2013-14 & 2014-15.
- Scope Award for Excellence and Outstanding Contribution in the special Institutional category of Digitalization for the year 2016-17.
- All India Management Association (AIMA) Managing India Award for the 'Outstanding PSU of the Year'.
- Governance Now Awards : for Business Diversification, Adoption of Technological Innovations, HR Excellence, Environmental Sustainability and Research & Development.
- Dun & Bradstreet India's Top PSU Award 2017 in the Manufacturing Category under Medium & Light Engineering Sector.
- Amity Leadership Award for Business Excellence, for outstanding contributions to the field of Surveillance and Defence industry.
- Vigilance Excellence Award-2017 for 'Excellent Contribution' in the category of "Best Institutional Practice to Fight Corruption" for the successful implementation of company wide e-filing system called "File Lifecycle Management (FLM)".
- INSSAN Award for Excellence in Suggestion Scheme : BEL Bengaluru Unit has been awarded 1st prize for Excellence in Performance of the Suggestion Scheme for the year 2016-17 in Engineering Industry Group.
- First prize in the PSU category for "Responsible Organization Excellence Award" for the year 2016-17 from Associated Chambers of Commerce & Industry of India (ASSOCHAM).
- ELCINA -EFY Award for Excellence in Export for the year 2016-17 from Electronic Industries Association of India.

Other significant achievements during the year :

- **Handing over of Intelligence Gathering System :**

  This was handed over to Air Vice Marshal B R Krishna, AVSM, SC, Assistant Chief of Air Staff (Plans), Indian Air Force, in the presence of Dr S Christopher, Chairman DRDO and Secretary Department of Defence R&D and Ms J Manjula, DS & DG (ECS) at BEL Hyderabad Unit on 18 March 2018.

- **Foundation stone laid for Sewage Treatment Plant at Doddabommasandra Lake, Bengaluru :** BEL is setting up a 10 MLD (Million Litres per Day) Sewage Treatment Plant to rejuvenate the Doddabommasandra Lake, Bengaluru at a cost of ₹ 13.5 Crores as part of its Corporate Social Responsibility activities, in collaboration with the Karnataka Lake Conservation and Development Authority (KLCDA), Bruhat Bengaluru Mahanagara Palike (BBMP) and the Revenue Department of Karnataka.

  The foundation stone for the installing and commissioning of the proposed Sewage Treatment Plant was laid on 17 February 2018 by the Chief Guest Mr D V Sadananda Gowda, Hon'ble Union Minister for Statistics and Programme Implementation. Mr Krishna Byre Gowda, Hon'ble Minister for Agriculture, presided over the

function. The Sewage Treatment Plant will be designed on the latest 'Sequential Batch Reactor Technology' (SBR). This is an advanced version of the well-established 'Activated Sludge Process' of the Central Public Health and Environment Engineering Organisation (CPHEEO).

- **Contribution to Test flight of MALE UAV :**

  Test flight of Medium Altitude Long Endurance Unmanned Aerial Vehicle (MALE UAV) was successfully carried out in 25 February 2018.

  BEL has contributed in the development of Ground Control Station (GCS), Ground Data Terminal (GDT), various payloads for UAV program and actively participated in the various phases of field evaluation & development trials. BEL has also funded ₹ 90 Crores for the development program and deployed team of engineers at Aeronautical Development Establishment (ADE) for the development activities.

- **Inauguration of Service Support Centre at Jammu :**

  The Service Support Centre at IAF Station, Kalu Chak, Jammu was inaugurated by Air Vice Marshal, Rajiv Gandotra, AVSM, Senior Maintenance Staff Officer, on 29 August 2017. This service support centre will support BEL products deployed by Indian Air Force & Indian Army in forward bases.

- **Contribution to Firing Trials of Weapon Systems :**

  Indigenous Surface to Air Weapon Systems, was successfully test fired with BEL manufactured Radio Frequency Seeker on 15 December 2017.

- **BEL Flagged off Advanced C4I System :**

  Advanced C4I System was flagged off on 7 December 2017 from BEL Ghaziabad unit by Major General R K Choudhary, ADG IS(A), Brig R S Mehta ADGQA(L), Brig Ajay Sethi DDG, Senior Officers from DGQA, CQAL and PMO-BSS, attended the Flagging off ceremony.

- **BEL flagged off 100th upgrade Electro Optic gun from Chennai unit for use by Indian defence forces.**

- **Online Inventory Management System (OIMS) :** BEL inaugurated Online Inventory Management System for Indian Navy on 24 November 2017. OIMS system is developed in BEL and is expected to provide smooth post sales support of BEL supplied equipment to Indian Navy.

- **Contribution to Test Firing of Indigenous Quick Reaction Missile :** Indigenously developed Quick Reaction Surface-to-Air Missiles (QR-SAM) was test fired on 4 June 2017 from Chandrapur in Odisha. The Quick Reaction Surface to Air Missile (QR-SAM) was jointly developed by the Defence Research and Development Organisation (DRDO) and Bharat Electronics Limited. The on board missile unit of Two-Way-Data-Link (TWDL) system developed by BEL, performed well during firing trial.

Subsidiaries, Joint Ventures and Associates

BEL Optronic Devices Limited (BELOP), engaged in the business of manufacturing of Image Intensifier Tubes, is a wholly owned subsidiary of BEL. Your Company has made further investment to the tune of ₹ 1,744 Lakhs (708,732 equity shares of ₹ 100/- each at a premium of ₹ 146/- per share) during the year in the equity shares of BELOP by subscribing to right issue made by BELOP.

BELOP achieved a turnover of ₹ 12,164 Lakhs for the year as against ₹ 12,388 Lakhs in the previous year. The profit after tax (PAT) for the year was ₹ 1,155 Lakhs as against ₹ 484 Lakhs in the previous year. BELOP has proposed a dividend of ₹ 5.22 per share for financial year 2017-18.

The Associate Company GE BE Private Limited continues to perform well. This Company manufactures CT Max and other latest version X-Ray Tubes. BEL supplies some parts required for the products manufactured by this Company. GE BE Pvt. Ltd. recorded a turnover of ₹ 80,691 Lakhs for the year as against ₹ 79,985 Lakhs in the previous year. The profit after tax (PAT) was ₹ 9,146 Lakhs for the year as against ₹ 10,130 Lakhs in the previous year. The Company has proposed 100% dividend for the financial year 2017-18.

M/s BEL-THALES Systems Limited (BTSL), a subsidiary, was formed for design, development, marketing, supply and support of civilian and select defence radars for Indian and Global markets. Your Company holds 74% of the equity capital in BTSL. During the year of its operation, it incurred a loss of ₹ 259 Lakhs.

Defence Innovation Organization (DIO), was incorporated on 10 April 2017 as a 'Not for Profit' Company as per the provisions of Section - 8 of the Companies Act 2013 with an authorised share capital of ₹ 1 Crore (BEL: 50%; HAL: 50%). The registered office of the company is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalahalli, Bengaluru – 560 013. The Company has

been formed with an objective of funding innovation in defence sector. The company has not yet commenced its operations.

In pursuant to provisions of section 129(3) of the Companies Act, read with Rule 5 of Companies (Accounts) Rules, 2014, the statement containing salient features of the financials statement of Subsidiaries / Associate / Joint Ventures is attached to the financial Statements.

Consolidated Financial Statements

Consolidated Financial Statements of your Company and its Subsidiaries and Associate Companies are attached to this Report.

Vigilance

The Company's Vigilance Organization is headed by Chief Vigilance Officer (CVO), an IAS Officer from Bihar cadre (1987 batch). Permanent Vigilance Officers were posted in each of the Units and in the SBUs. Vigilance Committees were formed in the each of the Units to look after the Vigilance Administration in the Units and SBUs and the Unit/SBU heads are also designated as Chairman of the Vigilance Committee. Apart from this, there exists a Vigilance Committee at the Corporate Office; where Chairman cum Managing Director is the Chairman of the Committee and the CVO is the Member Secretary. Preventive Vigilance has been the thrust area of the Vigilance Organisation and the same received focused attention during the current year. The Vigilance Department examines procurement/sub-contract Contracts and processes on continual basis, conducts regular and surprise inspections and investigates instances of any suspected transactions referred to it. Any employee or third parties can refer any suspected transaction to the notice of CVO for investigation which are examined as per the Complaint Handling Policy of the Company. Online Complaint Management System has been made operational and online complaints can be filed through accessing the Vigilance Portal in BEL web site.

During the year 1158 Purchase Orders / Contracts have been reviewed. CTE Type intensive examination has been restructured with the formation of 5 IE teams. CTE Type of Intensive Examination of 66 High value Procurements Contracts has been taken up during the year. Regular and Surprise checks and Inspections have also been conducted by the field Vigilance Officers. During the year, 54 Complaints, including the Complaints referred by CVC/MOD/CBI were received. A total of 56 Complaints and 5 Complaints referred by CVC/MOD/CBI were disposed. Disciplinary action and System / Process Improvement has been recommended in some cases where lapses were observed. Two Complaints each are pending with CBI, Ghaziabad and Bengaluru for detailed investigation.

During the year, 115 Probationary Engineers at the induction level, 1582 Executives and 629 Non Executives were given basic awareness program on Vigilance. Apart from this, 76 Senior Executives were given Customised Training Program on Vigilance, Cyber Crimes and Preventive Vigilance measures. 77 Executives & 54 Non Executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 100%.

Vigilance Department received the ISO 9001/2015 Certification for the Vigilance function of BEL in June 2016. The Second Surveillance audit has been completed during March 2018.

In line with the CVC's guidelines on Leveraging Technology and to ensure transparency through effective use of technology, the following functions have been made operational through SAP and the Company's website :

- E-Procurement - about 90% of the procurements excluding the ToT procurement, Long term Rate Contracts and Repeat Orders, were covered under e-procurement mode.
- Online registration of Vendors.
- Vendor Payment Information System.
- E-Payment / Bank transfer of payment to Vendors.
- Details of awarded contracts / Purchase Orders valuing more than ₹ 10 Lakhs in respect of works contracts, service contracts, capital items and non-production items have been posted in the website.
- Details of awarded Contracts / Purchase Orders issued on nomination / single tender basis value exceeding ₹ 5 Lakhs have been posted in the website.
- Purchase Procedures, sub contract procedures and Works Contract Manual have been revised and were posted in the BEL website.
- Complaint Handling Policy and Whistle Blower Policy are posted in the website.
- Corruption Risk Management Policy is framed and implemented across the Company for implementation. The same is posted in the website.

- Vendors' Directory, after flagging removing defunct vendors, have been posted in the Company's website.
- File Life Cycle Management System (FLM) has been implemented across the company and the coverage is about 95% of the total files generated in the Company.
- On-line filing of APRs is facilitated in SAP for all the Executives and the Executives have been filing the APRs in SAP.
- Vigilance Monthly Reports are generated through SAP.
- Vigilance clearance is accorded through the dedicated Vigilance portal in SAP.

Vigilance setup in BEL has been continuously endeavoring to bring transparency, fairness and equity in all transactions and processes of the company through creating a sense of awareness on System and Procedures through awareness campaign and training program. Some of the key activities that have been carried out during the year are :

i) Vigilance awareness week 2017 was observed during October/November 2017. The observance of the Week was marked with special address by eminent personalities. Gram Sabhas were organized as part of the outreach activities in Nelamangala and Dabaspet in Bangalore District, Rajpura and Mahmoodpur villages near Ghaziabad, Nimmaluru Village in Andhra Pradesh and in Vellanky Village of Bhongir District in Telegana State. Skit plays and Video films portraying national integration and anti Corruption messages were shown to School and College Students located near the location of BEL Factories. Similar anti corruption awareness program in the form of skit plays and inspirational video films were arranged for the School students of BEL Educational institutions covering about 750 students. Integrity Pledge was administered to School and College students during the occasion. Walkathon and Cycle rally by BEL School Children, Human chain by BEL employees, Vigilance Walk by employees of Bengaluru based PSUs and PSBs, Tree plantations and distribution of saplings, unveiling of Vigilance Slogan Boards and series of lecture by distinguished personalities and Competitions were organized as part of the observance of the Vigilance Awareness Week.

ii) E-pledge, an initiative of the Commission was facilitated in BEL-Intranet, apart from the facility of taking the e-pledge in the CVC website.

iii) About 3041 BEL employees have successfully completed the Online Certified Program on Public Procurement organized by World Bank. About 60 Executives who have successfully completed the CPPP with distinction have taken the next level course of "Professional Diploma in Public Procurement" conducted by Indian Institute of Materials Management (IIMM). Apart from this, 173 employees have successfully completed the CPCM (Certificate Program in Contract Management) conducted by World Bank.

iv) Training Programs and Works shop on subjects like "Disciplinary Proceedings and framing of Charge Sheet", "Probity in Public Procurement, Integrity Pact & Cyber Security", "Cyber Security for the Corporate", "Arbitration and Alternate dispute resolution" were organized to increase the competency levels of executives who are performing these functions across the Company.

Integrity Pact

One of the initiatives of the Central Vigilance Commission (CVC) to eradicate corruption in procurement activity is introduction of the Integrity Pact in large value contracts in Government Organizations. In line with the directives from Ministry of Defence and the Central Vigilance Commission, your Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹ 2,000 Lakhs and above, initially. This threshold value was reduced to ₹ 1,000 Lakhs from March 2013 and further reduced to ₹ 500 Lakhs from May 2014 and further reduced to ₹ 400 Lakhs from September 2016, subsequently it was further reduced to ₹ 300 Lakhs from September 2017.

The Pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, the Company has appointed Mr M D Paliath, IDAS (Retd) and Mr Shankar Narayan,

Dy CAG (Retd) for monitoring implementation of Integrity Pact in the Company. During the financial year 2017-18 the IEMs reviewed 294 contracts and held structured meetings with the Chairman & Managing Director.

Procurement from MSEs

Your Company has been providing increased thrust on enhancing procurement from MSEs and is implementing Public Procurement Policy for Micro & Small Enterprises (MSEs) as per the guidelines / notification issued by the Ministry of MSEs. Out of the total procurement during 2017-18, Procurement from MSE vendors in line with Public Procurement Policy requirements.

In order to facilitate MSEs, the company is deploying all efforts to classify the existing vendors into Micro & Small Enterprises in the Company's procurement system through web-based real time centralized ERP System (SAP). Online Vendor registration forms are available in the Company's official website (www.bel-india.in). Nodal Officers are nominated to assist vendors regarding Procedure for Registration, understanding the requirements of BEL, report grievances, if any, etc. Some of the other initiatives include uploading of company's procurement plan for MSEs based on the production plan, with periodic update and details of Unit / SBU specific Nodal Officers in the Company's official website, participation in various vendor development programmes like exhibitions, workshops, establishment of industrial estate to give maximum encouragement to ancillaries etc.

BEL participated in the State Level MSME Vendor development meet organised by MSME Development Institute at BEL, Chennai on 9 January 2018 and showcased various items for indigenization for MSMEs vendors.

BEL Participated in the Defence Industry Development Meet, which was inaugurated by Smt Nirmala Sitharaman, Hon'ble Raksha Mantri, at Chennai on 18 January 2018 and showcased various items for indigenization for domestic vendors including MSEs.

BEL participated in the Defence Indigenization exhibition organized by Coimbatore District Small Industries Association (CODISSIA) during 5th to 6th March 2018 and showcased various items for indigenization for domestic vendors including MSEs.

Implementation of Official Language Policy

Your Company is committed to adhere to the OL policy of the Government of India. During 2017-18, company has achieved the various targets prescribed in the Annual Program 2017-18 issued by Dept. of OL, MHA, GoI to transact official work in Hindi. The efforts made towards implementation of Official Languages include :

OL Inspections : Committee of Parliament on Official Language conducted OL inspection of Central Research Laboratory, Bengaluru on 16 February 2018. MoD officials conducted OL inspections of Machilipatnam Unit on 8 January 2018 and R.O. Vizag on 9 January 2018. Corporate OL Audit team conducted OL audits at Panchkula, Chennai, Kotdwar Units, CRL-Bengaluru, R.O. Kolkata, EW & A and Components SBU's of BC.

Bilingualisation : A comprehensive document of bilingual standard correspondence (Pre recruitment to post retirement) of HR Department was prepared and issued by OL Dept. for usage in all Units / Offices of the Company. Section 3(3) documents, replies to the letters received in Hindi, correspondence, Rule 11 items (stationary, codes and manuals, procedural literature) are being issued in bilingual in all Units and offices of company in accordance with OL rules.

Hindi Month Celebrations : During September Hindi Month and Hindi Day was observed in all the Units and Offices of the Company. During the month, employees and officers participated enthusiastically in various programs / competitions. Employees of various Units / Offices and Corporate Office bagged prizes in the Inter Organization TOLIC Competitions. Hindi workshops for those having working knowledge in Hindi were conducted during the year. Various Incentive Schemes were propagated among all employees and number of Executives / Employees took part in these schemes.

OL in SAP and Website : OL Portal GARIMA is in place to facilitate OL implementation across the Company and to provide latest inputs pertaining to OL and is regularly updated. QPR reports from Units / Offices are being received online in SAP. Hindi notings are being written in File Lifecycle Management (FLM). Company's website is also available in Hindi and being updated simultaneously.

At Corporate level, initiative has been taken to prepare a compilation of bilingual Electronic Terminology (Defence &

Non Defence) of BEL. Two issues (half yearly) of Corporate Hindi Journal "Nava Prabha" were published during the current FY. Efforts are in progress to ensure OL Implementation and achieving progressive usage of Hindi across BEL.

Implementation of RTI Act

The information required to be provided as per Section 4(1)(b) of the Right to Information Act, 2005 has been posted on the website of the Company www.bel-india.in. The Information posted on the website contains general information about the Company, powers and duties of employees, decision making process, rules, regulations, manuals and records held by BEL, a directory of the Company's officers, pay scales, procedure for requesting additional information about the Company by citizens and associated request formats.

During the year 2017-18 the Company received and attended 444 requests for information under RTI Act. Most of the requests were for information related to recruitment, service related matters, third party and commercial secrets information.

Board Meetings / Change in Directors and Key Managerial Personnel

During the year, nine Board meetings were held, the details of which form part of the Corporate Governance Report.

Following changes took place in the Directorate and Key Managerial Personnel (KMP) of your Company during the financial year :

Sl. No.	Name of the Director	Designation	Date of Appoint-ment	Date of Cessation
1	Mr Mukka Harish Babu	Independent Director	11.09.2017	Not Applicable
2	Dr Vijay S Madan	Independent Director	11.09.2017	Not Applicable
3	Mr Surendra S Sirohi	Independent Director	11.09.2017	Not Applicable
4	Mr Koshy Alexander	Director (Finance)	25.09.2017	Not Applicable
5	Mrs Kusum Singh	Govt. Nominee Director	Not Applicable	19.09.2017
6	Mr Chandraker Bharti	Govt. Nominee Director	19.09.2017	30.10.2017
7	Dr Amit Sahai	Govt. Nominee Director	30.10.2017	Not Applicable
8	Mr Girish Kumar	Director (Bangalore Complex)	NA	20.02.2018

During the year there was no change in the Key Managerial Personnel of the Company.

Mr M V Gowtama, Chairman & Managing Director, Mr Koshy Alexander, Director (Finance) and Chief Financial Officer and Mr S Sreenivas, Company Secretary are the KMPs, as defined under the Section 2(51) of the Companies Act, 2013.

Mrs J Manjula, Govt. Nominee Director was appointed on 23 April 2018 and Mr Mahesh V, Director (Research & Development) was appointed on 1 June 2018 in place of Dr Ajit T Kalghatgi who retired from his services on 31 May 2018 on attaining the age of superannuation.

The following Additional Directors are being appointed as Directors on terms as set-out in the Notice of the 64th Annual General Meeting :

Mr Harish Babu Mukka, Dr Vijay S Madan, Mr Surendra S Sirohi, Mr Koshy Alexander, Dr Amit Sahai, Ms J Manjula and Mr Mahesh V.

Mrs Anandi Ramalingam, Director (Marketing), retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors in terms of Sections 134(3)(c) & 134(5) of the Companies Act, 2013 state that :

a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March 2018 and of the profit of the Company for the year ended on that date;

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

d) the directors have prepared the annual accounts on a going concern basis;

e) proper internal financial controls were in place and such financial controls were adequate and were operating effectively; and

f) systems to ensure compliance with the provisions of all applicable laws were in place and same were adequate and operating effectively.

Significant and Material Orders

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

Events Subsequent to the Date of Financial Statements

Material changes and commitments affecting the financial position of the company which have occurred between 31 March 2018 and date of signing of this Report are - Nil.

Related Party Transactions

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee and also to the Board for approval, if required. Members may refer to the notes to the accounts for details of related party transactions. The policy for related party transaction has been uploaded on the Company's website www.bel-india.in. Information pursuant to section 134(3)(h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report as "**Annexure 2"**.

Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications, amendments issued by Ministry of Corporate Affairs & DPE guidelines, the Company has undertaken various activities as per the CSR and Sustainability Policy. The programmes / initiatives / projects are taken up in line with the Schedule-VII of the Companies Act, 2013, which are duly incorporated in CSR and Sustainability Policy and forms the guiding principle for all our programmes.

The Corporate Social Responsibility and sustainability policy of the Company is posted on the Company's website, www.bel-india.in.

Pursuant to the requirement under the Companies (Corporate Social Responsibility) Rules, 2014, as amended, a report on CSR activities for financial year 2017-18 is annexed herewith as **"Annexure 3".**

Maintenance of cost records

As per the provisions of section 148 (1) of the Companies Act, 2013, the Company is required to maintain cost records. Accordingly the prescribed cost accounts and records are made and maintained by the Company.

Auditors

Statutory Auditors

Pursuant to Section 139(5) of the Companies Act 2013, the Comptroller and Auditor General of India appointed M/s SURI & CO., Chartered Accountants, Bengaluru, as Statutory Auditors for the financial year 2017-18 for audit of accounts of Bangalore Complex, Hyderabad and Chennai Units and Corporate Office. M/s Ved & Company, Chartered Accountants, Ghaziabad were appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for the financial year 2017-18. M/s Malani Somani Chandak & Associates, Chartered Accountants, Pune were appointed as Branch Auditors for Pune and Navi Mumbai Units for the financial year 2017-18. M/s Tungala & Co., Chartered Accountants, Machilipatnam were appointed as Branch Auditors for Machilipatnam Unit for the financial year 2017-18.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the cost audit records maintained by the Company in respect of its Manufacturing activities are required to be audited by the Cost Auditor. Your Directors had, on the recommendation of the Audit Committee, appointed M/s GNV & Associates, Cost Accountants, Bengaluru, as Cost Auditors of the Company for the financial year 2017-18 for conducting the audit of cost records of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the

Company has appointed Mr Thirupal G, Practicing Company Secretary (PCS Registration No. 6424) for the financial year 2017-18 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as **"Annexure 4"**.

The Secretarial Auditor in his Report observed that the Company is yet to appoint the adequate number of Independent Directors as per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is informed that the appointment of Directors is done by Govt. of India and filling up of vacancies of the said Independent Directors is also pending with the appointing authority namely Government of India.

Auditors' Report

Auditors' Report on the Annual Accounts for the financial year 2017-18 and "Nil" Comments certificate of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Annual Accounts are appended to this report.

Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the annual return in the form MGT-9 is annexed to this report as **"Annexure 5"**.

Business Risk Management

Pursuant to the Reg. 21 of SEBI (LODR) Regulations, 2015, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference, Risk Management Policy etc. are set out in the Corporate Governance Report and a detailed note on Risk Management is provided in the Management Discussion and Analysis Report.

Remuneration Policy & Board Evaluation

The Board has, on the recommendations of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration, Board Evaluation etc. The details are set out in the Corporate Governance Report.

Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the policy are set out in the Corporate Governance Report.

Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act 2013.

Management Discussion and Analysis Report

Management Discussion and Analysis Report required under the SEBI (LODR) Regulations, 2015 and also under the Government (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this Report as **"Annexure 6"**.

Particulars of Loans, Guarantees & Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. A detailed note on Internal Financial controls is provided in the Management Discussion and Analysis Report.

Composition of Audit Committee

The Audit Committee comprises of Independent Directors viz., Mrs Usha Mathur, Chairman of the Committee, Dr R K Shevgaonkar, Mr Mukka Harish Babu and Government Nominee Director, Dr Amit Sahai, as its members and all the recommendations made by the Audit Committee were accepted by the Board, during the year.

Corporate Governance Report

DPE guidelines on Corporate Governance for CPSEs provide that CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for 2016-17. In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines, a Report on Corporate Governance along with Compliance Certificate issued by Statutory

Auditors of the Company is attached to this report as **"Annexure 7"**.

Sustainability Report

The DPE guidelines on Sustainable Development for CPSEs mandate CPSEs to disclose their Sustainable Development efforts in a 'Standalone Report' or as a separate chapter in the Annual Report. Pursuant to this requirement, a Report on your Company's efforts on "Sustainable Development" is attached to this Report as "**Annexure 8**".

Business Responsibility Report

The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility Report ("BR Report") as part of the Annual Reports for the top 500 listed entities based on market capitalization. This SEBI mandate is also inserted as Regulation 34(2)(f) of SEBI (LODR) Regulations, 2015. The SEBI (LODR) Regulations, 2015 provide a format for BR reports. It also contains a list of nine Key Principles and various core elements under each principle to assess compliance with Environmental, Social and Governance norms. Listed Companies are required to prepare policies based on these nine Key principles and core elements, put in place a framework to integrate and embed the policies into business activities and a mechanism to measure and report the achievements as Business Responsibility Report.

Your Company has prepared a comprehensive policy framework for Business Responsibility Report, after studying the SEBI (LODR) Regulations, 2015 requirements and keeping in view the business and governance environment in which BEL as a Defence PSU operates. Highlights of this policy are posted on the Company's website www.bel-india.in. The Company's Business Responsibility Report for the year is attached to this Report as "**Annexure 9**".

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

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

Acknowledgement

Your Directors place on record their deep appreciation and gratitude for the valuable support received from all the customers, particularly the Defence Services and the para-military forces and look forward to their continued support and co-operation in future. Your Directors also place on record their gratitude for the support received from various Ministries of the Government of India, especially the Ministry of Defence, Department of Defence Production. Your Directors express their gratitude to the Defence Research and Development Organisation and the various Research Laboratories under DRDO for the support it received, particularly in the joint development programmes and new products brought out with the help of them. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Chairman, Members and employees of the Audit Board, Statutory Auditors, Branch Auditors, Cost Auditors, Secretarial Auditors, Company's Bankers, Collaborators and Vendors. Your Directors appreciate the sincere efforts put in by the employees at all levels, which enabled the Company to achieve the good performance during the year. Your Directors express their appreciation and gratitude to all the shareholders / investors for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

For and on behalf of the Board

Bengaluru
16 August 2018

M V Gowtama
Chairman & Managing Director

Annexure 1

DIVIDEND DISTRIBUTION POLICY OF BHARAT ELECTRONICS LIMITED

1. Preamble

The shares of BEL are listed on National Stock Exchange of India Ltd, Mumbai and Bombay Stock Exchange Ltd, Mumbai. As per SEBI LODR (Listing Obligations and Disclosure Requirements) (second amendment) Regulations, 2016 notified on 8 July 2016, the top five hundred listed entities based on market capitalization (calculated as on March 31 of every year) need to formulate a dividend distribution policy which shall be disclosed in the Annual Report and on their Websites.

BEL is amongst the top 500 listed entities as per the market capitalization criteria and has accordingly formulated its Dividend Distribution Policy. This policy lays down the general framework for considering and deciding the distribution of dividend to the Company's shareholders and / or retaining of earnings for sustained growth.

2. Policy Frame Work

The purpose of the policy is to specify in broad terms, the external and internal factors including financial parameters that will be considered while deciding on the distribution of dividend, the circumstances under which shareholders of the Company, may or may not expect dividend and the policy relating to retention and utilisation of earnings. This policy is not an alternative to the decision of the Board for recommending dividend every year based on all relevant factors namely, factors enumerated in this policy and also other additional factors that the Board may consider relevant in the overall interest of the Company. However, such additional factors if any resulting in amendment of the policy will be disclosed in the Annual Report as well as the website of the Company.

The policy will be implemented by the Company keeping in view the provisions of SEBI, LODR Regulations, the Companies Act 2013 and also taking into consideration guidelines issued by SEBI, DPE, DIPAM, Ministry of Finance as also other guidelines to the extent applicable to the Company.

3. Effective Date

The policy will be effective from the financial year 2016-17.

4. Exclusions

The policy shall not apply to :

- Distribution of dividend in kind i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to payment of dividend through Buyback of equity shares.

5. Factors Considered While Declaring Dividend

5.1 (a) In pursuance of Section 123 of the Act, no dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation. However normally, the Company will decide to declare dividend only out of current year's profits after providing for depreciation in accordance with the law and after transfer to the reserves of the Company such portion of the profits as may be considered appropriate for future growth.

(b) Interim dividend will be based on profits as per unaudited results after providing for depreciation in accordance with law and Management estimates of profits for full financial year.

(c) Dividend distribution tax payable by the Company on dividend paid to shareholders will also be considered as payment towards dividend.

5.2 The quantum of dividend declared by the Company would depend upon the following external and internal factors :

(a) The external factors that shall impact the decision to pay dividend will inter-alia include economic environment, market conditions, expectation of shareholders, statutory requirements and applicable Government directives as may be applicable from time to time.

(b) The internal factors that shall be considered for dividend will be profitability of the Company, its net worth, its requirement for funds for its R&D projects and expansion (CAPEX), investment in Subsidiaries / JVs, stability of earnings, past dividend trends, obligation to creditors and any other factors as may impact the decision to declare dividend.

6. Utilisation of Retained Earnings

The Company is a major player in the strategic defence electronics sector and is acutely conscious of the need to plough back adequate profits for operations and capital investment in order to maintain, and more importantly improve its market position in the face of stiff competition arising from the opening up of this sector to private players, both domestic and foreign. The Company has an ambitious CAPEX programme and also has necessarily to invest in various R&D projects for conducting "No Cost No Commitment Trials" with users in order to foster growth. Further, with the anticipated higher growth in sales year on year, the incremental working capital requirements also will have to be met increasingly from cash and reserves of the Company.

7. Circumstances Under which the Shareholders may or may not Expect Dividend

7.1 The Company has been consistently paying dividends to its shareholders and that it will continue to do so in future is a reasonable expectation unless circumstances warrant the contrary.

7.2 The shareholders of the Company may or may not expect dividend depending upon the circumstances including, but not limited, to the following :

(i) In the event of inadequacy of profits or whenever the Company has incurred losses;

(ii) Whenever the Company undertakes or proposes to undertake significant capital expenditure or investment in new areas of business whether in BEL itself or in Joint ventures / Subsidiaries;

(iii) Significantly higher working capital requirement adversely impacting cash flows; or

(iv) Whenever the Company proposes to utilise the surplus cash for buyback of securities;

(v) Any other circumstance / instance which the Board of Directors may consider relevant to the dividend declaration decisions.

7.3 The Company will take a decision on the dividend distribution keeping all external and internal factors in view and duly adopting a judicious balance between directly rewarding the shareholders through dividend declaration on the one hand and increasing shareholders wealth in future through appropriate retention of projects and its realisation for sustainable growth, on the other.

8. Parameters to be adopted with regard to Various Classes of Shares

The Company has issued only one class of shares i.e. equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share.

9. Amendments

The Board of Directors may review, amend and modify the policy at any point of time as it may deem necessary and / or as may be required from time to time in accordance with subsequent amendments in Companies Act, 2013 & Companies Rules, Circulars, Notifications, Guidelines thereto, SEBI Listing Regulations, 2015, the relevant guidelines of Ministry of Finance, Ministry of Defence, DPE, DIPAM etc. and other applicable statutes.

10. Disclosure

This policy shall be disclosed in the Annual Report and hosted on the Company's website to meet statutory requirements if any.

Annexure 2

Form AOC-II

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

Form for disclosure of particulars of contracts / agreements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto :

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

2. Details of material contracts or arrangements or transactions at arm's length basis
   - (a) Name(s) of the related party and nature of relationship : Not Applicable
   - (b) Nature of contracts / arrangements / transactions : Not Applicable
   - (c) Duration of the contracts / arrangements / transactions : Not Applicable
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any : Not Applicable
   - (e) Date(s) of approval by the Board : Not Applicable
   - (f) Amount paid as advances, if any : None

For and on behalf of the Board

Bengaluru
16 August 2018

M V Gowtama
Chairman & Managing Director

Annexure 3

REPORT ON CSR ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The Company's CSR policy has been uploaded in the website of the Company under the web-link :

   Weblink: http://bel-india.in / ContentPage.aspx?MId=17&CId=527&LId=1&link=527

2. **The Composition of the CSR Committee as on 31.03.2018.**

   Mr M V Gowtama, Chairman (Chairman & Managing Director)

   Mr R N Bagdalkar, Member (Director, Human Resources)

   Mr Nataraj Krishnappa, Member (Director, Other Units)

   Mr Koshy Alexander, Member, Director (Finance) (from 25.09.2017 onwards)

   Dr R K Shevgaonkar, Member (Independent Director)

   Mr Surendra S Sirohi (Independent Director) (from 30.10.2017 onwards)

3. **Average net profit of the Company for last three financial years ₹ 1,73,768.54 Lakhs.**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ 3,475.37 Lakhs.**

5. **Details of CSR spent during the financial year 2017-18 :**

   (a) Total amount spent for the financial year; ₹ 1,439.45 Lakhs.

   (b) Amount unspent , if any; ₹ 2,059.16 Lakhs (carried forward)*.

   (c) Manner in which the amount spent in respect of projects taken up during the financial year 2017-18 is detailed below :

   * In line with DPE guidelines, Project-wise Provision has been made in the books for amount yet to be spent against the respective project.

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State in which projects or programs was undertaken**	**Amount outlay (budget) Project or programs wise**	**Amount Spent on the projects or programs Sub-heads : (1) Direct expenditure on projects or programs. (2)Overheads**	**Cumulative expenditure upto the reporting period.**	**Amount spent : Direct or through implementing agency**
1	Provision of Classrooms, Toilets, Kitchen, Furniture, drinking water and other related works at Govt. Schools; Augmentation of Infrastructure & Facility Maintenance in Educational Institutions **Status : Ongoing**	Education	Local : Bengaluru, Karnataka Other : Vanarasi, Kolar district; K Mathigatta & Turuvekere in Tumkur district; Karwar in Uttara Kannada district, Karnataka	956.95	299.14	299.14	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State in which projects or programs was undertaken**	**Amount outlay (budget) Project or programs wise**	**Amount Spent on the projects or programs Sub-heads : (1) Direct expenditure on projects or programs. (2)Overheads**	**Cumulative expenditure upto the reporting period.**	**Amount spent : Direct or through implementing agency**
2	Up gradation of infrastructure in adopted Govt. ITIs; Training of Apprentices; Setting up "e-learning and Knowledge Centre" at Sainik School, Satara under "Skill India" **Status : Ongoing**	Education & Vocational Skill Development	Local: Pune & Navi Mumbai, Maharashtra; Machilipatnam, AP; Bengaluru, Karnataka; Chennai, TN; Hyderabad, Telangana; Ghaziabad, UP; Kotdwara, Uttarakhand; Panchkula, Haryana. Other : Satara district, Maharashtra, Medak district, Telangana	1131.17	1028.96	1028.96	Direct
3	Providing OPD Medical Facility to Senior Citizens; Providing Ambulance **Status : Ongoing**	Healthcare	Local : Kotdwara, Uttarakhand Other : Udhampur, J&K	30.00	0.00	0.00	Direct
4	Rejuvenation & de-silting of existing water bodies, providing check dams & solar pumping systems. **Status: Ongoing**	Environm-ental Sustainabi-lity	Other : Nagarhole Forest, Karnataka	126.00	0.00	0.00	Direct
5	Providing CCTV Cameras; Sports shoes to participants of Tribal youth exchange program **Status : Completed**	Rural Development	Local : Kotdwara, Uttarakhand & Panchkula, Haryana	6.78	6.34	6.34	Direct
6	e Sagu - IT driven personalised agri-facilitator. **Status : Ongoing**	Rural Development	Other : Rangareddy district, Telangana State	34.00	18.00	18.00	Direct
7	Inclusive and Sustainable Development of Puching (Khebuching) Village (Phase-I) under "Swachh Bharat Abhiyan" **Status : Ongoing**	Rural Development	Other : Tamenglong District, Manipur	95.67	0.00	0.00	Direct
8	Provision of Solar lights, Toilets, laboratory & dining hall in School, Borewell, Community Centres, Roads etc. for tribal colonies / Haadis in GM Halli & Huskur Haadi under "Swachh Bharat Abhiyan" **Status : Ongoing**	Rural Development	Other : HD Kote, Mysuru District, Karnataka.	137.00	0.00	0.00	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State in which projects or programs was undertaken**	**Amount outlay (budget) Project or programs wise**	**Amount Spent on the projects or programs Sub-heads : (1) Direct expenditure on projects or programs. (2)Overheads**	**Cumulative expenditure upto the reporting period.**	**Amount spent : Direct or through implementing agency**
9	Developmental works in adopted villages in four states; construction of Bituminous Road in Nimmaluru Village; Improvement works at IALA under "Swachh Bharat Abhiyan" **Status : Ongoing**	Rural Development	Local : Pune, Maharashtra; Ghaziabad, Uttar Pradesh; Panchkula, Haryana; Machilipatnam, Andhra Pradesh; Hyderabad, Telangana Other : Thiruvannamalai district, Tamil Nadu;	753.20	14.87	14.87	Direct
10	Provision of Public Amenities – Toilets, Hand-wash, drinking water etc. under "Swachh Bharat Abhiyan" **Status : Ongoing**	Sanitation	Local : Ghaziabad, Uttar Pradesh; Kotdwara, Uttarakhand; Bengaluru, Karnataka	161.00	5.30	5.30	Direct
11	CSR Administrative Overheads	-	-	66.84	66.84	66.84	-
	TOTAL			**3,498.61***	**1,439.45***	**1,439.45***	

* Excludes ₹ 198.56 Lakhs earned on CSR Funds.

6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

   In order to have a long term social impact through CSR, the Company has taken up several initiatives with project duration of more than one year with milestone based payments spread across more than one fiscal year. This is also in line with DPE guidelines on CSR which mandates CPSE's to carry out CSR programs on a project mode across more than one financial year. Such expenditure pertaining to earlier years incurred during 2017-18 amounts to ₹ 1,020.23 lakhs.

7. The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Bengaluru
16 August 2018

M V Gowtama
Chairman & Managing Director

Annexure 4

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

To

The Members
BHARAT ELECTRONICS LIMITED
Outer Ring Road
Nagavara, Bengaluru - 560 045, Karnataka.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BHARAT ELECTRONICS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31 March 2018 according to the provisions of :

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not applicable during the audit period**);

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**Not applicable during the audit period**);

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable during the audit period**);

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable during the audit period**) and

  (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 (LODR Regulations).

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

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

(i) Department of Public Enterprises Guidelines;
(ii) Guidelines issued by Ministry of Defence;
(iii) Order / Regulations issued by the Govt. of India from time to time;
(iv) E-Waste (Management & Handling) Rules, 2016;

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However the Company is yet to appoint the adequate number of Independent Directors on the Board as required under SEBI (LODR) Regulations. It was informed that the filling up of vacancies of the said Independent Directors is pending with the appointing authority namely Government of India. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance / shorter notice in compliance with law, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

(i) Bonus issue of 223,362,793 Equity shares of ₹ 1/- each;
(ii) Buy back of 20,397,780 Equity shares of ₹ 1/- each.

	Name and Signature	: Thirupal Gorige
Bengaluru	Designation	: Practicing Company Secretary
23 May 2018	Stamp	: FCS No. 6680; CP No.6424

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

Annexure A

To

The Members
BHARAT ELECTRONICS LIMITED
Outer Ring Road
Nagavara, Bengaluru - 560 045, Karnataka.

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

(1) Maintenance of Secretarial Records is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.

(2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

(3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Name and Signature : Thirupal Gorige
Designation : Practicing Company Secretary
Stamp : FCS No. 6680; CP No.6424

Bengaluru
23 May 2018

Annexure 5

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31 March 2018
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-9

I. REGISTRATION AND OTHER DETAILS

CIN	L32309KA1954GOI000787
Registration Date	21 April 1954
Name of the Company	Bharat Electronics Limited
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and contact details	Outer Ring Road, Nagavara, Bengaluru-560 045 Tel. No. 080 2503 9300
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Pvt. Ltd. #30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560 003 Tel. No. 080 23460815 to 818

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Radar	26515	(Supplies to the Defence for 2017-18 contributed to 85% of turnover)
2	Communication & C4I systems	26303	
3	Electro Optics	26700	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary/ Associate	% of shares held	Applicable Section
1	GE BE Private Limited No. 60, Export promotion industrial park, Whitefield, Bengaluru - 560 066.	U31909KA1996PTC020482	Associate	26	2(6)
2	BEL Optronic Devices Limited EL 30 J Block MIDC, Bhosari, Pune - 411 026	U31909PN1990GOI058096	Subsidiary (wholly owned)	100	2(87)
3	BEL-Thales Systems Limited CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru - 560 013	U32106KA2014GOI076102	Subsidiary	74	2(87)
4	Defence Innovation Organisation Centre for Learning and Development Bharat Electronics Limited, Jalahalli Bengaluru - 560 013.	U73100KA2017NPL102118	Associate	50	2(6)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	1,523,042,911	-	1,523,042,911	68.19	1,627,374,928	-	1,627,374,928	66.79	-1.40
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1) :	**1,523,042,911**	**-**	**1,523,042,911**	**68.19**	**1,627,374,928**	**-**	**1,627,374,928**	**66.79**	**-1.40**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other. .	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2) :	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**1,523,042,911**	**-**	**1,523,042,911**	**68.19**	**1,627,374,928**	**-**	**1,627,374,928**	**66.79**	**-1.40**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	269,992,639	87,000	270,079,639	12.09	317,854,095	69,600	317,923,695	13.05	0.96
b) Banks / FI	3,431,166	-	3,431,166	0.15	8,336,028	-	8,336,028	0.34	0.19
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Alternate Investment Funds	105,890	-	105,890	0.00	1,114,563	-	1,114,563	0.05	0.05
g) Insurance Companies	122,316,640	-	122,316,640	5.48	107,590,489	-	107,590,489	4.42	-1.06
h) FIIs	148,635,753	-	148,635,753	6.65	156,860,836	-	156,860,836	6.44	-0.21
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1) :	**544,482,088**	**87,000**	**544,569,088**	**24.38**	**591,756,011**	**69,600**	**591,825,611**	**24.29**	**-0.09**
(2) Non-Institutions									
a) Bodies Corporate	79,513,928	9,030	79,522,958	3.56	82,114,665	9,933	82,124,598	3.37	-0.19
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	62,900,686	301,800	63,202,486	2.83	102,203,653	280,314	102,483,967	4.21	1.38
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	10093600	-	10093600	0.45	10753884	-	10753884	0.44	-0.01

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
i) Trusts	2,736,801	-	2,736,801	0.12	10,999,957	-	10,999,957	0.45	0.33
ii) NRI	4,200,485	-	4,200,485	0.19	7,668,544	-	7,668,544	0.31	0.12
iii) Clearing Members	6,259,451	-	6,259,451	0.28	3,352,811	-	3,352,811	0.14	-0.14
iv) LLP	150	-	150	0.00	927	-	927	0.00	0.00
v) IEPF Account	-	-	-	-	7,210	-	7,210	0.00	0.00
vi) Foreign National	-	-	-	-	506	-	506	0.00	0.00
Sub-Total (B)(2) :	**165,705,101**		**166,015,931**	**7.43**	**217,102,157**	**290,247**	**217,392,404**	**8.92**	**1.49**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**710,187,189**	**397,830**	**710,585,019**	**31.81**	**808,858,168**	**359,847**	**809,218,015**	**33.21**	**1.40**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2,233,230,100**	**397,830**	**2,233,627,930**	**100.00**	**2,436,233,096**	**359,847**	**2,436,592,943**	**100.00**	**-**

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
President of India	1,523,039,911	68.19	0.00	1,627,371,628	66.79	0.00	-1.40
Prem Kumar Kataria	3000	0.00	0.00	3300	0.00	0.00	0.00
Total	**1,523,042,911**	**68.19**	**0.00**	**1,627,374,928**	**66.79**	**0.00**	**-1.40**

iii) Change in Promoters' Shareholding (Please specify, if there is no change)

SL. No.	Shareholders Name	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	Date	Increase / decrease in Share holding	Reason	No. of Shares	% of total shares of the Company
1	President of India	1,523,039,911	68.19	01/04/2017	-	-	1,523,039,911	68.19
				15/09/2017	-5,584,069	TRANSFER	1,517,455,842	67.94
				03/10/2017	151,745,584	BONUS	1,669,201,426	66.72
				24/11/2017	-29,884,329	TRANSFER	1,639,317,097	66.72
				01/12/2017	7,210	TRANSFER	1,639,324,307	66.72
				23/03/2018	-11,945,469	BUYBACK	1,627,378,838	66.79
				31/03/2018	**-**	**-**	**1,627,378,838**	**66.79**
2	Prem Kumar Kataria	3,000	0.00	01/04/2017	-	-	3,000	0.00
				03/10/2017	300	BONUS	3,300	0.00
				31/03/2018	**-**	**-**	**3,300**	**0.00**

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)					
SL. No.	Name of the Shareholders	Shareholding at the Beginning of the Year - 01.04.2017		Cumulative Shareholding During the Year - 31.03.2018	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	**Life Insurance Corporation Of India**				
	At the beginning of the Year	117,231,380	5.25	117,231,380	5.25
	Transfer / Sale / Buyback / Bonus issue of shares during the year	(29,315,112)	(1.31)	87,916,268	3.61
	At the end of the Year	-	-	**87,916,268**	**3.61**
2	**Birla Sun Life Trustee Company Private Limited**				
	At the beginning of the Year	28,622,450	1.28	28,622,450	1.28
	Transfer / Sale / Buyback / Bonus issue of shares during the year	24,353,352	1.09	52,975,802	2.17
	At the end of the Year	-	-	**52,975,802**	**2.17**
3	**ICICI Prudential Value Discovery Fund**				
	At the beginning of the Year	23771154	1.06	23,771,154	1.06
	Transfer / Sale / Buyback / Bonus issue of shares during the year	18,447,657	0.83	42,218,811	1.73
	At the end of the Year	-	-	**42,218,811**	**1.73**
4	**HDFC Trustee Co Ltd A/C HDFC Focused Equity Fund**				
	At the beginning of the Year	40,774,610	1.83	40,774,610	1.83
	Transfer / Sale / Buyback / Bonus issue of shares during the year	400,178	0.02	41,174,788	1.69
	At the end of the Year	-	-	**41,174,788**	**1.69**
5	**Reliance Capital Trustee Co. Ltd A/c Reliance Capital**				
	At the beginning of the Year	51,187,800	2.29	51,187,800	2.29
	Transfer / Sale / Buyback / Bonus issue of shares during the year	(19,012,492)	(0.85)	32,175,308	1.32
	At the end of the Year	-	-	**32,175,308**	**1.32**
6	**SBI Arbitrage Opportunities Fund**				
	At the beginning of the Year	32,431,300	1.45	32,431,300	1.45
	Transfer / Sale / Buyback / Bonus issue of shares during the year	(2,068,524)	(0.10)	30,362,776	1.25
	At the end of the Year	-	-	**30,362,776**	**1.25**
7	**L&T Mutual Fund Trustee Limited-L&T Business Cycle**				
	At the beginning of the Year	8,378,860	0.38	8,378,860	0.38
	Transfer / Sale / Buyback / Bonus issue of shares during the year	13,064,314	0.58	21,443,174	0.88
	At the end of the Year	-	-	**21,443,174**	**0.88**
8	**Kotak Infrastructure & Economic Reform Fund**				
	At the beginning of the Year	18,126,500	0.81	18,126,500	0.81
	Transfer / Sale / Buyback / Bonus issue of shares during the year	3,015,026	0.13	21,141,526	0.87
	At the end of the Year	-	-	**21,141,526**	**0.87**
9	**DSP Blackrock Equity Savings Fund**				
	At the beginning of the Year	15,383,940	0.69	15,383,940	0.69
	Transfer / Sale / Buyback / Bonus issue of shares during the year	5,149,569	0.23	20,533,509	0.84
	At the end of the Year	-	-	**20,533,509**	**0.84**
10	**HDFCSL Shareholders Solvency Margin Account**				
	At the beginning of the Year	9,595,182	0.43	9,595,182	0.43
	Transfer / Sale / Buyback / Bonus issue of shares during the year	5,465,696	0.25	15,060,878	0.62
	At the end of the Year	-	-	**15,060,878**	**0.62**

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

For Each of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr M V Gowtama				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease :				
Allotment (OFS) on 12.09.2017	1,149	0.00	1,149	0.00
Bonus shares credited on 5.10.2017	114	0.00	1,263	0.00
At the end of the year	-	-	**1,263**	**0.00**
Dr Ajit T Kalghatgi				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease :				
Allotment (OFS) on 12.09.2017	1,149	0.00	1,149	0.00
Bonus shares credited on 5.10.2017	114	0.00	1,263	0.00
At the end of the year	-	-	**1,263**	**0.00**
Mr Nataraj Krishnappa				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease :				
Allotment (OFS) on 12.09.2017	1,149	0.00	1,149	0.00
Bonus shares credited on 5.10.2017	114	0.00	1,263	0.00
At the end of the year	-	-	**1,263**	**0.00**
Mrs Anandi Ramalingam				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease :				
Allotment (OFS) on 12.09.2017	1,149	0.00	1,149	0.00
Bonus shares credited on 5.10.2017	114	0.00	1,263	0.00
At the end of the year	-	-	**1,263**	**0.00**
Mr R N Bagdalkar				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease :				
Allotment (OFS) on 12.09.2017	1,149	0.00	1,149	0.00
Bonus shares credited on 5.10.2017	114	0.00	1,263	0.00
At the end of the year	-	-	**1,263**	**0.00**
Mr Koshy Alexander				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease :				
Allotment (OFS) on 12.09.2017	1,146	0.00	1,146	0.00
Purchased on 22.09.2017	04	0.00	1,150	0.00
Bonus shares credited on 5.10.2017	115	0.00	1,265	0.00
At the end of the year	-	-	**1,265**	**0.00**
Mr S Sreenivas				
At the beginning of the year	Nil	0.00	Nil	0.00
Date wise Increase/Decrease in shareholding during the year specifying the reasons for increase/decrease:				
Allotment (OFS) on 12.09.2017	1149	0.00	1,149	0.00
Bonus shares credited on 5.10.2017	114	0.00	1,263	0.00
At the end of the year	-	-	**1,263**	**0.00**

VI. INDEBTEDNESS

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,000	Nil	37	5,037
ii) Interest due but not paid	Nil	Nil	2	2
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**5,000**	**Nil**	**39**	**5,039**
Change in Indebtedness during the financial year				
Addition	5,000	Nil	Nil	5,000
Reduction	(3,333)	Nil	Nil	(3,333)
Net Change	1,667	Nil	Nil	1,667
Indebtedness at the end of the financial year				
i) Principal Amount	6,667	Nil	37	6,704
ii) Interest due but not paid	Nil	Nil	2	2
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**6,667**	**Nil**	**39**	**6,706**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of MD, WTD and / or Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	M V Gowtama	Ajit T Kalghatgi	Girish Kumar (upto 20.02.2018)	Nataraj Krishnappa
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7,219,845	7,152,639	5,632,241	6,053,471
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	39,600	668,776	443,387	588,830
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Options	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others	Nil	Nil	Nil	Nil
5.	Others :				
	(a) Retirement Benefit	(651,165)	(177,728)	(148,880)	188,146
	(b) Other Benefits (net of Perquisite value included in 1(b) above).	14,556	75,118	27,011	121,528
	Total	**6,622,836**	**7,718,805**	**5,953,759**	**6,951,975**

Sl. No.	Particulars of Remuneration	Anandi Ramalingam	R N Bagdalkar	Koshy Alexander* (w.e.f 25.09.2017)	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	6,251,579	5,718,378	4,671,791	**42,699,944**
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	548,126	336,273	16,740	**2,641,732**
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	**Nil**
2.	Stock Options	Nil	Nil	Nil	**Nil**
3.	Sweat Equity	Nil	Nil	Nil	**Nil**
4.	Commission				
	- as % of profit	Nil	Nil	Nil	**Nil**
	- others	Nil	Nil	Nil	**Nil**
5.	Others :				
	(a) Retirement Benefit	(618,048)	(326,652)	817,263	**(917,064)**
	(b) Other Benefits (net of Perquisite value included in 1(b) above).	152,528	99,395	43,351	**533,487**
	Total	**6,334,185**	**5,827,394**	**5,549,145**	**44,958,099**

* Mr Koshy Alexander acted as CFO upto 24 September 2017 & took charge as Director (Finance) & CFO w.e.f. 25 September 2017.

B. Remuneration to other Directors

(Amount in ₹)

1. Independent Directors									
Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Dr Bhaskar Ramamurthi	Dr R K Shevgaonkar	Mrs Usha Mathur	Mr Sharad Sanghi	Mr Surendra S Sirohi	Mr Mukka Harishbabu	Dr Vijay S Madan	
1.	- Fee for attending Board / Committee Meetings	200,000	480,000	520,000	220,000	100,000	120,000	60,000	1,700,000
2.	- Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	- Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (B)(1)	**200,000**	**480,000**	**520,000**	**220,000**	**100,000**	**120,000**	**60,000**	**1,700,000**

2. Other Non Executive Directors				
Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mrs Kusum Singh	Dr Amit Sahai	
1.	- Fee for attending Board / Committee Meetings	Nil	Nil	Nil
2.	- Commission	Nil	Nil	Nil
3.	- Others	Nil	Nil	Nil
	Total (B)(2)	Nil	Nil	Nil
	Total (B)= (B)(1)+ (B)(2)	**Nil**	**Nil**	**1,700,000**

C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO**	Company Secretary	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	1,898,215	**1,898,215**
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	241,958	**241,958**
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	Nil	**Nil**
2.	Stock Options	-	-	Nil	**Nil**
3.	Sweat Equity	-	-	Nil	**Nil**
4.	Commission				
	- as % of profit	-	-	Nil	**Nil**
	- others	-	-	Nil	**Nil**
5.	Others :				
	(a) Retirement Benefit	-	-	27,574	**27,574**
	(b) Other Benefits (net of Perquisite value included in 1(b) above)	-	-	172,411	**172,411**
	Total	-	-	**2,340,158**	**2,340,158**

** Included in Part A.

VIII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority	Appeal made if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Bengaluru
16 August 2018

M V Gowtama
Chairman & Managing Director

Annexure 6

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(A) Industry Structure and Developments, Strengths, Weaknesses, Opportunities and Threats, Major Initiatives undertaken and planned to ensure sustained Performance and Growth :

(a) General outlook of economy, industry in which the Company operates, Government Budget, particularly the Defence Budget, market conditions and how these impact the Company, measures taken / action plan to protect the interest of the Company;

As per first Advance Estimates released by Central Statistics Office (CSO), the Indian economy's growth is estimated to be 6.5% in 2017-18, after registering GDP growth of over 7% for the third year in succession in 2016-17. Even with this growth for 2017-18, GDP growth has averaged 7.3% for the period from 2014-15 to 2017-18, which is the highest among the major economies of the world. In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalization of FDI, etc., thus strengthening the momentum of reforms. The growth of exports rebounded into positive one during 2016-17 and strengthened further in 2017-18, after remaining in negative territory for a couple of years.

Though, concerns have been expressed about growing protectionist tendencies in some countries, it remains to be seen as to how the situation unfolds. With world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, likely recovery in investment levels, and ongoing structural reforms, among others, should be supporting higher growth and on balance, country's economic performance should witness an improvement in 2018-19.

Defence

As per IHS Jane's, the World Military spending stood at US$ 1.67 Trillion in 2018 compared to US$ 1.57 Trillion last year. This is expected to increase in the coming years as the economic conditions have shown improvement and continuing instability in key regions around the world.

In this changed global scenario, the Union Budget has allocated ₹ 2,79,305 Crores for 2018-19 for Defence, with an increase of 7.7% over the previous year. The budget for Capital Expenditure has increased from ₹ 86,488 Crores in 2017-18 to ₹ 93,982 Crores which is about 9% hike over the previous year. Given the large scale procurement plans of the MoD, the Capital Expenditure hike has not increased significantly. There has been also near full utilization of budget allocation which shows that more projects are being planned and completed.

Among defence services, the Indian Army has got the major share in defence budget, followed by Air Force and Navy. However, on the Capital expenditure front, the Air Force has 55%, Navy 52% and Army 17% of their budgets allocated for procurement of new equipments / systems.

The growth in capital expenditure for Army, Air Force and Navy is 5.3%, 7.1% and 6.3% respectively. Although the growth in capital budget for modernization is less, it may not impact the ongoing projects of the defence forces, however, the new procurements may expect some delays.

The Government is also planning to establish two defence industrial production corridors, one between Chennai & Bengaluru and other in Bundelkhand region which is between Uttar Pradesh and Madhya Pradesh. With an investment of ₹ 20,000 Crores, it is expected to generate employment for 2.5 lakh people.

Defence & Aerospace has been identified as one of the ten 'Champion Sectors' under the Make in India version 2.0, for renewed focus because of its potential to drive double digit growth in manufacturing, generate significant employment opportunities and become a global player.

The Defence budget 2018-19 has provided ₹ 142 Crores under the 'Make' head of the defence budget, which is intended to provide financial assistance to the Indian industry to undertake design and development, leading to indigenous production.

Apart from its core Defence Business, BEL has diversified into other Sectors like Homeland Security, Solar, Space, Cyber security etc. The company was able to make progress in the areas of Homeland Security, Solar, etc and BEL is planning to enter into new business areas like Unmanned Systems, Composites, Sonobuoys after assessment of market opportunities.

Homeland Security and Smart City

The Homeland Security market in India is spread across Central, State Governments and Private sectors. The major segments of Homeland security are Critical Infrastructure Protection, Paramilitary, Police & Urban Area Security, Ground Transportation, Port & Maritime Security, etc.

The total budget allocation for Union Home ministry for 2018-19 is ₹ 107, 573 Crores with a hike of over 9.6% in comparison to the previous year and with a special emphasis on improving infrastructure of police force. Border Security Management is one of the major opportunities available in the Homeland Security segment, which include border management solutions required along the India-Pakistan, India-Bangladesh borders, etc. BEL is planning to address the Border Management Solution requirements as part of the Homeland Security business.

The Smart City mission was launched by GoI in June 2015 covering 100 cities in 5 years. Major segments in Smart City business include Smart security, Smart Governance, Smart mobility, Smart energy, Smart healthcare, Smart Infrastructures & buildings etc. Smart City Mission, under which the ministry has announced 99 smart cities with central assistance, received allocation of ₹ 6,169 Crores for 2018-19, with a hike of 54% in comparison to previous year. BEL formed a micro Strategic Business Unit to address the Homeland Security and Smart city business during the year. The SBU was able to win some significant orders in the Smart City segment during the year.

Solar

The Government has set an ambitious target of generating 175 GW power by 2022 from renewable energy sources like Solar, Wind and others with the target for Solar energy as 100 GW. Budget allocation of ₹ 2,045 Crores has been earmarked in 2018-19 for solar power, which is 54% of the total renewable energy allocation, compared to 20% allocation for wind energy. This indicates that the Government continues to give priority to solar energy. The custom duty on solar tempered glass that goes into manufacturing of solar panels and modules has been reduced to 0% from earlier 5% to help lowering the domestic manufacturing cost.

BEL has upgraded its PV solar facilities to 10 MW mono crystalline solar cells and 10 MW automated Solar Module manufacturing and has taken up the setting of megawatt size solar power plants. The new automated Module plant at BEL manufactures solar modules up-to 320 watts in both 60 & 72 cells configuration. The modules are qualified for IEC certification as per guidelines of MNRE for application in roof top and utility scale solar power plants.

BEL is setting up utility scale solar power plants for captive consumption in the estates of Ordnance Factories at 17 locations spread across 8 states for a total capacity of 150 MW. The first solar power plant of 15 MW capacity has been commissioned at Ordnance Factory, Medak and the plant has started feeding power to the grid. Also plants of 7.5 MW capacity at Badmal, Boulanger district of Orissa and 10 MW plant at Itarsi have been setup and will be synchronized with the grid shortly. Two more solar plants 10 MW and 6 MW each at OF Jabalpur and HVF Avadi respectively are at various stage of commissioning.

In near future this sector is expected to contribute significantly to the BEL's business. BEL has also been shortlisted by ISRO for manufacturing of Multi Junction Solar Cells for space application. The capacity of the plant will be about 60,000 cells per annum.

Space

ISRO has launched around 60 missions in last five years and is planning to increase the number of missions with an average of 12-18 launches per annum from year 2018-19 onwards. ISRO also got the opportunity for launch of 100 foreign satellites per annum, on an average, in the last 3 years. In commensurate with the plans of ISRO, the Department of Space (DoS) has been allocated a budget of ₹ 10,873 Crores for 2018-19 up from ₹ 9,094 Crores in the previous year.

BEL has established itself as a major player in the ground segment of satellite communication and wishes to enter into the space segment with a long term objective of becoming a prominent player in space based assets and payloads. Recently, BEL has been selected as a partner of ISRO for satellite assembly, integration and testing.

BEL is also exploring collaboration with ISRO, leveraging their technological capabilities in design and development of various products / systems like GSAT Terminals, NavIC Rx, Hubs etc in the Space sector for possible use in Defence and Paramilitary applications.

Industry Structure and Developments

Presently, India is the largest importer of defence equipment with many of its defence needs met through imports. The Government of India vision is to develop a strong self-reliant domestic industry in the defence sector with substantial participation from Private sector including MSMEs and Start-ups to reverse the trend of imports. In this regard, the Government has taken several initiatives to enable this vision like the "Make in India" program, creation of an eco-system for development of technologies through innovation by MSMEs / Start-ups, etc. With the support of the Government, the industry is expected to move up in the value chain and deliver quality products, systems and services to the Defence Forces.

MoD has introduced the Strategic Partnership model (SP) for the Indian private sector, as part of DPP 2016. SPs will be selected initially in 4 segments viz. Fighter Aircraft, Helicopters, Submarines and Armoured fighting vehicles (AFV) / Main Battle Tanks (MBT).

The Strategic Partner would tie up with global OEMs to seek technology transfers to set up domestic manufacturing infrastructure and supply chains for major systems. The model aims to progressively build indigenous capabilities in the private sector to design, develop and manufacture identified platforms.

Government is planning to further increase the FDI limits from the present 49% under automatic route, to encourage increased participation of foreign OEMs to set up facilities in India.

DRDO developed technologies are now made available on non-exclusive basis to Indian industry including private sectors against payment of ToT and Royalty fees.

Under these changing business scenarios, BEL is focusing on enhancing its interaction levels and building long term relationships with emerging Strategic Partners, Users and other key stake holders in the Indian defence industry.

(b) SWOT Analysis

Strengths

- Established Defence Electronics player in India
- Good Image, reputation and work ethics culture
- Strong multi layered in-house R&D for technology and new product development
- Joint development with technology partners for complementary technologies
- Committed work force with good infrastructure for manufacturing and quality assurance
- Well established systems and procedures including companywide ERP system.
- Decades of experience resulting in excellent domain knowledge and core competencies in Defence electronics
- Wide product range with strong product support network
- Strong relationship with Services, Defence R&D Labs and Government agencies
- Loyal Customer base
- Active learning from collaborators
- Expertise and experience in executing large & complex System Integration Projects & Turnkey Solutions
- Financially sound and consistently profit making
- Long term commitment to customers

Weaknesses

- Gaps in some of the new technology areas
- Dependence on Defence market
- Time to Market – High
- Dependence on DRDO for Technology in certain segments
- Difficulty in sourcing few critical technologies

Opportunities

- Growing Defence and Security needs
- Government's emphasis on Make in India for manufacture of defence equipments

- Growing Defence budget allocation towards modernization, Upgrade programs and Maintenance Repair & Overhaul (MRO)
- Increased impetus on modernisation of central paramilitary and police forces
- Growing market for Solar based power plants and allied non-defence areas such as Homeland Security, Smart City elements, Space, composites etc.

Threats

- Rapid changes in technology
- Policy interventions favouring Private sector
- Manifold increase in competition from Indian Private industry and foreign OEMs including their JVs in Defence sector
- Procurement of Electronic Systems under Strategic Partnership Model

(c) Major initiatives undertaken / planned, including strategy, goals and targets set by the top management, to ensure sustained performance and growth of the Company

The company has undertaken the following major initiatives to ensure sustained performance and growth :

(i) Strategic alliances in identified emerging businesses through Co-development, Co-production and manufacturing ToT :

The Company is working in many strategic areas of importance such as modern Land based AESA Radars, Naval radars, Airborne radars, Next Generation Electronic Warfare Suites, Air Defence Systems, Unmanned systems for Land, Air & Under Water applications, Anti Submarine Warfare systems, Software Defined Radios, C4I Systems, Passive Night Vision Devices, Multi-sensor Stabilisation Systems, Composite product development & manufacturing, etc.

The Company has entered into many strategic alliances for addressing these emerging requirements of Indian Defence forces with Defence laboratories, Ordnance Factory Board, DPSUs and other reputed global and Indian Companies / Agencies. The various products & systems include Surface-to-Air Missile (SAM) systems, Seekers, Air Defence Radars (Land and Naval based), Tactical Communication Systems, Battlefield Management System, Sonar Systems, Next Generation Night Vision Devices, Gun upgrades / new gun programs, Inertial Navigation Systems, High Power Lasers, Medium-Altitude Long-Endurance Unmanned Aerial Vehicles (UAVs), Electronic Ammunition Fuses, Electronics Systems for Futuristic Infantry Combat Vehicle (FICV), Satcom Terminals, Composites etc.

(ii) Forming of Joint Ventures (for both existing / emerging business areas) :

The Joint Venture, BEL-Thales Systems Limited is operational, which was formed for design, development, manufacturing, marketing, supply and support of Civilian Radars and select Defence Radars for Indian and global markets. The joint venture company is engaged in co-development work of select projects. This includes joint development of a multi-target tracking fire control Radar for gun and missile system as one of the major activities undertaken by the Joint Venture.

The Company is looking out for similar Joint Venture partnerships / Special Purpose Vehicles with reputed companies in complementary technology/ strength areas to address emerging business opportunities.

(iii) Emphasis on in-house R&D :

In the changing business environment, with Government's firm resolve to achieve self reliance in Defence, indigenous development of Defence products proactively based on customer requirement are of paramount importance. Reinforcing in-house R&D as well as co-development would be the key to win business in the coming days. BEL has taken several steps to augment in-house R&D with focused engagement with DRDO / national Labs, Academia, startups and other institutions. BEL is continuously investing 8-10% of its turnover in R&D year-on-year basis. The newly created Product Development and Innovation Centre (PD&IC) will be fully operational in 2018-19 as per the plan. The Chief Technology Officers appointed by BEL are driving the technology / product development efforts in their respective segments. BEL has also given

more thrust to its collaborative R&D efforts with more partners being roped in for development of technology modules / products.

(iv) Thrust on Exports and Offsets :

The Company is continuously exploring possibilities to export product and systems to friendly countries with the approval of MoD & MEA. At present Coastal Surveillance System, Land based Radars, Naval Air Surveillance Radar, Sonars, Communication equipments, Weapon systems, EW Systems, Gun Upgrades and Night Vision devices, etc are being promoted to South East Asian, Middle East and African countries.

BEL is also focusing on opportunities in the areas of Offset obligations of foreign vendors in various RFPs of the Ministry of Defence. The focus is on 'Build to Print', 'Build to Spec' and 'Buyer Nominated Equipment'. BEL has signed MoUs with many foreign companies and is working with major Aerospace and Defence companies to establish long-term supply chain relationships.

In order to enhance the export business, BEL is opening a Marketing Office at Hanoi, Vietnam. Besides, it is being planned to open similar overseas marketing offices in selected countries based on business opportunities, in a phased manner.

(v) Modernisation & Expansion of Infrastructure and Facilities :

The Company has been investing significantly towards modernisation and expansion of its infrastructure as per the business needs. BEL is planning to spend around ₹ 2,500 Crores in next 3-4 years as part of capacity expansion and modernisation of it facilities in line with the growth plans. Some of the major projects include Defence Systems Integration Complex at Palasamudram, EO manufacturing facility at Nimmaluru and Land based EW Systems at Ibrahimpatnam, Seeker manufacturing facility, etc. The company is also in the process of acquiring land near Devenahalli, Bengaluru and Nagpur to pursue new business opportunities.

The Defence Systems Integration Complex at Palasamudram, in Ananthpur district of Andhra Pradesh will be the largest such facility in the country once it is commissioned, covering an area of over 900 acres. The facility will enable BEL to expand its Missile Systems business and to carry out manufacturing & integration of systems and sub-systems for upcoming projects. It will have state-of-the-art infrastructure such as Assembly Hangers, Hard Stands for Radars and Weapon integration, RF radiation sources for target simulation, Automatic Test Equipment, Clean Rooms for electronic assembly, Non-Explosive & Explosive Integration Buildings, Missile Storage Buildings, Environmental Test Chambers, Fire Stations, Solar Power Plant, Estate and Admin Buildings. The proposed Complex will be a world-class facility with Automated Guided Vehicles and Industrial Robots for material movement and handling. The facility will be built in 3 to 4 phases, as various projects mature with an estimated investment of about ₹ 500 Crores over next 2-3 years with the first phase in progress.

The Company is also setting up a plant at Nimmaluru in Krishna District of Andhra Pradesh to make IR seekers, Night Vision devices and Thermal Imaging cameras with an investment of about ₹ 250 Crores. The plant is expected to be operational in next 2 years.

BEL is also upgrading the Image Intensifier technology based tubes fabrication facility at BELOP-Pune from XD-4 to XR-5 technology with an investment of about ₹ 200 Crores.

(vi) Focus on Product Support Business :

BEL aims to focus on product support service business and is expanding its product support network by creating Regional Product Support Centers (RPSCs) across India, headed by a General Manager.

Technology updation and R&D

Challenges

In R&D, BEL faces quite a number of challenges. The fast evolving technologies need to be learnt, quickly master, adapted and applied by BEL to have a competitive edge in the market. Being a Defence PSU for decades, BEL understands the importance of reliability, survivability and sustainability of the products which are meant

for Defence usage. Customizing the latest technologies introduced for the civilian market and adapting them for defence is a challenge that is constantly faced by BEL. Size, weight, power and quality requirements always push the R&D to the edge. At component level, R&D needs to work on the newer requirements of MMICs, highly integrated processor ICs, microwave super-components, etc. At product level, R&D needs to create configurable, multifunction and fault tolerant products. The System of Systems needs expertise in Project management along with system integration expertise. With short life of components, obsolescence is the issue to be on alert on all the time.

Measures

All these challenges are addressed by BEL through dedicated R&D efforts and several initiatives. BEL has well defined short, mid-term and long term goals and roadmaps. A major chunk of BEL's turnover is invested in R&D. A three year Roll on R&D Plan is drawn every year based on the areas of development foreseen across the company. Competencies are built towards this. BEL trains its engineers through carefully selected subjects on basic, core and futuristic technologies modules. BEL also exposes them to the futuristic developments through seminars, conferences and workshops at both national and international levels. BEL's Academy of Excellence has been a recent initiative in this direction. Besides the Central D&E, Central Research Labs and the R&D Labs associated with each of its business unit, BEL has also established a Product Innovation and Development Centre for translating the researches and innovations to new products. BEL is constantly striving to achieve self reliance through In-House developments. At the same time, BEL leverages its partnerships with DRDO Labs, domain experts, academia and the MSMEs, wherever there is a scope.

At BEL, reliability, survivability and maintainability aspects are built into each product right from the design stage. R&M analysis is carried out before a prototype is built and these prototypes go through a lot of environmental stress and screening to weed out any deficiencies w.r.t components, materials, processes etc. The design is optimized w.r.t weight, power requirements, size etc. through ideas that are brainstormed and reviewed,

R&D Initiatives and Achievements

Following are some of the new initiatives undertaken by BEL in the areas of R&D and Technology Development during the year 2017-18 :

- BEL Academy of excellence has been established to orient engineers and scientists of BEL towards futuristic technologies and to host national and international seminars, workshops and conferences.
- Successful test firing of the indigenous Quick Reaction Surface to Air Missile, jointly developed with DRDO.
- Successful test firing of Indigenously Surface to Air Missile Akash-1S with BEL manufactured Radio Frequency Seeker.
- Successful test flight of Rustom II drone (Medium Altitude Long Endurance Unmanned Aerial Vehicle – MALE UAV).
- State of the Art test facilities have been established at Bengaluru : The EMC test facility and the Near Field Test facility for evaluation of the prototype products and systems developed at BEL.
- BEL launched eight new products at DEFEXPO 2018 for the Indian Army. These are the 100 Mbps Radio Relay, Secure Military Wireless Area Network (SMWLAN), Multi-Function Hand Held Thermal Imager (MF-HHTI), Long Range Surveillance System (LRSAM), Chemical Agent Monitor (CAM), Multi Purpose Reflex Weapon System (MRWS), Light Weight Composite Shelter and the Mine Field Recording System (MFRS).
- BEL introduced a new process called Chemical Vapour Deposition (CVD) for manufacturing of Zinc Sulphide domes, to protect the Infra Red seekers from high speed dust, particulate abrasion and rain erosion.
- BEL set up an advanced Acoustic Test Facility and Transducer Positioning system to carry out the Acoustic measurement / Calibration of all Transducers manufactured at BEL.

- Electronics Artillery Fuze manufacturing facility has been set up by BEL at it's establishment in Pune.
- A World class laboratory has been set up at Ghaziabad, dedicated to the integration and testing of IACCS.
- BEL developed an online inventory management system for the Indian Navy.
- BEL received Raksha Mantri Awards for Excellence for the year 2014-15 and 2015-16 in the categories of Indigenization, Design Effort, Institutional Award and Best Performing division of DPSUs.
- BEL received SODET awards for excellence for the years 2013-14, 2014-15 and 2015-16 in the categories of Technology Innovation and Technology Development.
- R&D engineers participated in national and international seminars and conferences including IRSI, EWCI, INTROMET, RF and Microwave conference, etc.
- BEL empanelled totally 216 organizations, which includes 27 collaborative R&D partners, 128 design service providers, 28 consultants and 33 Production service providers and 3 organizations for supporting both design and production.
- BEL has filed 25 patents in 2017-18, as against 20 patents filed in 2016-17.

(d) Diversification / Expansion plans :

As a diversification strategy, the Company has been exploring opportunities in allied defence and non-defence areas for enhanced growth, leveraging its strengths and capabilities acquired in the defence electronics domain. In the last 4-5 years, the company has done Non-defence business of about 15% of the total business on an average and has plans to increase the Non-defence share in the overall business of the company in the coming years.

The Company is putting efforts to enter into the new areas in Defence and Non-Defence for further expanding its business. BEL is focusing on Indigenous SAM Systems, Airborne Radars, RF Seekers, IR seekers, Thermal Imaging detectors for Night Vision Devices, Inertial Navigation Systems, Navigational Complex System, Laser Based DEW, Sonobouys, Helmet Mounted Display Systems and Direct Infrared Counter Measures for Aircrafts and Helicopters, etc in the defence segment.

Company has taken steps to diversify into Electronic Ammunition Fuses, Light weight Composite Shelters & Masts, Unmanned Systems, Cyber Security etc. A new manufacturing line for Electronic Ammunition Fuses has been established at BEL, Pune. Also a new vertical has been formed at BEL, Bengaluru, to address Cyber Security business opportunities in defence. A manufacturing facility is being established in BEL, NAMU for Composites.

In the Non Defence domain, opportunities related to Critical Infrastructure Protection, Air Traffic Management Radars, Intelligent Traffic Management Systems, Solar Power Plants, Space grade solar cell, Satellite Integration, Smart City opportunities etc are being focused.

(e) Specific Measures on Risk Management, Cost Reduction and Indigenisation :

1. Risk Management :

The Company has an established Risk Management Policy which was formally released in 2015-16 after incorporating the recommendations of the Board of Directors. The released Policy is in line with the requirement of Regulation 21 of SEBI (LODR) Regulations, 2015.

The Risk Management Policy outlines Risk Management Structure, Roles and Responsibilities of concerned personnel in the Company. A comprehensive framework for Risk Identification, Evaluation, Prioritization, Treatment etc. of various risks associated with different areas of operations such as Technology, Production, Market, Human Resources, Finance etc, are also defined in the Policy.

In accordance with the Policy, a Two Tier Risk Management Structure, one at Corporate level and the other at Unit level have been established in BEL for effective management of the risks. The Corporate risks are monitored by Corporate Risk Management Committee (CRMC), which is headed by GM (Strategic Planning) / CO and coordinated by GM (Quality)/CO as Corporate Risk Champion. The Corporate Risk Champion is supported by Unit Risk Management Committees (URMCs). The URMCs are headed by the

respective SBU / Unit Heads and coordinated by Unit Risk Champions, who are of the level of Additional General Manager (AGM) or Sr. Dy. General Manager (Sr DGM).

The members of CRMC, URMCs and other Senior Executives have undergone Management Development Programs for Enterprise Risk Management (ERM), conducted by reputed management institutes. The training program is being periodically organized and so far about 627 executives have been trained in the ERM process.

A Board level Risk Management Committee (RMC) with Director (Bangalore Complex) as Chairman and Director (Other Units), Director (Finance), Director (Marketing) and General Manager (Strategic Planning)/CO, as members is in place as per the decision of the Board.

Based on the inputs received from the Units, certain risks have been identified by the Corporate Risk Management Committee (CRMC) in various areas like Technology, Marketing, Finance and HR. These risks are being addressed by introducing suitable policies and processes which emphasize decision making based on detailed analysis and well-defined processes. This is expected to eventually lead to incorporation of appropriate Risk Mitigation processes at the decision making stage itself.

At the time of evaluation of projects, Sensitivity Analysis is used as a tool to measure the impact of various risks. Similarly, for obtaining approval of any proposals, risk analysis has to be mandatorily presented to the approving authorities to take informed decisions. A well laid out Sub-Delegation of Powers is in place for according financial sanctions. In addition to this, a comprehensive vendor evaluation process, procurement procedure, etc are in place. The appropriate measures are undertaken to mitigate the risks in various business operations.

CRMC has been meeting regularly for identifying and recommending action plans for mitigating the Corporate Level Risks. It has also been assessing the ERM implementation process in BEL and worked out plans to enhance its effectiveness.

Similarly, URMCs are also conducting Review Meetings for Risk Management Process at the Unit level and are forwarding the reports to CRMC.

In order to institutionalize the ERM process and make Risk Management practices built in to the culture of the Company, during the year 2017, CRMC initiated a Pilot Project of Risk Identification and Mitigation in two of its SBUs (GAD-NCS and BG-MILCOM). The learnings & recommendations of the consultant have been incorporated in the Risk Management activities of URMCs across the company and the CRMC.

2. Cost Reduction :

In view of increasing competitive environment for electronic products both in civil & defence, BEL has adopted cost reduction strategy as one of the thrust areas. "The Cost Reduction" Task Forces are set up in all the Units with members from Cross Functional Areas. The Task Forces in each Unit identify and take up projects and set target for achieving cost reduction. Cost reduction activities concentrate on both manufacturing and non-manufacturing areas and encompass all facets of business like production, design, material management, administration, finance, services etc. The cost reduction parameters identified in the company include Design change, Innovation, Indigenization, Material, Labour, Alternate sourcing, outsourcing, Process & Yield improvements, Negotiation, Quality initiative etc.

3. Indigenization :

BEL has always been striving to attain self reliance through indigenization efforts and thereby meet the strategic needs of the nation. The indigenization activity covers development initiatives through in-house R&D, collaborative R&D & joint development with national labs like DRDO, ISRO, CSIR, C-DOT, Academic institutions. To give further thrust on indigenization, the Company has set up an integrated state-of-the-art Corporate R&D Center (Product Development Innovation Center), with larger infrastructure, resources and facilities at Bengaluru to keep pace with the changing technology trend, customer requirements, future business needs etc. With all these efforts, around 89% of turnover was generated from indigenous technology during the year.

(B) Internal Control System and its Adequacy

BEL has an adequate system of internal controls in place. It has documented policies and procedures like Purchase procedures, Sub-contract procedures, Works contracts procedures, IT and Security policies & procedures, HR policies and procedures, Accounting policies and procedures, Sub-delegation of Powers, etc. covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorized use or losses, compliances with regulations, etc. File Management system (FLM) for all kind of procurements has been implemented to ensure enhanced transparency in every stage of procurement activities. Elaborate guidelines for preparation of accounts are followed consistently for compliance of Ind AS and requirement of the Companies Act 2013.

BEL has its own Internal Audit Teams of professionally qualified personnel who conduct regular and exhaustive internal audits to ensure that all checks and internal control systems are in place. Besides, the Company has sub-committee of the Board viz. Audit Committee (AC) to keep a close watch on compliance with Internal Control Systems. Also, being a Government Company, BEL is subject to Audit by Comptroller & Auditor General of India.

BEL's Internal Audit Teams are located at major manufacturing units and Corporate Office of the Company which carry out audits as per risk based Annual Audit Programme approved by Audit Committee of the Board. All the Internal Audit teams submit audit reports to their team leaders and after considering the Auditees' replies / action taken reports, team leaders submit reports of significant issues observed during audit to Head of Internal Audit on periodical basis. Head of Internal Audit submit his / her reports to Company's Management at various levels for corrective actions and finally submits report to the Audit Committee of Board indicating status of compliance with well established internal control systems of the Company and plan for mitigating the key risks associated with major activities of the Company.

BEL's Internal Audit checks the adequacy and effectiveness of internal control system through regular audits, system reviews, process reviews, data analytics, etc and provides assurance on compliance to the legal, regulatory and internal policies and procedures of the company. Functioning of Internal Audit as well as Internal Control systems are periodically reviewed by Board level Audit Committee. The Audit Committee of the Board of Directors, comprising of Independent Directors, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, and compliance with accounting standards & policies on time to time and issue directives for compliance to further strengthen the internal control system keeping in view the fast changing business environment in which the Company is operating.

(C) Financial / Operational Performance

1. Strategy & Objectives

The main objectives of the financing strategy of your Company are to generate adequate internal resources for profitable growth, to give value for money and create wealth for shareholders, to maintain highest credit rating and to build in risk mitigation strategies in the business processes to minimize exposure to financial risks.

2. Performance Highlights

(₹ in Lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations (Net)	1,032,233	861,188
Earnings before interest, tax, depreciation and amortisation (EBITDA)	199,973	176,171
EBITDA Margin (EBITDA / Revenue from operations [Net])	19.37%	20.46%
Profit After Tax	139,929	154,762
No. of Days Inventory/ Value of Production	181	206
No. of Days Trade Receivables / Turnover	206	180
Current Ratio	1.45	1.61
Debt Equity Ratio	0.01	0.01

3. Analysis of Financial Performance of 2017-18

- Turnover registered a growth of around 14% from ₹ 882,470 Lakhs in 2016-17 to ₹ 1,008,484 Lakhs in 2017-18.

- Value of production has increased from ₹ 924,383 Lakhs in 2016-17 to ₹ 970,595 Lakhs in 2017-18. Increase of around 5%.
- Operating profit has increased from ₹ 157,019 Lakhs in 2016-17 to ₹ 174,873 Lakhs in 2017-18. Increase of around 11%.
- Profit after tax stood at ₹ 139,929 Lakhs for 2017-18 as against ₹ 154,762 Lakhs for 2016-17.
- PAT to turnover ratio is 13.88% in 2017-18 as against 17.54% in 2016-17.
- Turnover per employee has increased from ₹ 90.83 Lakhs in 2016-17 to ₹ 103.69 Lakhs in 2017-18.
- Earnings per share is ₹ 5.70 in 2017-18 as against ₹ 6.03 in 2016-17.
- Book value per share is ₹ 31.85 in 2017-18 as against ₹ 33.62 in 2016-17.
- Net Worth has increased from ₹ 7,50,854 Lakhs in 2016-17 to ₹ 7,76,101 Lakhs in 2017-18.

(D) Development in Human Resources

BEL has been focusing on sustained development of its employees, both at the individual and at the team level through various human resources development initiatives. In order to address the learning and organization development needs, various management development programmes, technology specific programmes and quality related programmes are being organized both internally and through premier training institutions for all grades of executives. Some of the learning and development initiatives rolled out during the year are enumerated below.

Structured Executive Development Programs : The following SEDPs are conducted regularly to meet the evolving training needs of executives as they progress through various grades. 264 executives attended these programs.

a. **Reorientation for Promotee Executives (ROPE)** for executives in E-I / II grades,

b. **General Management Program for Young Executives (GEN Y)** for executives in E-II / III grades,

c. **Deputy Managers Executive Education Program (DEEP)** for executives in E-IV grade,

d. **Leadership Acceleration Program (LEAP)** for executives in E-V grade

Change Management Program (CAMP) : Driving significant change is one of the most challenging tasks that any large organization faces. It requires that new paradigms replace the status quo of doing business. The program aims at aligning the thinking and attitudes of our senior executives to that required for a global organization.

Target audience : DGM and above grade executives.

Coverage : 105 senior executives have undergone the program.

Outbound Learning Program (**OBL**) : The advantages of teamwork and collaboration are reinforced in an Outbound learning program. This training takes the participant away from comfort zone, in an informal risk-free environment, thereby enabling the participant to experiment and explore the hidden potential.

Target audience : Cross Functional Teams across grades.

Coverage : 222 executives from 8 cross-functional teams across various Units attended the program.

Strategy Building and Competitive Intelligence (SBCI) : Strategizing is an important component for senior executives, strategizing skills are essential to achieve quantum leap in business growth. The program was organized through the faculty of IIM.

Target audience : DGM and above grade executives.

Coverage : 65 senior executives attended the program.

Enterprise Risk Management : In order to provide a conceptual framework for identifying and mitigating potential business risks, two day programs on "Enterprise Risk Management" have been organized.

Target audience : Managers and above grade executives.

Coverage : 126 executives have participated in the program.

Supply Chain Management : Inventory management and supply chain operations both on the raw material as well as finished goods side are very critical to the success of business besides being major contributors to the profitability of the company. Three residential Management Development Programs on "Supply Chain Management" were conducted at IIM.

Target audience : Executives working in Material Management, Production Control, Sub Contracts, Finance and other allied areas.

Coverage : 84 executives from relevant areas attended the program.

HR for Non HR Executives : In order to impart concepts and principles / practices on HRM to our middle and senior level executives, 5 residential programs on "HR for Non HR Executives" were conducted at IIM.

Target audience : Non HR executives in Manager and above grade.

Coverage : 128 executives have participated in the program.

Strategic Finance for Non Finance Executives : In order to gain insights into financial statements analysis, budgeting, working capital management and cost management to help our non-finance executives, 10 Programs on "Strategic Finance for Non Finance Executives" were conducted by senior faculty from IIM.

Target audience : Non Finance executives in Manager and above grade.

Coverage : 240 executives attended the program.

Advanced Program for Senior Executives (APEX) : We have conducted APEX Program for Additional General Managers who would be shouldering the responsibility of leading a Strategic Business Units / Strategic Functions of BEL, with the objective of providing insights into management concepts and techniques, formulating and implementing strategies and to have an overall perspective for better decision-making.

Target audience : Additional General Managers.

Coverage : 30 AGMs attended the program.

Customized Program on Advanced Strategic Skills for Senior Executives (COMPASS) : Strategizing Skills are prerequisite to achieve quantum leap in business growth. An in-depth Customized Program on Advanced Strategic Skills for Senior Executives (COMPASS) was conducted.

Target audience : Sr DGMs

Coverage : 29 Sr DGM grade participated in the program.

Advanced Management Program (AMP) : AMP on the theme "Empowering Proven Leaders to Drive Strategic Change in Complex Global Environment" was organized by ASCI, Hyderabad. The program included two weeks module at the Institute campus and 2 weeks International immersion at France, Italy, Switzerland and Netherlands.

Target audience : General Managers.

Coverage : 4 GMs were nominated for the program.

Executive Coaching : We have been operating in a highly competitive business environment and there is a need to build a community of leaders. As part of the Leadership Development intervention, "Executive Coaching" for General Managers was conducted.

Target audience : General Managers.

Coverage : 5 GMs were covered.

Program for Awareness on Coaching Essentials (PACE) : The program was conducted to help executives understand the concepts, methodology and practices in Coaching, for engaging the hearts and minds of their teams.

Target audience : Manager and above grade executives.

Coverage : 228 executives attended the program.

Training Program on Conflict Management (TACT) : In order to impart key skills of Conflict Management to our executives, programs on the Conflict Management were conducted.

Target audience : Deputy Manager and above grade executives.

Coverage : 272 executives attended the program.

Competency Development Workshops (CODE) : In order to address the Group Competency Gaps, post ODCs, One Day "Competency Development Workshops" were conducted, for addressing identified two Competencies.

Target audience : Deputy Engineers to Manager grade executives.

Coverage : 181 executives attended the program.

Initiative for Blended Learning (i-Blend) : The workshops were conducted utilizing blended learning methodology viz., ILT, Gamification and E-learning, creating real life-like experiences for imparting the concepts, reinforcing and evaluating the desired competencies.

Target audience : Deputy Engineer to Manager grade executives.

Coverage : 279 executives attended the program.

Active Learning through Theater (ACT) : Theatre based training is a powerful medium of communication

and learning, that combines real work place situations with dramatic performances to raise the awareness of employees through reflection.

Target audience : Executives across grades.

Coverage : 103 executives attended the program.

Dedicated Initiative for Wellness through Yoga and Meditation (DIWYAM) : Program was conducted facilitating Yoga and Meditation for well-being and stress management.

Target audience : Executives across grades.

Coverage : 207 executives attended the program.

Contract Law and Contracts Management : To provide a comprehensive overview on the Contract Agreements and Contracts Law and Techniques, General Principles in Contracts, program on Contract Law and Management was conducted.

Target audience : Executives from MM, Marketing and Finance Departments.

Coverage : 35 executives attended the program.

Negotiation Skills : The program was conducted to help our executives, develop the right strategy to negotiate by providing a framework for approaching the negotiation process with confidence.

Target audience : Executives from MM, Marketing and Finance Departments.

Coverage : 35 executives attended the program.

Intellectual Property Rights : The program was conducted to help our R&D executives to understand the process of patenting & IPR and to generate the requisite Intellectual Property Rights documents.

Target audience : D&E executives.

Coverage : 112 executives attended the program.

Technology programs to enhance knowledge of our engineers in various technology areas were conducted / nominations were made for Technology programs. Some of the programs are Radar Signal and Data processing, Smart materials, Structures & Systems, Advanced metal processing and evaluation Techniques, Aerial Delivery and Airborne surveillance systems, Advance Signal Processing Techniques for Modern Radar, Seminar on Technologies for ID, Tracking and neutralization of unauthorized drones, Microwave & RF, Metamaterials and Applications, Agile Mobile based Embedded SW Development, IT in Defence- National Seminar "Digital Battlefield".

In order to enhance the technology skills and develop in-house talent in technology areas, 2 Engineers were nominated for M.Tech Program at DIAT, Pune, in the fields of Radar & Communication and Cyber Security.

NALANDA, BEL Academy for Excellence : The Hon'ble Raksha Mantri, Mr Arun Jaitley, inaugurated NALANDA, BEL Academy for Excellence on 26 August 2017. Mr Ashok Kumar Gupta, Secretary (Defence Production), Mr M V Gowtama, Chairman & Managing Director, BEL, and other senior officers of BEL were present. The BEL Academy for Excellence with sprawling complex spread over six acres. The training programs have been structured around three core areas : Quality, Technology, and Leadership, with various programs designed with the help of experts from major institutes like IITs, IIMs, IISC, IETE, ISI, ASQ etc.

The major training programs organized at the Academy during 2017-18 were Information Technology - current trends (including Data Analytics), Information Security Management System (ISMS) for confidentiality, Integrity and availability of data, High Power Amplifier Designs and FPGA. On Quality front, ASQ certifications were done covering 35 executives in CRE, 13 executives in CMQ / OE, 35 executives in CQE, 13 executives in CMQ / OE, 8 executives in CSQE courses and 146 executives have obtained PMP, PMI, USA Certifications.

Induction Program for New Engineers : Around 265 Probationary Engineers joined BEL during 2017-18 and have undergone Induction Program.

International Yoga Day : In connection with International Yoga Day, Yoga Sessions were organized across Units.

International Women's Day : In connection with International Women's day, various programs were conducted for Women employees across Units.

Various training programs were organized for non-executives on quality, safety, technical, skill development and other related subjects across Units.

Annexure 7

CORPORATE GOVERNANCE REPORT

Philosophy and Code of Governance

BEL's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision-making and avoiding conflicts of interest. BEL gives importance to adherence to adopted corporate values & objectives and continuously ensures ethical & responsible leadership at all levels in the Company in discharging social responsibilities as a corporate citizen. BEL believes in customer satisfaction, financial prudence and commitment to values. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance philosophy.

BEL strives to transcend much beyond the basic requirements of Corporate Governance focusing consistently towards value addition for all its stakeholders.

Board of Directors

Composition

Pursuant to Companies Act, BEL is a 'Government Company' as 66.79% of the total paid-up share capital of the Company is held by the President of India.

In line with the provisions of Regulations 17 of SEBI(LODR) Regulations 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Dept. of Public Enterprises, Govt. of India (DPE Guidelines), the composition of Board of Directors of BEL has an appropriate mix of Executive Directors represented by Functional Directors including CMD and Non-Executive Directors represented by Government Nominee Directors & Independent Directors, to maintain the independence of the Board and to separate the Board functions of management and control. As the Chairman is an Executive Director, Independent Directors comprise half of the strength of the Board.

As on 31 March 2018, BEL Board of Directors comprises of six Whole-time Executive (Functional) Directors including CMD, one Part-time Government (Non-executive) Director and seven Part-time Independent (Non-executive) Directors.

There are two temporary vacancies of Independent Directors and one Functional Director i.e. Director (Bangalore Complex) as on 31 March 2018. All the vacancies were notified to Govt. for filling up. The matter of filling up of these vacancies is under consideration of Ministry of Defence, Government of India.

Meetings and Attendance

During the financial year ended 31 March 2018, nine Board Meetings were held and the maximum interval between any two meetings was not more than 120 days. The Board Meetings were held on 07 April 2017, 26 April 2017, 29 May 2017, 31 July 2017, 10 August 2017, 4 September 2017, 30 October 2017, 30 January 2018 and 20 February 2018. Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other directorships / committee memberships held by them as on 31 March 2018 are given below :

Sl. No.	Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 20 Sept. 2017	No. of Directorship(s) held*	No. of Committee Membership across all Companies**	
						As Chairperson	As Member
Whole-Time Functional (Executive) Directors							
1	Mr M V Gowtama	09	09	Yes	02	Nil	Nil
2	Dr Ajit T Kalghatgi	09	09	Yes	03	02	02
3	Mr Nataraj Krishnappa	09	08	Yes	02	Nil	02
4	Mr Girish Kumar (ceased to be Director w.e.f 20.02.2018)	09	07	Yes	Nil	Nil	Nil
5	Mrs Anandi Ramalingam	09	08	Yes	02	Nil	01

Sl. No.	Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 20 Sept. 2017	No. of Directorship(s) held*	No. of Committee Membership across all Companies**	
						As Chairperson	As Member
6	Mr R N Bagdalkar	09	09	Yes	01	Nil	01
7	Mr Koshy Alexander (appointed w.e.f. 25.09.2017)	03	03	Yes	03	Nil	02
Part-time Government (Non-executive) Directors							
08	Mrs Kusum Singh (ceased to be Director w.e.f 19.09.2017)	06	00	NA	Nil	Nil	Nil
09	Mr Chandraker Bharti (appointed w.e.f. 19.09.2017) (ceased to be Director w.e.f 30.10.2017)	Nil	Nil	No	Nil	Nil	Nil
10	Dr Amit Sahai (appointed w.e.f. 30.10.2017)	03	03	NA	01	Nil	01
Part-time Independent (Non-executive) Directors							
11	Dr Bhaskar Ramamurthi	09	07	No	01	Nil	Nil
12	Dr R K Shevgaonkar	09	08	No	01	Nil	01
13	Mrs Usha Mathur	09	09	Yes	01	01	01
14	Mr Sharad Sanghi	09	05	No	01	01	01
15	Mr Mukka Harish Babu (appointed w.e.f. 11.09.2017)	03	03	NA	01	Nil	01
16	Mr Surendra S Sirohi (appointed w.e.f. 11.09.2017)	03	03	NA	01	Nil	Nil
17	Dr Vijay S Madan (appointed w.e.f. 11.09.2017)	03	02	NA	01	Nil	01

None of the Independent Directors held any Equity shares or convertible instruments during the year 2017-18. None of the Directors had any relationship inter-se during the year 2017-18.

Note : * Directorship in Companies registered under the Companies Act, 2013, excluding directorships in private companies, foreign companies and companies under Section 8 of the Companies Act, 2013.

** Pursuant to regulation 26 of SEBI (LODR) Regulations 2015, the Chairmanship / Membership of Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies are considered.

The number of directorship and committee positions given above are as notified by the Directors and it is confirmed that no Director has been a member of more than 10 committees or acted as Chairman of more than 5 committees across all Companies in which he / she is a Director. None of the Directors of the Company hold independent directorship in more than 7 listed Companies.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board reviewed compliance reports prepared by the Company on half-yearly periodicity.

The terms and conditions of appointment of Independent Directors are uploaded in the website of the Company.

Details of Familiarisation & Training Programmes for Directors

At the time of induction of a new Director(s), a welcome letter is addressed to him along with details of duties and responsibilities required to be performed as a Director in addition to the compliances required from him under the Companies Act, 2013, SEBI (LODR) Regulations 2015 and other applicable regulations. Relevant Disclosures are taken from the Director(s) and the management of the Company familiarises the new Director(s) about the Company, its operations, various

policies and processes of the Company, various divisions of the Company and their role and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practises and orientation programmes etc. conducted by various institutes of repute. Details of training imparted to Directors during 2017-18 are as follows and the same has been uploaded in the website of the Company http://www.bel-india.in.

i. Mr Koshy Alexander, Director (Finance), attended the Program on Corporate Governance held on 16th to 17th November 2017 at SCOPE Convention Centre, New Delhi and the ICAI Regional Conference of SIRC-SRESTATHA held on 22nd to 23rd December 2017 at Bengaluru.

ii. Dr Vijay S Madan, Mr Surendra S Sirohi and Mr Mukka Harish Babu, Independent Directors, attended the Orientation Programme for capacity building held on 5th to 6th October 2017 at Gangtok.

Mandatory Committees of the Board

Audit Committee

The composition of the Audit Committee is in line with Section 177 of Companies Act 2013 (the Act), Regulation 18 of SEBI (LODR) Regulations 2015, and DPE Guidelines. The Company's Audit Committee consists of three Independent Directors and one Government Director. In addition, the Company's Statutory Auditors, Director (Finance), Director (Bangalore Complex), Director (Other Units) and General Manager (Internal Audit) are also regularly invited to attend the Audit Committee meetings. Chairman of the Audit Committee is an Independent Director. Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 20 September 2017. The terms of reference of the Audit Committee are as specified in Section 177 of the Act, Regulation 18 of SEBI (LODR) Regulations 2015, and DPE Guidelines.

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

- Oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon / audited annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference as stated in Schedule II Part C of SEBI (LODR) Regulations 2015.
- Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the Management, performance of statutory and internal auditors, the adequacy of internal control.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends).
- To review the functioning of the Whistle Blower Mechanism.

The Composition of the Audit Committee during the year 2017-18 and details of the Members participation at the Meeting of said committee are as under :

Name of the Member	Category	Attendance at the Audit Committee Meetings				
		29 May 2017	31 July 2017	30 Oct 2017	20 Nov 2017	30 Jan 2018
Mrs Usha Mathur	Independent Director	✓	✓	✓	✓	✓
Mrs Kusum Singh	Government Nominee Director	Leave of Absence	Leave of Absence	Not Applicable	Not Applicable	Not Applicable
Dr Amit Sahai	Government Nominee Director	Not Applicable	Not Applicable	✓	✓	✓
Dr R K Shevgaonkar	Independent Director	✓	✓	Leave of Absence	✓	✓
Dr Bhaskar Ramamurthi	Independent Director	✓	✓	✓	Not Applicable	Not Applicable
Mr Mukka Harish Babu	Independent Director	Not Applicable	Not Applicable	Not Applicable	✓	✓

Nomination and Remuneration Committee

The composition of the Nomination and Remuneration Committee is in line with Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015.

The Composition of the Committee during the year 2017-18 and details of the Members participation at the Meeting of said committee are as under :

Name of the Member	Category	Attendance at the Nomination and Remuneration Committee Meetings					
		7 April 2017	28 Aug 2017	4 Sept 2017	30 Oct 2017	23 Jan 2018	20 Mar 2018
Mrs Usha Mathur, Chairman	Independent Director	✓	✓	✓	✓	✓	✓
Mrs Kusum Singh	Government Nominee Director	Leave of Absence	Leave of Absence	Leave of Absence	NA	NA	NA
Dr Amit Sahai	Government Nominee Director	NA	NA	NA	✓	✓	Leave of Absence
Mr Sharad Sanghi	Independent Director	✓	✓	✓	Leave of Absence	Leave of Absence	✓
Mr M V Gowtama	Chairman & Managing Director	✓	✓	✓	✓	✓	✓

Some of the important functions performed by the Committee include :

- Recommending policy to the Board in line with the provisions of the Companies Act 2013, DPE Guidelines and Presidential Directives / Guidelines issued by Government of India from time to time.
- Approval of Performance Related Pay to the employees of the Company.
- Selection of Executive Directors (EDs)/General Managers (GMs) below the Board level.

Remuneration Policy/ Performance Evaluation

BEL, being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors (Functional Directors including CMD) are determined by Govt. of India through Public Enterprises Selection Board (PESB) / Search Committee, indicating the terms and conditions of appointment, including the period of appointment, the scale of pay with components such as Basic Pay, Dearness Allowance, Entitlement to Accommodation etc. subject to the relevant rules of the Company. Pay scales

of Functional Directors including CMD are governed by Presidential Directives received from the Ministry of Defence.

The Govt. Nominee Directors are appointed (as Ex-officio Director) by Ministry of Defence and they are not entitled to any remuneration / sitting fees.

The Non-Executive Independent Directors are appointed by Government of India and they are entitled to sitting fees for attending the Board / Committee meetings as prescribed by the Board in adherence with the Govt. directives / statutory rules and regulations.

The appointment / remuneration and other matters in respect of Key Managerial Personnel (KMP) and Senior Management Personnel are governed by the BEL Recruitment Rules and Procedures and subject to the policies and directives that may be issued by the Board of Directors and / or CMD as the case may be from time to time. Pay scales of KMPs and Senior Management Personnel are governed by Presidential Directives received from the Ministry of Defence. The Remuneration policy is posted on the Company's website, www.bel-india.in.

The Independent Directors reviewed the performance of Chairman & Managing Director, Functional Whole-Time Directors, Non-Independent Directors and the Board as a whole in a separate meeting of Independent Directors held on 20 November 2017. An exercise was carried out to evaluate the performance of the individual Directors including CMD on the basis of certain important parameters like level of engagement and contribution, exercising independence of judgement, achievement of objectives and targets, Protection of interest of various stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board.

Remuneration paid to Directors during the financial year 2017-18 is as under :

(Amount in ₹)

Name of Director	Salary	Perquisites	Company Contribution to PF & Incremental Gratuity / Leave / BERECHS	Incentive	Lease Rental	Total
Mr M V Gowtama	6,141,529	39,600	(627,630)	1,069,337	-	6,622,836
Dr Ajit T Kalghatgi	5,700,096	39,366	(143,589)	1,432,960	689,972	7,718,805
Mr Girish Kumar*	4,416,520	29,358	(148,880)	1,228,708	428,053	5,953,759
Mr Nataraj Krishnappa	4,828,849	42,104	203,314	1,224,010	653,698	6,951,975
Mrs Anandi Ramalingam	5,306,038	32,400	(604,659)	946,708	653,698	6,334,185
Mr R N Bagdalkar	5,035,184	34,519	(322,931)	694,029	386,593	5,827,394
Mr Koshy Alexander**	2,709,015	24,810	656,173	495,151	-	3,885,149

* Mr Girish Kumar acted as Director upto 20 February 2018.
** Mr Koshy Alexander acted as CFO upto 24 September 2017 & took charge as Director (Finance) & CFO w.e.f. 25 September 2017.

Part-time Official (Government / Non-executive) Directors are not paid any remuneration or sitting fees for attending Board / Committee meetings. Part-time Non-official (Independent / Non-executive) Directors are paid sitting fees of ₹ 20,000 per meeting of the Board / Board Committee attended. Details of sitting fees paid to the Independent Directors during the year 2017-18 are given below :

(Amount in ₹)

Name	Sitting Fees Paid for Board & Committees Meetings
Mrs Usha Mathur	520,000
Dr Bhaskar Ramamurthi	200,000
Dr R K Shevgaonkar	480,000
Mr Sharad Sanghi	220,000
Mr Mukka Harish Babu	120,000
Mr Surendra S Sirohi	100,000
Dr Vijay S Madan	60,000

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. None of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2017-18.

Stakeholders' Relationship Committee

The composition of the Stakeholders' Relationship Committee is in line with section 178 of the Companies Act, 2013 and Regulation 20 of SEBI (LODR) Regulations 2015.

The Stakeholders' Relationship Committee is comprised of Mr Sharad Sanghi as the Chairman, Dr Vijay S Madan, Mr R N Bagdalkar and Mr Nataraj Krishnappa as members of the Committee.

The terms of reference of the Stakeholder Relationship Committee are as specified in Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations 2015.

The Committee met once during the year on 30 January 2018. Chairman and all members of the Committee attended the said meeting.

Transfer requests and complaints from the shareholders are attended to promptly as and when they are received. Grievances from shareholders, mainly relating to dividend payment and Annual Report, were received and resolved during the year. No grievance was pending as on 31 March 2018. Following are the details of investors' complaints during 2017-18 :

No. complaints received	No. complaints resolved	No. complaints pending
06	06	Nil

Compliance Officer

Mr S Sreenivas, Company Secretary, is the Compliance Officer. His contact details are :

Mr S Sreenivas, Company Secretary
Bharat Electronics Ltd,
Regd. & Corp. Office
Outer Ring Road, Nagavara,
Bengaluru – 560 045
Telephone : 080 25039300 Fax : 080 25039266
Email : secretary@bel.co.in

Corporate Social Responsibility Committee

In pursuant to the provisions of section 135 of the Companies Act, 2013 and DPE Guidelines, Corporate Social Responsibility Committee has been constituted.

The salient terms of reference of the Corporate Social Responsibility Committee (CSR) include reviewing of the existing CSR & Sustainability Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified under Schedule-VII of the Companies Act, 2013 and DPE Guidelines as amended from time to time.

Some of the important terms of reference of the Committee are as follows :

- Formulating and recommending to the Board, Corporate Social Responsibility and Sustainability Policy and the activities to be undertaken by the Company;
- Recommending the amount of expenditure to be incurred on the activities undertaken;
- Reviewing the performance of the Company in the area of Corporate Social Responsibility;
- Providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- Monitoring Corporate Social Responsibility Policy of the Company from time to time.

The composition of the Corporate Social Responsibility Committee as on 31 March, 2018 and the details of Members' participation at the Meetings of the said Committee are as under :

Name of the Member	Category	Attendance at the CSR Meeting held on	
		26 April 2017	19 November 2017
Mr M V Gowtama, Chairman	Chairman and Managing Director	✓	✓
Mr Nataraj Krishnappa	Executive Director	✓	✓
Mr R N Bagdalkar	Executive Director	✓	✓
Mr Koshy Alexander	Executive Director	Not Applicable	✓
Dr R K Shevgaonkar	Independent Director	✓	✓
Mr Surendra S Sirohi	Independent Director	Not Applicable	✓

The Company has adopted a Corporate Social Responsibility & Sustainability Policy indicating the activities to be undertaken by the Company. During the year under review, the Company has conducted various CSR programs in the areas of promoting education and environment sustainability.

Risk Management Committee

BEL strives continuously to identify, evaluate, prioritize and mitigate existing as well as potential risks related to the

business of the Company through its robust Risk Management framework. Pursuant to the requirements of Regulation 21 of SEBI (LODR) Regulations 2015, a Board level Committee comprising the Director (Bangalore Complex) as Chairman, Director (Finance), Director (Marketing) and General Manager (Strategic Planning) as members, was constituted. The Board of Directors reviews and monitors the status of Risk Management through the 'Risk Management Committee', which examines the risks identified by internal Corporate Risk Management Committee, assesses the current status of Risk Management in the Company, monitors and reviews the implementation and effectiveness of the risk mitigation measures. The Risk Management Policy is posted on the Company's website, www.bel-india.in. A write up on Risk Management Procedure forms part of the Management Discussion Analysis Report.

The composition of the Risk Management Committee as on 31 March 2018 and the details of Members' participation at the Meetings of the said Committee are as under :

Name of the Member	Category	Attendance at the RMC Meeting held on 29 November 2017
Mr Girish Kumar, Chairman (Ceased to be director on 20.02.2018)	Executive Director	✓
Mr Nataraj Krishnappa	Executive Director	Leave of Absence
Mrs Anandi Ramalingam	Executive Director	✓
Mr Koshy Alexander	Executive Director	✓
Mrs Hemalatha K	GM (Strategic Planning)	✓

Other Non-Mandatory Committees

The following Sub Committees of the Board have been constituted :

R&D Committee

R&D Committee comprising the Chairman & Managing Director, two Independent Directors, Director (R&D) and Director (Finance) has been constituted to consider and approve major research, development and engineering proposals.

Capital Investment Committee

Capital Investment Committee Comprising an Independent Director, Director (Bangalore Complex), Director (Other Units) and Director (Finance) has been constituted to consider and approve major capital investment proposals.

The Company Secretary is the Secretary to all the committees referred to above.

Investment Committee

Investment Committee comprising the Chairman & Managing Director, the Director (Other Units), and the Director (Finance) to approve investment of short-term surplus funds.

Independent Directors' Meeting

During the year under review, the Independent Directors met on 20 November 2017, inter alia, to review :

(i) The performance of Non-independent Directors and the Board as whole.

(ii) The performance of Chairman of the Company, taking into account, the views of Executive and Non-executive Directors.

(iii) Quality, content and timelines of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors except Dr Bhaskar Ramamurthi and Dr Vijay S Madan of the Company were present at the said meeting.

Code of Conduct

Board of Directors of the Company has laid down a Code of Business Conduct and Ethics for all Board Members, KMPs and Senior Management of the Company under Regulation 17(5) of SEBI (LODR) Regulations 2015 and DPE Guidelines. The Code of Business Conduct and Ethics has been posted on the Company's website, www.bel-india.in. All Board Members, KMPs and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics as on 31 March 2018. A declaration to this effect signed by the Chairman & Managing Director is attached to this Report.

Whistle Blower Policy

The Company has established vigil mechanism and adopted Whistle Blower Policy for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics policy.

The employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company www.bel-india.in.

Related Party Transactions

All Transactions with related parties were in the ordinary course of business and on an arm's length pricing basis. The policy on related party transaction has been placed on the Company's website and can be accessed through http://bel-india.in / ContentPage.aspx?MId=17&CId=527&LId=1&link=527

Code for Prevention of Insider Trading and Fair Disclosure

In accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has put in place a Code of Conduct and Fair Disclosure Procedure for Regulating Monitoring, Reporting and Prohibition of insider trading in the Company's securities and for transparent/streamlined disclosure/dissemination of information to the investors/ public. This Code is applicable to all the designated persons, any other connected persons and their immediate relatives who are privy to price sensitive information and any other connected person as defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company Secretary is responsible for implementation of the code. The Code of Conduct and Fair Disclosure Procedure has been posted in the Company's website www.bel-india.in.

Material Subsidiary Companies

The Company does not have any Material Subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. A policy on Material Subsidiaries has been formulated and has been posted in the Company's website at http://bel-india.in/ ContentPage.aspx?MId=17&CId=527&LId=1&link=527.

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Audit Committee and Board Meetings.

Copies of the Minutes of the Board Meetings of Subsidiary Companies are tabled at the Board Meetings of the holding company.

General Body Meetings

Details of last three Annual General Meetings are as follows :

Year	Venue	Date & Time
2014-15	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	03 Sept 2015 at 10:30 am
2015-16	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	22 Sept 2016 at 02:00 pm
2016-17	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	20 Sept 2017 at 03:30 pm

All the resolutions, including special resolutions, set out in the respective notices of last three Annual General Meetings were passed by the shareholders. During the last three years the following Special Resolutions were passed :

- Special resolution for alteration of the Capital clause in the Memorandum of Association was passed in the Annual General Meeting held on 3 September 2015.
- Special resolution for alteration of the Capital clause in the Articles of Association was passed in the Annual General Meeting held on 3 September 2015.

Special Resolutions put through postal ballot during last financial year / proposed to be conducted : Nil

Disclosures

(a) The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. Nonetheless, transactions with related parties have been disclosed in Note No.31 of Notes to Accounts in the Financial Statements.

(b) There were no cases of non-compliance by the Company and no penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets, in the last three years.

(c) No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees / ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in books of accounts.

(d) Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.

(e) Administrative and office expenses as a percentage of total expenses :

Administrative and office expenses were 3.68% of the total expenses for the year 2017-18 as against 3.74% in the previous year.

Presidential Directives and Guidelines

The Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time regarding reservation for SCs, STs and OBCs in letter and spirit. Liaison Officers are appointed at various Units / Offices all over the Country to ensure implementation of the Govt. Directives. Officials dealing with the subject were provided necessary training to enable them to update their knowledge on the subject and perform the job effectively.

The pay revision of Executives and Non-Unionized Supervisory Staff fell due on 01.01.2017. The Department of Public Enterprises (DPE) issued guidelines on pay revision of Board level and below Board level Executives and Non-Unionized Supervisors vide DPE OMs dated 03.08.2017, 04.08.2017 and 07.09.2017.

Subsequently, approval for pay revision of Board level and below Board level Executives and Non-Unionized Supervisors w.e.f 01.01.2017 was sought from Nomination and Remuneration Committee and the Board. Consequent to the approval of Board, the proposal was forwarded to Administrative Ministry for issue of Presidential Directive as per DPE guidelines. Accordingly, Ministry issued Presidential Directive vide letter dated 10.11.2017. Consequent to the issue of Presidential Directive, pay revision was implemented w.e.f 01.01.2017.

Means of Communication

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it displays multiple channels of communications viz. through dissemination of information on the on-line portal of the Stock Exchanges, press releases, the Annual Report and uploading relevant information on its website.

The unaudited quarterly results are announced within forty-five days from the end of the quarter. The audited annual results are announced within sixty days from the close of the financial year, as required under SEBI Regulations. The aforesaid financial results are announced to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these were considered and approved. The results are published in leading English daily newspapers and leading Kannada daily newspapers in vernacular language.

The audited financial statements form a part of the Annual Report which is sent to the Members within the statutory period and well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly and the audited financial statements and the press releases of the Company are also placed on the Company's website : www.bel-india.in and can be downloaded.

The presentations made to analysts giving an analysis of the performance and Performance Highlights of the Company are placed on the Company's website for the benefit of the institutional investors, analyst and other shareholders.

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 read Part A of Schedule III of the SEBI Regulations including material information having a bearing on the performance / operations of the Company or other price sensitive information. All information is filed electronically on BSE's on-line Portal – BSE Corporate Compliance & Listing Centre and on NSE Electronic Application Processing System (NEAPS), the on-line portal of National Stock Exchange of India Limited.

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges. An internal Management Committee comprising the Chairman & Managing Director, Director (Finance) and Company Secretary has been constituted and empowered to decide on the materiality of the information for the purpose of making disclosure to the Stock Exchanges.

All disclosures made to the Stock Exchanges are also available on the Company's website under the heading 'Investors-Stock Exchange Disclosures' and can be accessed through weblink http://bel-india.in / ContentPage.aspx?MId=17&Cid =423&LId=1&link=423.

Facility has been provided by SEBI for investors to place their complaints / grievances on centralized web-based complaints redress system viz. SEBI Complaints Redress System (SCORES). The silent features of this system are : Centralized database of all complaints, on-line upload of Action Taken Reports (ATRs) by the concerned Companies and on-line viewing by investors of actions taken on the complaint and its current status.

A separate dedicated section under 'Investors' on the Company's website gives information on unclaimed dividends, quarterly compliance reports, financial results, performance highlights and other relevant information of interest to the investors/ public.

The Company also uploads on the BSE Listing Centre and on NSE NEAPS portals, details of analysts and institutional investor meetings whenever the Company's representatives attend any meeting of the investors.

Reconciliation of Share Capital Audit

The Company obtains a Reconciliation of Share Capital Audit Report from a Practising Company Secretary every quarter to reconcile the total admitted capital with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL), and the total issued and listed capital. This Audit Report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. This Audit Report is forwarded to all the Stock Exchanges where BEL shares are listed.

The Company also obtains a Certificate of Compliance from a Practising Company Secretary at half-yearly intervals certifying that transfer requests complete in all respects have been processed and share certificates with transfer endorsements have been issued by the Company within 15 days from the date of lodgement thereof. This Certificate of Compliance is forwarded to all the Stock Exchanges where BEL shares are listed.

Listing on Stock Exchanges

BEL's shares are currently listed on the following Stock Exchanges :

(1) BSE Limited
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.

(2) National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai – 400 051.

The Company has paid listing fees for the financial years 2017-18 and 2018-19 to both the Stock Exchanges.

The Stock Code assigned to the Company's equity shares by the respective Stock Exchanges and the ISIN number assigned by the Depositories for demat trade of the Company's equity shares are given below :

Stock Exchange	Stock Code
BSE Ltd	500049
National Stock Exchange of India Ltd	BEL
ISIN	INE263A01024
CIN	L32309KA1954GOI000787

Custody Fees to Depositories

The Company has paid annual custody fees for the financial years 2017-18 & 2018-19 to both the Depositories, viz, NSDL and CDSL.

Details of Non- Compliances

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company had appointed adequate number of Independent Directors as per the Companies Act, 2013. However the Company is yet to appoint the adequate number of Independent Directors as per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is informed that all the vacancies were notified to Govt. for filling up. Being a Govt. Company, all Directors on BEL Board are appointed by the Govt. and the selection process & appointment, which involves various Ministries and approval by the ACC, takes time and is beyond the control of the Company.

Compliance with Non-Mandatory Provisions

The status on the compliance with the non-mandatory recommendation in the SEBI (LODR) Regulations, 2015 is as under :

- The Company has the position of Chairman & Managing Director (Executive) & there is no Non-Executive Chairman.
- The financial statements of the Company are disclosed with unmodified audit opinion.
- Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- The General Manager (Internal Audit) reports directly to Chairman & Managing Director and is an invitee to the meeting of Audit Committee.

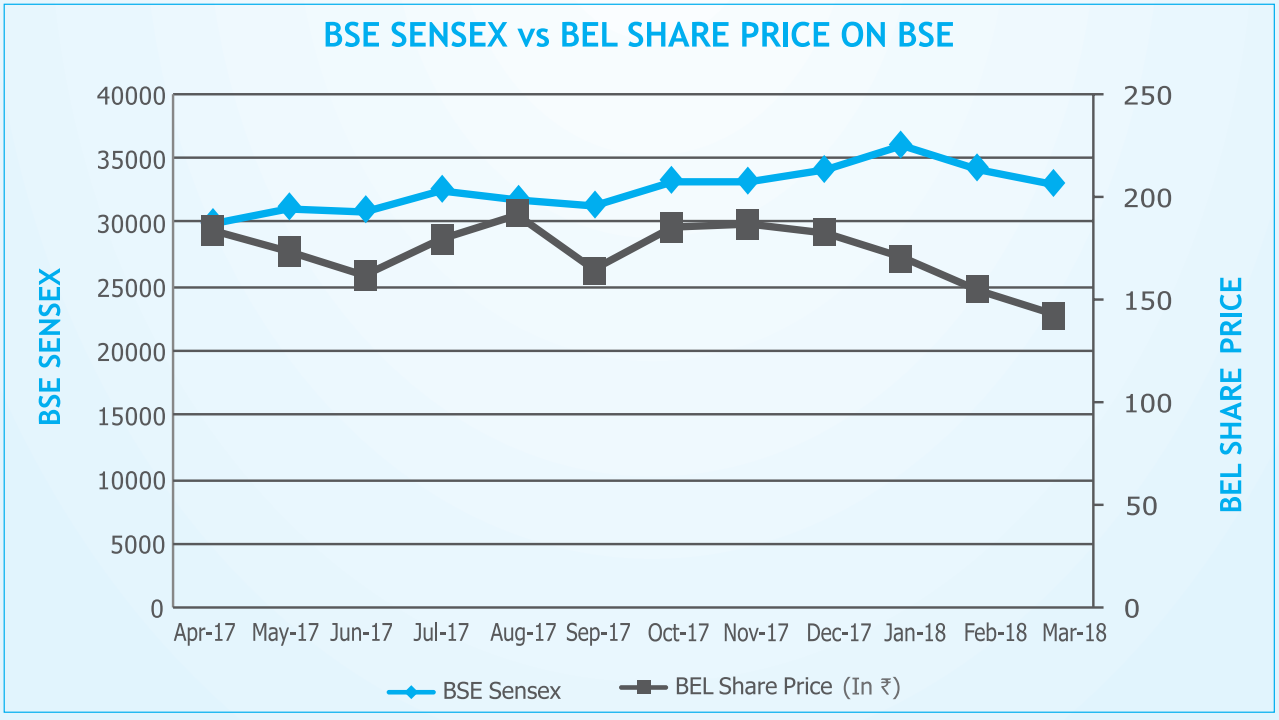
Market Price Data

The details of high/low market prices of the shares of the Company at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) are as under.

BEL Share Price on BSE vis-a-vis BSE sensex from April 2017 to March 2018.

Month	BSE Sensex Close	BEL Share Price			No of Shares Traded	Turnover (₹ in Lakhs)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
April 2017	29918	184.40	158.50	182.75	9,234,186	16,139.73
May 2017	31146	186.85	165.60	172.65	7,333,605	13,018.24
June 2017	30922	177.10	157.70	161.35	11,581,970	19,373.61
July 2017	32515	179.60	161.15	178.95	8,708,228	15,049.04
August 2017	31730	194.70	161.45	190.70	7,425,889	13,511.21
September 2017	31284	199.20	162.00	163.55	6,946,606	12,918.22
October 2017	33213	192.50	160.40	184.80	7,354,410	13,070.02
November 2017	33149	192.95	174.20	186.20	6,316,926	11,582.61
December 2017	34057	189.50	172.00	182.05	4,561,805	8,329.28
January 2018	35965	185.15	167.25	169.40	16,940,160	29,873.66
February 2018	34184	171.20	140.00	154.55	9,281,358	14,273.56
March 2018	32969	157.95	138.30	142.05	5,932,435	8,738.63

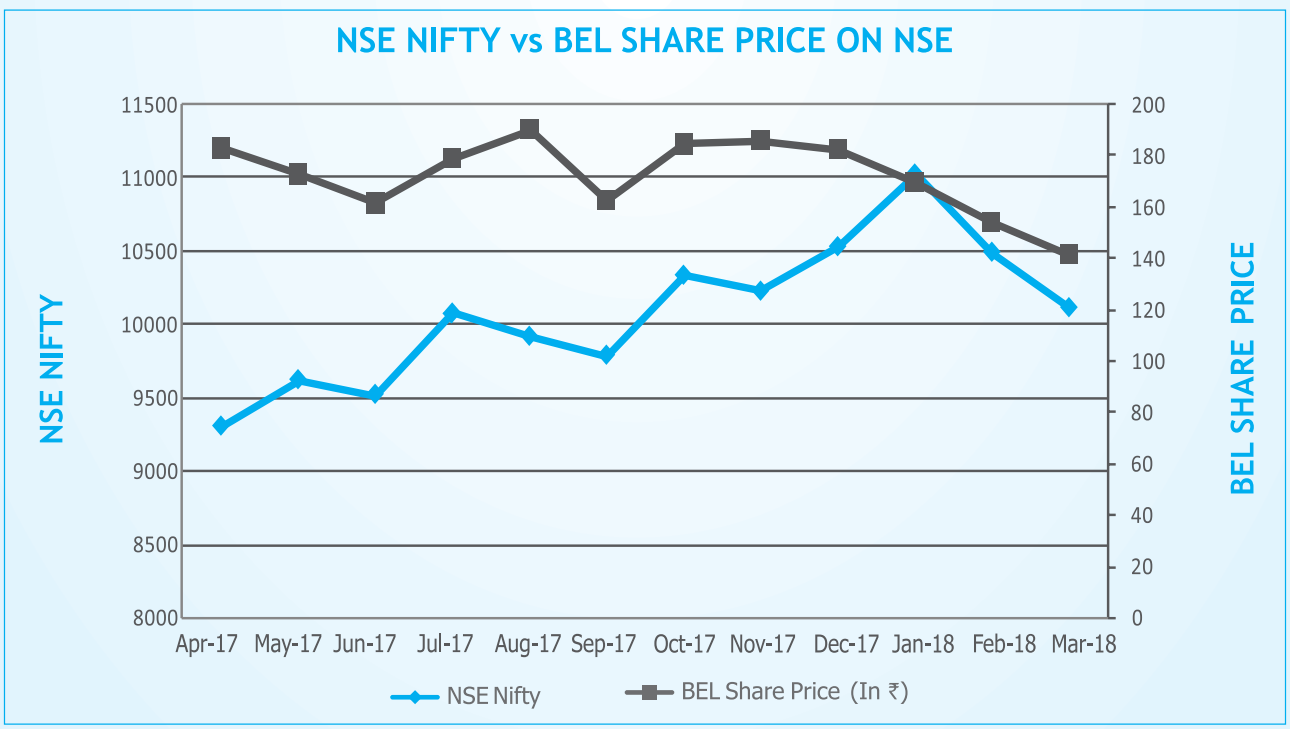
A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX during the year 2017-18 is presented in the following graph :



BEL Share Price on NSE vis-a-vis NSE Nifty from April 2017 to March 2018.

Month	NSE Nifty Close	BEL Share Price			No of Shares Traded	Turnover (₹ in Lakhs)
		High	Low	Close		
		(In ₹)	(In ₹)	(In ₹)		
April 2017	9304	184.50	158.20	182.95	100,369,176	174,238.30
May 2017	9621	186.90	165.50	172.65	62,150,025	110,063.83
June 2017	9521	176.95	157.60	161.55	72,387,823	121,339.24
July 2017	10077	179.50	161.05	178.75	73,972,420	127,844.86
August 2017	9918	194.70	161.10	190.00	84,572,186	154,480.23
September 2017	9789	199.15	161.95	162.80	72,177,906	134,771.74
October 2017	10335	192.40	160.25	184.60	78,315,736	136,643.73
November 2017	10227	193.40	174.15	185.80	86,580,196	159,188.46
December 2017	10531	189.45	172.00	182.15	59,112,398	108,308.74
January 2018	11028	185.20	167.00	169.35	100,092,569	177,096.56
February 2018	10493	171.20	140.00	154.35	143,232,225	220,640.61
March 2018	10114	157.95	138.05	141.45	71,962,017	105,851.07

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2017-18 is presented in the following graph :



Liquidity

The Company's shares are very liquid and are actively traded on the Indian stock exchanges. Relevant data of turnover for the financial year 2017-18 is given below :

Particulars	BSE	NSE	Total
No. of shares traded	101617578	1004924677	1106542255
Value (₹ in Lakhs)	175,877.81	1,730,467.37	1,906,345.18

Share Transfer

Integrated Registry Management Services Pvt. Ltd., Bengaluru, a SEBI registered Category-I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent (RTA). The RTA's address is given below to forward all share transfer / transmission / split / consolidation / issue of duplicate certificates / change of address requests as well as all dematerialisation / rematerialisation requests and related matters as well as all dividend related queries and complaints :

Integrated Registry Management Services Pvt. Ltd.
No. 30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram, Bengaluru – 560 003
Telephone : 080 23460815 to 818
Fax : 080 23460819
E-mail : irg@integratedindia.in

Share Transfer System

Shares sent for transfer are registered within the stipulated period. Shares under objection are returned within the stipulated period seeking suitable rectification. The Company has constituted a Share Transfer Committee comprising the Chairman & Managing Director, the Director (Finance), and the Director (Other Units) to consider and approve all share transfer requests and related matters. The Share Transfer Committee meets periodically to approve the transfers within the specified period.

Shareholding Pattern as on 31 March 2018

Sr.	Category	No. of shareholders	No. of shares	% Holding
1	Central Government	2	1627374928	66.79
2	Mutual Funds / UTI	180	317923695	13.05
3	Financial Institutions / Banks	13	8336028	0.34
4	Alternative Investments Funds	3	1114563	0.05
5	Insurance Companies	22	107590489	4.42
6	Foreign Institutional Investors	191	156860836	6.44
7	Bodies Corporate	1477	82124598	3.37
8	Individuals	209846	113237851	4.64
9	Trusts	55	10999957	0.45
10	NRIs	4561	7668544	0.31
11	Foreign Individuals	1	506	0.00
12	Clearing Members	554	3352811	0.14
13	LLP	2	927	0.00
14	Investor Education and Protection Fund Authority Ministry of Corporate	1	7210	0.00
	Total	**216908**	**2436592943**	**100.00**

Top 10 Shareholders as on 31 March 2018

Sr.	Name of the shareholder	No. of Shares	% Holding
1	Life Insurance Corporation of India	87916268	3.61
2	Birla Sun Life Trustee Company Private Limited	52975802	2.17
3	ICICI Prudential Value Discovery Fund	42218811	1.73
4	HDFC Trustee Co Ltd A/C HDFC Focused Equity Fund-P	41174788	1.69
5	Reliance Capital Trustee Co. Ltd Ac Reliance Capit	32175308	1.32
6	SBI Arbitrage Opportunities Fund	30362776	1.25
7	L&T Mutual Fund Trustee Limited-L&T Business Cycle	21443174	0.88
8	Kotak Infrastructure & Economic Reform Fund	21141526	0.87
9	DSP Blackrock Equity Savings Fund	20533509	0.84
10	HDFCSL Shareholders Solvency Margin Account	15060878	0.62

Distribution of Shareholding as on 31 March 2018

No. of Equity Shares held	No. of Shareholders	%	No. of Shares	%
Upto 500	174486	80.44	22598964	0.93
501 - 1000	20465	9.43	15451430	0.63
1001 - 2000	12711	5.86	17423154	0.72
2001 - 3000	2819	1.30	6967858	0.29
3001 - 4000	1920	0.89	6582164	0.27
4001 - 5000	882	0.41	4065305	0.17
5001 - 10000	1806	0.83	12862099	0.53
10001 and Above	1819	0.84	2350641969	96.46
Total	**216908**	**100.00**	**2436592943**	**100**

Dematerialisation of Shares

99.99% of total equity shares of the Company are held by the investors in dematerialized form with NSDL and CDSL.

Outstanding GDRs / ADRs / Warrants : Not Applicable

Transfer to Investor Education and Protection Fund Account

Pursuant to the applicable provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends and the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more as per the requirements of the IEPF rules, details of which are provided on our website, at www.bel-india.in.

During the year 2017-18, the Company transferred to IEPF an amount of ₹ 175,159 from the Unpaid Dividend Account (₹ 116,437 belongs to final dividend 2009-10 and ₹ 58,722 belongs to interim dividend 2010-11). The unclaimed / unpaid final dividend for the year 2010-11 (Final) and interim dividend for the year 2011-12 are due for transfer to IEPF in 2018-19. The Company has posted on its website www.bel-india.in in a separate page titled "Investors" the details of unclaimed dividend and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided there to claim unpaid / unclaimed dividend.

Shares Transferred to IEPF

As required under Section 124 of the Companies Act, 2013, 7210 equity shares, in respect of which dividend has not been claimed by the members for seven consecutive years or more, have been transferred by the Company to Investor Education and Protection Fund Authority (IEPF) during the financial year. Details of shares transferred have been uploaded on the website of IEPF as well as the Company.

Credit Rating

ICRA has reaffirmed the following credit ratings of the Company for 2018-19 :

(i) Long-term rating of [ICRA]AAA (pronounced ICRA triple A) to ₹ 500 Crores fund based limits of credit and fund based limit (term Loan) of ₹ 100 Crores.

(ii) Short-term rating of [ICRA]A1 + (pronounced ICRA A one plus) to ₹ 3,500 Crores non-fund based limits of credit.

(iii) Short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to ₹ 5 Crores Commercial Papers (CP).

The outlook on the long-term rating is 'stable'. These ratings indicate the highest credit quality in the long- and short-term. The instruments rated in these categories carry the lowest credit risk in the long and short-term. These ratings (i), (ii) & (iii) are valid till 15 February 2019.

CEO / CFO Certification

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines, the CEO and CFO certificate is provided in this Annual Report.

Compliance

The Company has complied with the Corporate Governance norms/ guidelines under SEBI (LODR) Regulations, 2015 and DPE Guidelines. The Company has also been submitting to the Stock Exchanges and to the Government, quarterly compliance report on Corporate Governance. As required under the SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Auditors' Certificate on compliance of conditions of Corporate Governance by the Company is attached.

DPE Grading

The DPE guidelines on Corporate Governance for CPSEs provide that the CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for the year 2016-17.

Additional / General Information for Shareholders

Annual General Meeting

Date	:	25 September 2018
Time	:	3:30 p.m.
Venue	:	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Next to CM Guest House, Bengaluru-560 001.

Financial Calendar 2018-19

Financial Year	:	1 April 2018 to 31 March 2019
First quarter results	:	By end of July 2018
Second quarter results	:	By end of Oct 2018
Third quarter results	:	By end of Jan 2019
Annual Audited results	:	By end of May 2019
Annual General Meeting	:	Sept 2019

Book Closure

From 22 August 2018 to 24 August 2018 (both days inclusive).

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

(1) Jalahalli Post,
Bengaluru – 560 013 (Karnataka)
Phone : (080) 28382626
Fax : (080) 28382067

(2) Site IV, Sahibabad Industrial Area, Bharat Nagar Post,
Ghaziabad – 201 010 (Uttar Pradesh)
Phone : (0120) 2777707, 2813500, 2814000
Fax : (0120) 2776730, 2776733, 2770923

(3) Plot No.405, Industrial Area, Phase III,
Panchkula – 134 113 (Haryana)
Phone : (0172) 3937252, 2591528, 3937400
Fax : (0172) 2594548, 2591463

(4) Balbhadrapur, Dist. Pauri Garhwal,
Kotdwara – 246 149, (Uttarakhand)
Phone : (01382) 231171 to 231178
Fax : (01382) 231132, 231135

(5) Plot No.L-1, M.I.D.C. Industrial Area,
Navi Mumbai – 410 208 (Maharashtra)
Phone : (022) 27412701
Fax : (022) 27412888, 27412887

(6) N.D.A. Road, Pashan,
Pune – 411 021 (Maharashtra)
Phone : (020) 25865400, 22903000
Fax : (020) 25865577, 22903313

(7) Industrial Estate, Nacharam,
Hyderabad – 500 076 (Telangana)
Phone : (040) 27194700
Fax : (040) 27171406

(8) Post Box No.26, Ravindranath Tagore Road,
Machilipatnam – 521 001 (Andhra Pradesh)
Phone : (08672) 223581, 223582
Fax : (08672) 222640

(9) Post Box No. 981, Nandambakkam,
Chennai – 600 089 (Tamil Nadu)
Phone : (044) 22326906
Fax : (044) 22326905

Registered Office / Address for Correspondence

Bharat Electronics Limited
CIN : L32309KA1954GOI000787
Registered Office, Outer Ring Road,
Nagavara, Bengaluru – 560 045
Telephone : (080) 25039300
Fax : (080) 25039233
E-mail : secretary@bel.co.in
Website : www.bel-india.in

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Bharat Electronics Limited,

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited, for the year ended on 31 March 2018, as per the regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Department of Public Enterprises (DPE) guidelines on Corporate Governance for Central Public Sector Enterprises.

Management Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the management. The responsibility includes the design, implantation and maintenance of internal controls and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI ('Listing Regulations').

Auditors Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

We have carried out an examination of the relevant records of the company, in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance note requires that we comply with the ethical requirements of Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Listing Regulations as applicable and Department of Public Enterprises (DPE) guidelines on Corporate Governance for Central Public Sector Enterprises. However the Company is yet to appoint the adequate number of Independent Directors as per the requirements of the Listing Regulations. It is informed that the appointment of Directors is done by Government of India and filling up of vacancies of the said independent directors is also pending with the appointing authority namely Government of India.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restrictions on use

This certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **Suri & Co.,**
Chartered Accountants
FRN : 004283S

Bengaluru
29 May 2018

Natarajan V
Partner
Membership No. 223118

Declaration of Compliance with the Code of Business Conduct and Ethics

Pursuant to the relevant provisions under SEBI (LODR) Regulations, 2015 and the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 22 June 2007, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, KMPs & Senior Management of Bharat Electronics Ltd., for the year ended 31 March 2018.

For and on behalf of the Board

Bengaluru
29 May 2018

M V Gowtama
Chairman & Managing Director

Certificate by CEO & CFO

for the purpose of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & as required under DPE Guidelines on Corporate Governance

To
The Board of Directors
Bharat Electronics Limited

We hereby certify that :

(a) We have reviewed the Standalone Financial Results for the period ended 31 March 2018 and that to the best of our knowledge and belief :
   (i) These results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) These results together present a true and fair view of the Company's affairs and are in compliance with existing Indian Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violation of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Management, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Management :
   (i) Any significant changes in internal control over financial reporting during the period;
   (ii) Any significant changes in accounting policies during the period and;
   (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Koshy Alexander
Director (Finance) & CFO

M V Gowtama
Chairman & Managing Director

Bengaluru
29 May 2018

Annexure 8

SUSTAINABILITY REPORT

Your Company is committed to achieve the economic, ecological and social responsibility objectives of sustainable development through its varied business operations and activities in a planned way by proactively undertaking Environment Management and Sustainable Development programmes. It has over the years acquired enough in-house expertise in the areas of Resource Management and Sustainable Development, including Water Management, Waste Management, Energy Conservation, use of Non-Conventional Energy like Wind Energy, Solar Energy, etc. The Company strives to build on this expertise and further promotes sustainable development initiatives in its business operations and activities. The Company has formulated a Policy towards Sustainable Development to fulfill this objective and also keeping in view the requirement under the guidelines issued by Government of India, Department of Public Enterprises (DPE). Highlights of BEL's Sustainable Development policy are posted on its website: www.bel-india.in

An overview of the Company's Environment Management and Sustainable Development efforts is provided in the following paragraphs :

Cleaner Technology

Cleaner technology concepts are practiced in the manufacturing process to prevent pollution. Our Research and Development Departments are always on the lookout for environmentally friendly components and processes. Our Corporate Standards has published several guidelines related to environment-friendly material, components and manufacturing processes that go into designs to be used across the Company. Corporate Standards have already begun standardisation and introduction of many RoHS (Restriction of Certain Hazardous Substance) items compliant to European and other International directives. Continuing its efforts from the previous years, thirty three new RoHS compliant components have been introduced to cover areas like Inductors / LEDs / Connectors / Relays / Microcircuits and Microwave Components.

BEL understands that pollution prevention begins at the source. Keeping that in mind, several improvements and modifications have been done in the existing processes. Many of the RoHS compliant processes have been introduced in PCB manufacturing and metal finishing processes, low smoke halogen cables, low VOC metal finishing operation (Poly urethane) and using alternative chemical in place of trichloroethylene in the degreasing process have been implemented. During the year, Reciprocating Water Chillers have been upgraded with energy efficient screw chillers, which resulted in saving of 67000 KWH during 2017-18. Piped Natural Gas (PNG) is environmentally clean compared to LPG and hence LPG has been replaced with PNG in production department of component SBU and for cooking applications.

Emission to Air

Air emissions from processes are controlled through appropriate air pollution control equipments, although the chemicals used in the manufacturing of electronics products are less polluting. The results are substantiated by the ambient air quality measured at different locations within the factory. In addition to air pollution control equipment provided for plating bath, suction filter are also provided at work station. Efficient Wet paint booths with scrubbing facility have been created for painting big sheltered vehicles in addition to existing small equipment paint booths.

Water Pollution

Wastewater generated during the manufacturing process is treated to meet Pollution Control Board norms. BEL has gone one step ahead to treat the wastewater to meet reusable standards and is recycled for purposes of production again. Likewise, domestic effluents generated are treated and recycled for horticulture purposes. In addition to reuse of treated wastewater BEL BG-CX is procuring 1MLD tertiary treated sewage from Bengaluru Water Supply and Sewerage Board (BWSSB) for horticulture application by which 1 MLD fresh water usage has been avoided. BEL is setting up a 10 MLD sewage Treatment plant to rejuvenate the Doddabommasandra Lake, Bengaluru and 2 MLD of which will be used for BEL horticulture and other applications which will result in huge natural resource saving and recharging ground water.

Hazardous Waste Management System

Reduce, Reuse and Recycle principle is followed in handling of hazardous waste. The generation of hazardous waste has been reduced at the process level itself by introduction of

appropriate chemicals that generate less hazardous sludge in the process of detoxification of wastewater and by adopting cleaner technology. Besides, introduction of cyanide-free zinc and copper plating processes, use of sodium hydrides, sodium hypochlorite and sodium metabisulphate in place of lime, bleaching powder and ferrous sulphate, help in reduction of large volume of hazardous sludge. BEL has established a system for safe-keeping / handling of hazardous waste by constructing an exclusive, well-protected place. BEL has tied up with the State Pollution Control Board, "Treatment, Storage & Disposal Facility" operators for disposal of land fillable solid hazardous waste. Recyclable wastes are handed over to Pollution Control Board authorised agencies for scientific processing and recycling. This system effectively prevents pollution caused by hazardous wastes.

E- Waste Management

E-waste generated during the manufacturing of products are handed over to Pollution Control Board authorised agencies for scientific processing and recycling as a manufacturer. End of life E-wastes like computer and other electronics items are handed over to Pollution Control Board authorised agencies for scientific processing and recycling. End of life E-wastes product like Electronic Voting Machines are collected back and after dismantling the product, E-wastes are channelised to Pollution Control Board authorised agencies for scientific processing and recycling as a Extended Producer responsibility. Users of Electronics Products are provided with handling and disposal guidelines for safe disposal of E-wastes after end of use. Efforts are being made to bring down the hazardous component in electronic products through introduction of as many as possible RoHS compliant components.

Biomedical Waste

Biomedical wastes generated in the BEL hospital and medical centers are collected and disposed off scientifically as per regulatory guidelines.

Solid Waste Management

BEL has established a system to segregate waste generated at the source itself for facilitating scientific disposal of municipal solid waste. Organic waste converter has been introduced for treating municipal solid waste in to manure in addition to use of Bio-methanisation plan. There is a concerted effort to reduce, recycle and reuse waste so that paper and plastic can be recycled and reused rather than sending to landfills. During the year, Up flow Anaerobic based biogas plant of 2.0 Tons has been introduced which resulted in saving of 50 Kg / Day equivalent LPG. Organic waste converter of 1.0 Ton per day capacity has been installed to convert food waste and green waste to manure. Land fillable wastes are being sent for processing at a well-established solid waste treatment facility in Bengaluru.

On Site Emergency Plan and Systems

Emergency preparedness and response plans exist at the plant level and workplace level, which have been institutionalized with the integration of a multi-disciplinary task team covering hazard assessment, risk reduction and emergency response. Mock drills on emergency planning are being conducted periodically by the Individual Strategic Business Groups involving :

1. Task Force and Repair Team.
2. Fire Fighting Team.
3. Security Team.
4. Transport Team.
5. First Aid and Medical Team.

And the sequence of events are recorded for improving the mock drill exercise while the Planning is monitored by the high officials of the organization.

Incident controllers go to the accident site and co-ordinate with rescue teams and take steps to restore normalcy after the incident, if any.

The learning from the stocktaking meetings are implemented as corrective action measures for improvement.

Water Management

Water conservation measures are achieved through the outcome of water audit. Several water conservation projects like automation of desmearing process for demand based water supply, automation of bore well water drawing system, level controller for water tanks, efficient dish washing system and the use of swill water with air agitation are implemented for conserving water. Implementation of these water conservation projects have led to a consistent reduction of water consumption each year. Rainwater harvesting and innovative recharging of bore wells enable us to collect the runoff water and recharge the ground water table. The large-scale rainwater harvesting reservoir at Bengaluru unit has a capacity of 170 Million litres with expected annual yield

of around 234 Million liters. Roof top rainwater harvesting had collected 660 m^3 of rainwater in the last year which was directly used for the generation of RO water. Reservoirs of cumulative capacity of 480 KL have been created for collection and reuse of rainwater.

Sustainable Development Initiatives

BEL has taken up sustainable development projects in the areas of air conditioning, air compressor, lighting management system, natural day light harvesting, carbon footprint and water footprint.

During the year 2017-18, about 25.8 Million KWH of electrical energy was generated from wind power plants installed at Davanagere and Hassan, Karnataka state for captive consumption, which contributes to 85% of energy consumed by Bangalore Complex. 2,800 KWp roof top grid connected solar PV power plants were setup at various buildings of all BEL Units for captive consumption. The power generated from the solar power plants would contribute about 8% of energy consumption of all Units of BEL.

BEL has also taken up the projects for implementation of Energy efficient retrofit LED lights, DALI (Digitally Addressable Lighting Interface) Lighting control system, Sky Light pipe for day light harvesting etc. Incorporation of Green building concept have been introduced in all new buildings and, all future buildings are going to meet Green Rating for Integrated Habitat Assessment (GRIHA) rating compliance.

Ecological Sustainability

We pursue our journey towards Ecological Sustainability, verdant greenery, right from the entrance of the BEL campus. Around 139,000 different species of plants are grown in the campus that are home to a variety of birds and other creatures supported by fruit and flower bearing plants. Even open areas are covered with lawns and shrubs, around 398,300 square meters of lawns and 25,000 meters of hedges are nurtured in the campus. The green carpet helps in arresting dust, absorbing heat, low carbon sink and release of fresh oxygen. Lush, green plantations, spread over 170 acres of land stand as a testimony for Bharat Electronics' commitment to afforestation.

BEL BG-CX has taken the novel step of transplanting as many as 20 trees that would otherwise have been cut till date. These transplanted trees are growing very well. BEL has planted around 4700 trees against its afforestation programme during 2017-18.

Annexure 9

BUSINESS RESPONSIBILITY REPORT

Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	:	L32309KA1954GOI000787
2.	Name of the Company	:	Bharat Electronics Limited
3.	Registered address	:	Outer Ring Road, Nagavara, Bengaluru - 560 045
4.	Website	:	www.bel-india.in
5.	e-mail	:	secretary@bel.co.in
6.	Financial Year reported	:	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Radar - 26515 Communication & C4I systems - 26303 Electro-Optic - 26700

8. List three key products / services that the Company manufactures / provides (as in balance sheet) :
   i. Radars
   ii. Communication & C4I systems
   iii. Electro-Optic

9. Total number of locations where business activity is undertaken by the Company :
   i. Number of International Locations (Provide details of major 5) :

      Overseas Offices at : 03 i.e. New York (USA), Singapore and Hanoi (Vietnam).

   ii. Number of National Locations :

      Manufacturing Units at : 09 i.e. Bengaluru (Karnataka), Ghaziabad (Uttar Pradesh), Panchkula (Haryana), Kotdwara (Uttarakhand), Pune and Navi Mumbai (Maharashtra), Hyderabad (Telangana) and Machilipatnam (Andhra Pradesh) and Chennai (Tamil Nadu).

   Regional / Marketing Offices at : New Delhi, Mumbai, Kolkata and Visakhapatnam.

10. Markets served by the Company – Local / State / National / International :

    National and International

Section B : Financial Details of the Company :

1. Paid up Capital (INR) : ₹ 24,336 Lakhs
2. Total Turnover (INR) : ₹ 1,008,484 Lakhs
3. Total Profit After Taxes (INR) : ₹ 139,929 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%) : 2% of average Net profits of the Company made during the three immediately preceding financial years. Refer to Annexure 3 Report on CSR activities.
5. List of activities in which expenditure in 4 above has been incurred : (Refer to the Annexure 3 on CSR activities).

Section C : Other Details :

1. Does the Company have any Subsidiary Company/ Companies?

   Yes.

   i. BEL Optronic Devices Limited, Pune.

   ii. BEL-THALES Systems Limited, Bengaluru.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

   No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   Outsourcing activity in the company is governed by well-established procedure. As Quality, Delivery and Cost are of prime importance, extreme care is taken in the selection and establishment of blemish free vendors as per outsourcing policy of the company supporting the business responsibility.

The activities of the Vendor Evaluation Committee include Assessment of Capabilities & Infrastructure, Quality Accreditations, Environmental Certifications, Vendors Client List and their registration with the Vendor, Bankers' details, vendors' credentials like ISO certifications and other statutory tax registrations, etc. The vendors fulfilling these conditions will only be included in the Approved Vendor Directory (AVD) of the company. Corporate Standards division maintains the company's vendor base, also approves the qualified vendors for defence procurement based on Electronic Components Standardisation Organisation (LCSO) Certifications.

Besides, the standard terms & conditions in the purchase order clearly specifies conformance to safety and environment. The company also has introduced e-Procurement, e-Payment to vendors, Integrity Pact etc., to further ensure transparency and fair business practices. Based on the vendor rating mechanism, feedback is provided to suppliers with regard to Quality, Cost, and Delivery & Performance. To summarize, majority (more than 60%) of the vendors available in the AVD conform to key principles of Business Responsibility.

Section D : BR Information

1. Details of Director / Directors responsible for BR :

a) Details of the Director / Director responsible for implementation of the BR policy/policies

- DIN : 07715648
- Name : Mr R N Bagdalkar
- Designation : Director (Human Resources)

b) Details of the BR head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	07715648
2.	Name	Mr R N Bagdalkar
3.	Designation	Director (Human Resources)
4.	Telephone number	080-25039205
5.	e-mail id	bagdalkarrn@bel.co.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N) :

Sl. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Policy formulated after extensive internal consultation, covering all functional areas.								
3	Does the policy conform to any national / international standards? If yes, specify?	Policy conforms to SEBI guidelines on "BR Reports" for listed entities and the Ministry of Corporate Affairs 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Policy approved by the management and issued as Office Order for compliance by employees at all level across the Company. Yes. (File approval obtained from Chairman & Managing Director)								
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Yes. Director (Human Resources).								
6	Indicate the link for the policy to be viewed online?	Policy posted on Company website : www.bel-india.in under "Investors Tab".								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Communicated to all internal stakeholders.								
8	Does the company have in-house structure to implement the policy/policies?	Yes.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes.								
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Yes. Periodical review of the working of CSR Policy, Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace, Whistle Blower policy, Code of Conduct is being carried out by the Company.								

2a. If answer to Sr.No. 1 against any principle, is 'No', please explain why : (Tick up to 2 options) :

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	Not Applicable as the Company has formulated policies based on all the nine Principles.								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR :

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?

  Company formulated its BR Reports policy in January 2013. BR performance is reviewed in subsequent years after watching the implementation in the initial years.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

  Yes. Company publishes BR Report and Sustainability Report as part of its Annual Report and posts the same on its website : www.bel-india.in under "Investors TAB"

Section E : Principle-wise performance :

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No.

   Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   The policy covers the Company. In addition, the Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹ 500 Lakhs and above subsequently it was further reduced to ₹ 400 from September 2016 subsequently it was further reduced to ₹ 300 Lakhs from September 2017. The pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   Details of complaint handling data are appended in the table below. In Bharat Electronics, there is constant effort to enhance customer satisfaction level. Accordingly, many initiatives have been taken to address product support issues effectively. The Product Support vertical is headed by an officer of the rank of General Manager. Product Support Monitoring Groups have been established across the company to address all supportability issues. Dedicated Senior Officers at the level of Additional General Managers / Sr. Deputy General Managers are appointed for Army, Navy and Air Force for monitoring progress on Complaint Handling. Focused approach is given for addressing customer complaints in Civilian Product segment also. Regional Product Support Centres at multiple locations are functioning to ensure the Customer Complaints are addressed faster and also to have pan-India coverage. Customer Co-ordination Cell has been set up at Bengaluru for handling of on-line complaints. The facility is armed with Toll Free BSNL / MTNL number along with CRM module of SAP connected through internet. Our customers can log-in to the Customer Coordination Cell and register complaints. Also, the CRM module helps the customers to track progress on complaint online, by getting Unique Identification Number for the registered complaint. The cell generates monthly report on summary of complaints for top management.

   Summary of Complaints for the financial year 2017-18 :

No of Complaints Registered	No of Complaints Resolved	No of Complaints Pending
8757	8152 (93%)	605 (7%)

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

   The following products are designed to address Social / Environmental concerns :

   i. EVM
   ii. VVPAT
   iii. Development of a Prototype model for technology demonstration of Smart Elements to address Smart City Business opportunities in India.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional) :

   i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Manufacturing process is not constant and integration is done at multi stages / locations, production varies from manufacture of Integrated Circuit (IC) to RADAR etc, and hence product specific information cannot be

captured. It is measured in terms of electrical energy consumption.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes

BEL is moving towards a paperless office and reducing its carbon footprint. BEL has implemented e-procurement, File Lifecycle Management (FLM) system and online vendor registration system as business improvement and sustainable business practice.

Environmental Policy of the Company addresses conservation of natural resources. It is being followed across the Company from design, manufacturing to disposal of the product and infrastructure developmental activities, including sourcing of transport. Substantial efforts have been made in sourcing energy efficient equipments, also in identifying and replacing energy inefficient equipments to enhance energy conservation. All the newly constructed buildings designed to be energy efficient in compliance to Green Rating for Integrated Habitat Assessment (GRIHA) criteria. More and more renewable energy systems are being implemented.

The Company has set up stringent selection mechanism for vendor selection and inclusion to Company's Approved Vendor Directory (AVD) with an objective of sustainable sourcing and mutual long-term benefit. The Company gives feedback to vendors by regularly monitoring their performances on various parameters including quality, cost and delivery. The Company regularly conducts Vendors meet to address concerns, if any, to ensure sustainable sourcing. The Company's image, ethical & transparent business practices, good relationship with vendors, etc. ensure that majority of the items are sourced for sustainability.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Yes, BEL is engaged in the design, manufacture & supply of Strategic Electronics Products / Systems primarily for the defence requirements as well as for select non defence markets. More than one third of the total turnover is generated from indigenously developed products.

In order to increase indigenization content & to encourage Micro & Small Enterprises (MSEs), BEL is outsourcing various items and services required for products to be supplied to defence forces. The common input materials like Electronic Components & Subsystems, Mechanical Items, Wires & Cables, Chemicals & Paints, PCB Assemblies, Fasteners, Raw Materials, Plastic Items, Office Furniture, Hand Tools, Installation & Commissioning, Annual Maintenance Contract Services etc., are being procured from MSEs. The company also participates in the annual conferences and workshops of MSEs to facilitate itself for identification of products & suppliers for procurement.

Besides, BEL also has 16 Ancillary Units owned by small entrepreneurs, at Bengaluru. The ancillary units were established to encourage establishment of small industries in different areas of production. The products manufactured by the ancillary units include Castings, Composites, Cable Harness, Coils & Transformers, Communication Equipments, Electronics Testing Systems, Indigenization of Defence Products, Industrial Tailoring, Power Supply & UPS, Rubber & Plastic Products, Sheet Metal Products, Solar Products, Stainless Steel Customized Products and Traffic Signal Systems.

The services include Advanced Welding, Assembly and Testing of Electronic Products, CNC Machining, Electroplating, Indigenization of Defence Products, Painting and coating, Product Improvement and Sheet Metal Fabrication. Design services includes : Communication, Equipments, Composites, Electronics, Equipment, Machine Design, Rubber and Plastic products, Sheet Metal Products, Shelter & Manpacks, Solar Products, Tools & Jigs etc.

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

BEL conducts various training programs at free of cost for local and small vendors to improve their capacity and capability.

The company generates updates and maintains Approved Vendor Directory (AVD) including MSEs for

standard components, materials and sub-contract items across the country. This provides ample opportunities for the small and local vendors to get qualified as the company's approved vendor by improving their capacity and capability to be in tune with the company's requirements. The AVD is referred to by all the Units / SBUs to facilitate the procurement of items from the respective local vendors.

To facilitate the vendors to scale up their capacity and capability, the vendors are evaluated through vendor rating mechanism including quality and delivery rating. Besides, the company adopts stringent criterion on various parameters including capacity and capability for evaluation. The various issues arising due to the above factors are addressed during the annual vendor meet of the company for mutual benefit.

Various Test facilities available in BEL are also extended to local and small producers.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

The Company does not recycle its products, since most of the products are used in strategic / national security applications. Products are not returned to the Company once it is handed over to the customers.

Company has well established mechanism to channelize for disposal of waste generated during the manufacture of product / equipment through authorized recyclers / handlers to respective Pollution control approved agencies. Metal wastes, Used Oil, Solvents and Copper bearing Etchants are sent to authorized recyclers for recycling and recovery. Paper, plastics are handed over to recyclers. In addition left out food waste is used for generation of Biogas.

Waste water generated during the manufacturing is treated and totally (100%) recycled water is being used for production purposes.

Principle 3

1. Please indicate the Total number of employees : 9,726
2. Please indicate the Total number of employees hired on Contractual / temporary/casual basis : 7,868
3. Please indicate the Number of permanent women employees : 2,055
4. Please indicate the Number of permanent employees with disabilities : 229
5. Do you have an employee association that is recognized by management? : Yes
6. What percentage of your permanent employees are members of this recognized employee association? : 92.99%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	01	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under-mentioned employees was given safety & skill up-gradation training in the last year?

Sl. No.	Category	% of Persons trained on Safety Aspects	% of Persons trained for skill up-gradation
1.	Permanent Employees	22.47	50.78
2.	Permanent Women Employees	24.35	67.13
3.	Casual / Temporary / Contractual Employees	24.54	9.07
4.	Employees with Disability	20.30	46.53

Principle 4

1. Has the company mapped its internal and external stakeholders? : Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? : Yes
   (i) SC / ST employees
   (ii) Employees with disabilities
   (iii) Women employees
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Special Initiatives for SC/ST employees and their children : With a view to encourage and provide financial assistance to meritorious children of SC/ST employees, Management has instituted a scholarship in the name of Late Prime Minister Shri Jawaharlal Nehru for pursuing professional courses besides Diploma / Certified courses including ITI certified course.

A Study facility centre was started for the up-liftment of the children of SC/ST employees who have inadequate parental care and improper facilities to study at their homes. A new building with facilities such as classrooms, furniture, library, etc has been constructed by the Management.

In addition, various facilities such as coaching for competitive exams, computer training, etc has been provided to SC/ST employees including their wards.

Special Initiatives for Women employees : BEL provides opportunity to its women employees to participate in various activities, facilitates interaction and exchange of ideas and problems among women employees through the forum "Women in Public Sector". The forum also works towards creating awareness amongst women employees and work towards promoting a healthy working environment within the organization.

BEL has been organizing a number of programmes related to creating health awareness among women employees. Free health checkups are conducted in coordination with other hospitals. In addition, programmes are conducted on enhancing awareness on nutrition, diet, life style management, etc.

Special initiatives for Employees with disabilities :

BEL extends special allowance and facilities for Persons with disabilities which include free transport, conveyance allowance for physically handicapped employees not using Company transport, special ramps within the factory for movement of disabled persons, special toilets have been provided wherever required, grace time to record attendance and permission granted to take the vehicles upto the place of work. Appliances such as hearing aids, calipers, aluminum folding sticks etc, for orthopedically handicapped, hearing and visually handicapped have also been provided.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

   Human Rights have been built into all the policies, systems and processes used in BEL. Human rights are a fundamental precept of all the Company policies, interactions and business ventures (Group / Joint) with suppliers / contractors / NGOs and others. The regard for Human Rights is thus an inalienable facet of all business processes in BEL and covers the entire spectrum of BEL's business activities.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   Summary of Complaints for the financial year 2017-18 :

No of Complaints Registered	No of Complaints Resolved	No of Complaints Pending
8757	8152 (93%)	605 (7%)

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

   The policy related to Principle 6 covers the company only. In addition, company promotes customer awareness in environmental management to minimize impact on environment during usage of the Company's Products. The Company also persuades and encourages its business partners / vendors / contractors to move towards environmental friendly processes, right from design to disposal.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N.

   Yes. The Company address issues such as climate change, global warming through energy conservation measures, like energy efficient chillers, lighting management system, building management systems. There is a thrust to use renewable energy resources such as wind and solar for energy generation and captive consumption.

3. Does the company identify and assess potential environmental risks? Y/N

   Yes. This is well established as a part of environment management system based on ISO14001 standards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

Yes. Generation of wind energy (Green Energy) through 2.5 MW and 8.4 MW capacity wind mill at Davanagare and 3 MW capacity wind mill at Hassan in Karnataka State.

Details of electrical energy wheeled from Wind power Plants at Davanagere and Hassan, Carbon credits earned, etc during the year 2017-18 and cumulative from inception of these are provided below :

Davanagare 2.5 MW wing energy power plant (0.5 MW X 5 Nos)

a. Total Generation during 2017-18	:	33,42,825 KW hrs
b. Total wheeled energy during 2017-18	:	30,20,701 KW hrs
c. Reduction in CO_2 emission	:	3,030 Tons of CO_2 equivalents
d. Carbon Credits	:	15,856 CERs
e. Cumulative wheeled from inception	:	3,60,05,950 KW hrs
f. Cumulative CO_2 emission reduction	:	38,862 Tons of CO_2 equivalents

Hassan 3.0 MW wind energy power plant (1.5 MW X 2 Nos)

a. Total Generation during 2017-18	:	55,33,200 KW hrs
b. Total wheeled energy during 2017-18	:	50,10,304 KW hrs
c. Reduction in CO_2 emission	:	5,025 Tons of CO_2 equivalents
d. Carbon Credits	:	Registered with UNFCC
e. Cumulative wheeled from inception	:	4,82,12,067 KW hrs
f. Cumulative CO_2 emission reduction	:	57,510 Tons of CO_2 equivalents

Davanagere 8.4 MW wind energy power plant (2.1 MW X 4 Nos)

a. Total Generation during 2017-18	:	1,95,48,600 KW hrs
b. Total wheeled energy during 2017-18	:	1,77,73,873 KW hrs
c. Reduction in CO_2 emission	:	17,822 Tons of CO_2 equivalents
d. Carbon Credits	:	To be registered with UNFCC
e. Cumulative wheeled from inception	:	3,26,84,883 KW hrs
f. Cumulative CO_2 emission reduction	:	37,739 Tons of CO_2 equivalents

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

   Yes.

   Many of the RoHS compliant processes have been introduced in PCB manufacturing and metal finishing processes, low smoke halogen cables, low VOC metal finishing operation (Poly urethane) and using alternative chemical in place of trichloroethylene in the degreasing process have been implemented. Standards for Trivalent Chromium based Chromate Conversion coating chemistry and process has been introduced in place of hexavalent based process and chemistry. Technical series document has been released on RoHS compliant Cadmium Plating alternates for fasteners and screws. Cyanide free Silver, zinc and copper plating in Naval systems electroplating shop. Introduction of Piped Natural Gas (PNG) for production in Bangalore Complex.

   BEL has got 13.9 MW wind power plant and 2800 KWp Grid interactive Roof Top solar PV power plant Plant. Total green energy wheeled form wind power plant during 2017-18 is 258 Lakhs of units and CO_2 emission avoided is 25877 Mt. In addition to other energy conservation measures like Energy efficient retrofit LED lights, DALI (Digitally Addressable Lighting Interface) Lighting control system, Sky Light pipe for day light harvesting.

   Incorporation of Green building concept have been introduced in all new buildings and all future buildings are going to meet Green Rating for Integrated Habitat Assessment (GRIHA) rating compliance.

   BEL has planted around 4700 trees against its afforestation programme during 2017-18.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

   Yes. This is being closely monitored and reported.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year : Nil, Company has good record of environment management and compliance.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with :
   a. Federation of Indian Chambers of Commerce & Industry (FICCI)
   b. Standing Conference of Public Enterprises (SCOPE)
   c. Confederation of Indian Industry (CII)
   d. Associated Chambers of Commerce and Industry of India (ASSOCHAM)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box : Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

   Whenever Policy guidelines are issued, suggestions are being provided. In addition, seminars / workshops are also attended for facilitating our view on the Policies.

Principle 8

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Yes. The Company has formulated CSR & Sustainability Policy of BEL-2017 in line with the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules-2014 and DPE Guidelines on CSR & Sustainability, 2014. The Company is pursuing its cherished value of Endeavouring to fulfill its Corporate Social Responsibilities.

   A three-tier organization structure is in place for Strategizing, Planning, Approving, Implementing, Monitoring and Reporting of the CSR programmes / projects focused towards community development.

   Tier-1 :

   The Board Level Committee is headed by CMD and the members are Director (Human Resources), Director (Other Units), Director (Finance) and an Independent Director.

   Tier-2 :

   The Apex Committee is headed by a Director (Human Resources) and the members are Head (Human Resources / CO) & Nodal Officer, Head (Finance / CO), Head (Human Resources / Bangalore Complex) and Head (Engineering Services / Bangalore Complex).

   Tier-3 :

   The Working Committee at Corporate Office is headed by General Manager (HR) who is also the Nodal Officer to facilitate implementation, reporting and co-ordination of CSR projects throughout the Company. Every Unit of BEL has a Unit Level Committee that identifies projects, submits proposals and facilitates implementation, reporting and co-ordination of CSR activities in the Unit.

   The programmes / initiatives / projects are taken up in line with the Schedule-VII of the Companies Act-2013, which are duly incorporated in our CSR & Sustainability Policy of BEL-2017 and forms the guiding principle for all our CSR programmes.

2. Are the programmes / projects undertaken through in-house team / own foundation /external NGO / government structures / any other organization?

   All the CSR initiatives in the Company are taken up through in-house teams. The CSR initiatives being pursued by the Company are broadly in the areas of :

   - Education
   - Health Care
   - Sanitation
   - Vocational Skill Development
   - Protection of Heritage Sites
   - Rural Development
   - Environment Protection & Sustainable Development

3. Have you done any impact assessment of your initiative?

   CSR programmes / projects are generally chosen in the neighbourhood of the Company's Units. These programmes / projects are implemented by the in-house teams of the Company. During the year 2013-14 as per the DPE guidelines, then extent, BEL adopted 3 Gram Panchayats (viz., Malhar, Madhwar & Kadechur) of Yadgir District of Karnataka State (most backward district of Karnataka State as identified by the Planning Commission, Govt. of India) for implementing various programmes / projects under its CSR initiatives. A Baseline Survey was initially carried out by the 'Institute of Social & Economic Change (ISEC), Bengaluru on behalf of BEL. After handing over the CSR projects to the district administration at Yadgir, BEL conducted "Impact Assessment" study of its initiatives at Yadgir by the same institution during 2016-17. The findings indicate that the CSR programmes have been well received by the 21 villages in the three adopted Gram Panchayats.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   During the year 2017-18, an amount of ₹ 3,431.77 Lakhs was set aside by the Company on various CSR programmes / projects. Some of the key programmes undertaken during the year are given in the **Annexure 3** report on CSR activities.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

   (i) BEL has implemented "Swachh Vidyalaya Abhiyaan", an initiative of the Govt. of India by constructing toilets for boys & girls in 114 schools across 8 states. The aim of this initiative is to create awareness about sanitation and inculcate hygienic habits in school children of all ages. It is envisaged that this initiative will have a cascading effect - the children becoming agents of change for healthier habits in their schools, homes and communities as well.

   (ii) BEL has whole-heartedly participated in "Swachh Bharat Abhiyan" by adopting nine villages in the vicinity of our Units in eight states across India and contributing to their holistic development. The initiatives undertaken are in the areas of Health, sanitation & providing safe drinking water, Education and Rural development. Development activities taken up include provision of borewells, overhead tanks, water distribution pipelines, solar water pumps, water filteration plant & RO drinking water facility to provide safe drinking water to the villages, de-silting of existing water bodies, cleaning of over-head tanks etc. providing sanitation facilities like Public Toilets, Sewage & drainage system, Community Toilets, garbage collection, disposal & awareness programmes on waste management & hygiene, providing required medical equipments for the primary health centres etc.

   (iii) BEL has adopted ten Government Industrial Training Institutes in eight states across India under Government of India's "Skill India" drive. Being a technology driven company, BEL will hand-hold them in their journey to become model ITIs by upgrading their infrastructure, providing required tools, state-of-the-art equipments & machinery. Industry exposure, imparting management principles & requisite soft skills, introduction to bench-marked workplace practices like 5 'S', green energy, sustainability, awareness on Health, Safety & environment etc. are some of the interventions imparted for the holistic development of the student, thereby making the student industry ready.

   (iv) Moving forward, BEL proposes to take up inclusive and sustainable development interventions in the North-Eastern Sector. Creating a sustainable ecosystem for flora and fauna in the Nagarhole Forest Reserve, Karnataka is also planned.

Principle 9

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

   There are a total of 605 complaints pending as on 31 March 2018. This amounts to 7% percent of total complaints registered. Handling customer complaint is ongoing process. The company will attend defects in such a way that the down time of the equipment is minimal. Our product support teams are located very close to the location of the products and will be able to reach out in short span of time. There are no legal cases pending as on 31 March 2018.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

   BEL being a Defence Public Sector Undertaking, the product information is sensitive and classified. Hence, there is no display of product information.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

   There is no case pending against the Company filed by stakeholder in this financial year i.e. 2017-18 and for the past five years.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Yes. An independent Customer Satisfaction Survey (CSS) was done through an external agency, viz. M/s BPMBC Marketing Research (India) Pvt Ltd, Pune, to capture the Customers' Perceptions on Quality of BEL's Products and Services. Twenty products from 19 Units / SBUs were included in 2017-18 Customer Satisfaction Survey. Results for the same is awaited. Customer Satisfaction Index for the previous year 2016-17 was 83.8% (average).

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **BHARAT ELECTRONICS LIMITED** (''the Company''), which comprise the Balance Sheet as at 31 March 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the company's branches at Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (1) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2018, and its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Other Matters

(1) We did not audit the Ind AS financial statements of six branches included in the standalone Ind AS financial statements of the company whose financial statements reflect total assets of ₹ 562,962 Lakhs as at 31 March 2018 and total revenues of ₹ 431,746 Lakhs for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of these branches have been audited by the branch auditors appointed by Comptroller & Auditor General of India, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order 2016 ('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 A, a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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

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

(b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books. The audit of the accounts of Bengaluru, Hyderabad and Chennai units and Corporate office were carried out by us, whilst the audit of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam were audited by the respective branch auditors. The report of the branch auditors have been considered by us while preparing our report. In case of New York, Singapore and other offices, not visited by us, the returns / records received from the said offices have been verified and found to be adequate for the purpose of our audit.

(c) The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by Branch auditors (in respect of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam Units) have been sent to us and have been properly dealt with by us in preparing this report.

(d) 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 of the Company and with the Returns received from the offices not visited by us.

(e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(f) The company being a government company, the Provisions of Section 164(2) of Companies Act 2013, in respect of director's disqualification, are not applicable.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer our separate report in Annexure B;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements as at 31 March 2018 - Refer Note No.30(9) to the standalone Ind AS financial statements.

(ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts - Refer Note No. 21 to the standalone Ind AS financial statements. The company do not have any derivative contracts - Refer Note No.30(17) to the standalone Ind AS financial statements.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection fund by the company.

(3) As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the Standalone Ind AS financial statements of the company (Annexure C).

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

The Annexure referred to in Independent Auditors' Report to the members of the company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that :

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situations of its fixed assets.

(b) As explained to us and based on our examination of records, the Management has generally carried out the physical verification of a portion of the Fixed Assets in accordance with their phased programme of physical verification, which is considered reasonable, having regard to the size of the Company and nature of its fixed assets. In accordance with the programme, certain fixed assets were verified during the year and discrepancies, if any, were properly dealt with on such verification during the year. As informed to us, no material discrepancies have been noticed on such verification during the year.

(c) As explained to us and based on our examination of records, the title deeds of immovable properties are held in the name of the company, except for those which are mentioned in Note No.1(xvi) (a&d) & Note No.3(xiii) to the standalone Ind AS financial statements.

(ii) The Physical verification of inventory (excluding stock with third parties and material in transit) have been conducted at reasonable intervals by the company. We were informed that, no material discrepancies have been noticed on such verification. The discrepancies noticed on such verification have been properly dealt in the books of accounts.

In respect of materials with sub-contractors, confirmation have been generally received and reconciled with the book records. However, in case of such items for which no confirmations have been received, which are not significant, the company has dealt with the same by making adequate provision in the books of accounts.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013("Act"). The company has not granted loans to firms or other parties covered in the register maintained under section 189 of the Act.

(a) According to the information and explanation given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of loans granted by the company to it's subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 are not, prima facie, prejudicial to the company's interest.

(b) According to the information and explanation given to us, the schedule of repayment of principal and payment of interest has been stipulated and repayments are regular.

(c) There are no overdue amounts in respect of the loan granted to the subsidiary company listed in the register maintained under section 189 of the Act.

(iv) The company being a Government company, the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, are not applicable.

(v) According to the information and explanations given to us, the company has not accepted any deposit from public in the current year as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under. We were informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

All deposits have matured and settled except for ₹ 36.95 Lakhs, out of which ₹ 36.50 Lakhs is retained as per Garnishee Order of Lokayukta, Bengaluru and the balance of ₹ 0.45 Lakhs though matured is unpaid due to legal issues.

(vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for the maintenance of cost records under section 148 (1) (d) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed cost accounts and records have been made and maintained. However, we have not carried out any detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) Based on our examination of books of account and according to the information and explanations given to us, in our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, Income tax, Goods and Services Tax, Sales tax, Service Tax, duty of customs, duty of excise, Value Added Tax, Cess and other statutory dues applicable to the appropriate authority. No undisputed statutory dues were outstanding as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given and records provided to us, income tax, sales tax, service tax and other taxes which have not been deposited as at 31 March 2018, on account of dispute are as under :

(₹ in Lakhs)

Name of the Statute	Nature of dues	Financial year to which amount relates	Amount	Forum where dispute is pending
Income Tax Act	Income Tax	2007-08 to 2017-18	137.99	TDS Circle, LTU
Income Tax Act	Disallowances as per Assessment orders	2008-09, 2009-10, 2011-12 to 2013-14	2461.67	Various levels of appellate authorities, Bengaluru
Chapter V of Finance Act,1994	Service Tax	2007-08, 2009-10 to 2011-12	397.08	Customs, Excise and Service Tax Appellate Tribunal(CESTAT)
Chapter V of Finance Act, 1994	Service Tax	2010-11 to 2015-16	688.96	Commissioner of GST and Central Excise
CST	Sales Tax dues & benefit of concessional Form C, Benefit of concessional Form D not allowed	1980-81, 1989-90	12.34	Case remanded to Deputy Commissioner(Appeals)
CST	CST	2005-06 to 2007-08	1346.14	Sales Tax Appellate Tribunal
CST	Acceptance of duplicate copy of 3D(1)	1991-92	1.51	Appeal filed with DC (Appeals) for acceptance of duplicate copy of 3D(1)
CST Act 1956/ Karnataka VAT Act, 2003	Sales Tax	2008-09, 2010-11 to 2014-15	443.64	DCCT (6.1), DCCT (6.2) and DCCT (6.3)
CST Act 1956/ Karnataka VAT Act, 2003	Sales Tax	2008-09 to 2013-14 and 2015-16	85,079.37	Joint Commissioner of Commercial Taxes (Appeal 6)
Andhra Pradesh State VAT Act	Sales Tax	2009-10	21.66	Commercial Tax officer, Nampally, Hyderabad
Customs Act	Customs Duty	2009-10 to 2012-13	123.22	Assistant Commissioner of customs
Customs Act	Customs Duty	2012-13	25.45	Commissioner of Customs
ESI Act,1948	ESI contribution, Interest & Cost of Recovery	1992-93, 1998-2001	30.43	Hon'ble High Court of Andhra Pradesh
ESI Act,1948	Interest & Damages towards late deposit	1996-97	3.52	Hon'ble High Court of Punjab & Haryana (Chandigarh)
Central Excise Act	MODVAT credit, Excise Duty	1991-92	29.69	Commissioner Appeals
Central Excise Act	Interest on Excise Duty	2011-12 & 2012-13	243.87	Customs, Excise and Service Tax Appellate Tribunal(CESTAT)
Vacant Land Tax	Vacant Land Tax	1998-99 to 2003-04	10.35	Director, Directorate of Town Panchayat, Chennai
Tamil Nadu General Sales Tax Act	Sales Tax	2007-08 to 2009-10	36.52	Deputy Commercial Tax Officer

(₹ in Lakhs)

Name of the Statute	Nature of dues	Financial year to which amount relates	Amount	Forum where dispute is pending
Sales Tax	Sales Tax	2008-09	58.85	Rajasthan Tax Board
Sales Tax Act, Bihar	Disputed Tax under Bihar Sales Tax	1995-96 to 1997-98	66.44	Commissioner of Commercial Taxes(Appeals), Chirkunda, Bihar for 1995-96, 1996-97
Urban Land Tax	Urban Land Tax	1984-85 to 2002-03	41.44	Principal commissioner and commissioner of land Reforms
Trade Tax Dues	Rate of Taxes	2000-01 to 2001-02	361.16	Hon'ble High Court of Uttarakhand, Nainital
Total disputed amount			**91,621.30**	
Total amount paid under protest pending final orders			**10,084.12**	

(viii) Based on our examination of books of account and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or Bank or Government or debenture holders.

(ix) To the best of our knowledge and according to the information and explanation given to us, term loans availed by the Company were prima facie applied by the Company during the year for the purpose for which the loans were obtained and the Company did not raise any money by way of Initial Public Offer or further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records and according to the information and explanation given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year nor we have been informed of any such case by the management.

(xi) The company being a Government company, the provisions in relation to disbursement of managerial remuneration as mandated by section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company.

(xii) The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.

(xiii) On the basis of examination of records of the Company and information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable Indian accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review and hence reporting under clause 3(xiv) of the Order is not applicable to the company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him and therefore, the provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The company is not required to be registered under section 45-IA of Reserve Bank of India.

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No.223118

Bengaluru
29 May 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of **BHARAT ELECTRONICS LIMITED,** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No.223118

Bengaluru
29 May 2018

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Bharat Electronics Limited, for the year 2017-18 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sl. No.	Direction / Sub-direction	Action Taken	Impact on Financial Statement
1	Whether the Company has clear title / lease for the freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available?	Yes, the company holds clear title / lease for freehold and leasehold lands. However, 1) In case of freehold and leasehold land measuring 1,074.42 acres, (Bengaluru Complex, Hyderabad and Kotdwara Units), sale deeds are pending finalization / execution. 2) Title deeds of land measuring 1.52 acres (Bengaluru complex and Panchkula Units) are under litigation. 3) Disputed demand of ₹ 2.56 crores for additional compensation from TSIIC towards land aggregating to 22.375 acres included in contingent liabilities.	Nil
2	Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons therefore and the amount involved.	The total write off during the year aggregating to ₹ 25,868 Lakhs as detailed in the annexure.	Annexure 1
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	Yes, based on our verification, proper records are maintained for the inventories lying with third parties and we were informed that no assets were received as gift from Government or other authorities.	Nil

Annexure 1

(₹ in Lakhs)

Sl. No.	Particulars	Total Amount written off	Write off Against Provision / Accumulated Depreciation	Impact on Statement of Profit & Loss
1	Bad debts / Liquidated damages / advances written off	23,995	23,825	170
2	Raw Materials, Stores & Components	1,873	1,824	49
3	Fixed Assets write off	-	-	-
Total Write off		**25,868**	**25,649**	**219**

Insp./BEL Accs(2017-18)/2018-19/244
सं./No.

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

दिनांक/ DATE. 23 July 2018

To
Shri M V Gowtama,
Chairman and Managing Director,
M/s. Bharat Electronics Limited,
PO Nagavara, Outer Ring Road
Bengaluru – 560 045.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2018.

I forward "**Nil Comments**" Certificates of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Standalone and Consolidated Financial Statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2018.

It may please be ensured that the comments are:

(i) Printed in toto without any editing;

(ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and

(iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication to the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,

23/7/2018

(N. Subramanian)
Director (Admin)

Encl: As above.

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

दू.भा./Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

23/07/18

(Santosh Kumar)
Principal Director of Commercial Audit

Place: Bengaluru
Date: 23 July 2018

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2018

The preparation of Consolidated Financial Statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2018. We conducted a supplementary audit of the financial statements of M/s. Bharat Electronics Limited, Bengaluru, M/s. BEL Optronic Devices Limited, Pune and M/s. BEL-THALES Systems Limited, Bengaluru but did not conduct supplementary audit of the financial statements of M/s. GE BE Private Limited, Bengaluru for the year ended on that date. **Further, section 139(5) and 143(6)(b) of the Act are not applicable to M/s. GE BE Private Limited, Bengaluru being private entity for appointment of their Statutory Auditor or for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

23/7/18

(Santosh Kumar)
Principal Director of Commercial Audit

Place: Bengaluru
Date: 23 July 2018

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	**1**	160,441	125,476
(b) Capital work-in-progress	**2**	39,545	36,389
(c) Investment property	**3**	11	12
(d) Other intangible assets	**4**	257	43
(e) Intangible assets under development	**5**	43,735	29,242
(f) Financial assets			
(i) Investments	**6**	90,315	45,970
(ii) Trade receivables	**7**	-	-
(iii) Loans	**8**	4,577	3,718
(iv) Other financial assets	**9**	2,855	3,151
(g) Deferred tax assets (net)	**10**	43,117	53,228
(h) Inventories	**11**	18,780	4,925
(i) Other non current assets	**12**	21,587	11,299
		425,220	**313,453**
(2) Current assets			
(a) Inventories	**11**	458,772	485,576
(b) Financial assets			
(i) Trade receivables	**7**	570,458	435,488
(ii) Cash & cash equivalents	**13**	73,822	268,596
(iii) Bank balances [other than (ii) above]	**14**	48	110,422
(iv) Loans	**8**	2,724	4,328
(v) Other financial assets	**9**	139,986	26,993
(c) Current tax assets (net)	**15**	24,994	9,991
(d) Other current assets	**12**	153,066	60,766
		1,423,870	**1,402,160**
TOTAL ASSETS		**1,849,090**	**1,715,613**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	**16**	24,366	22,336
(b) Other equity		751,735	728,518
		776,101	**750,854**

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
LIABILITIES			
(1) Non-current liabilities			
(a) Deferred income	**17**	3,298	827
(b) Financial liabilities			
(i) Borrowings	**18**	3,333	1,667
(ii) Trade payables	**19**	5	-
(iii) Other financial liabilities	**20**	123	72
(c) Provisions	**21**	82,249	89,019
(d) Other non-current liabilities	**22**	1,035	1,469
		90,043	**93,054**
(2) Current liabilities			
(a) Deferred income	**17**	86	20
(b) Financial liabilities			
(i) Trade payables	**19**	140,015	133,061
(ii) Other financial liabilities	**20**	84,671	61,055
(c) Other current liabilities	**22**	714,379	636,558
(d) Provisions	**21**	43,795	41,011
(e) Current tax liability (net)	**15**	-	-
		982,946	**871,705**
TOTAL EQUITY AND LIABILITIES		**1,849,090**	**1,715,613**

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Statement of Profit & Loss

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
I	Revenue from operations	23	1,040,061	914,044
II	Other income	24	20,038	47,101
III	**Total income (I+II)**		**1,060,099**	**961,145**
IV	**EXPENSES**			
	(a) Cost of material consumed		460,182	429,653
	(b) Cost of stores & spares consumed		3,764	3,288
	(c) Consumption of stock in trade		49,680	50,281
	(d) Changes in inventories of finished goods, work in progress & scrap	25	37,889	(41,913)
	(e) Excise duty		7,828	52,856
	(f) Employee benefits expense	26	177,233	154,831
	(g) Finance costs	27	127	1,178
	(h) Depreciation and amortisation expense	28	25,100	19,152
	(i) Other expenses	29	103,512	88,877
	TOTAL EXPENSES (a to i)		**865,315**	**758,203**
V	**Profit before exceptional items & tax (III - IV)**		**194,784**	**202,942**
VI	Exceptional items		-	-
VII	**Profit before tax (V-VI)**		**194,784**	**202,942**
VIII	**Tax expense**	10		
	- Current tax		45,091	51,500
	- Earlier years		(481)	(873)
	- Deferred tax		10,245	(2,447)
	Total provision for taxation		**54,855**	**48,180**
IX	**Profit for the year (VII - VIII)**		**139,929**	**154,762**
X	**Other comprehensive income / (loss)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/asset		219	(13,890)
	- Equity instruments through other comprehensive income		1	1
	- Income tax relating to these items		(75)	4,704
	Total other comprehensive income / (loss) (net of tax)		**145**	**(9,185)**
XI	**Total comprehensive income for the year (IX+X) [comprising profit and other comprehensive income for the year]**		**140,074**	**145,577**
XII	**Earnings per equity share (face value of ₹ 1/- each) :**	30(1)		
	(1) Basic [in ₹]		**5.70**	**6.03**
	(2) Diluted [in ₹]		**5.70**	**6.03**

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Statement of Changes in Equity

(₹ in Lakhs)

A. Equity Share Capital

	Note No.	Amount
Balance as at 1 April 2016	16	24,000
Changes in equity share capital during the year		
- Buyback of shares		(1,664)
Balance as at 31 March 2017		22,336

	Note no.	Amount
Balance as at 1 April 2017	16	22,336
Changes in equity share capital during the year		
- Issue of bonus shares		2,234
- Buyback of shares		(204)
Balance as at 31 March 2018		24,366

B. Other equity

	Note No.	Reserves & surplus				Other reserve		Total other equity
		Capital reserve *	Capital redemption reserve *	General reserves	Retained earnings	Equity instru-ments through other compre-hensive income *	Other compre-hensive income *	
Balance as at 1 April 2016		**4,669**	-	**456,122**	**415,805**	**1**	**(2,237)**	**874,360**
Profit for the year					154,762			154,762
Addition during the year						1	(9,186)	(9,185)
Total		4,669	-	456,122	570,567	2	(11,423)	1,019,937
Corporate social responsibility (CSR)	30(18)				(1,822)			(1,822)
Amount transfer to general reserve				40,000	(40,000)			-
Transaction with owners in their capacity as owner								
Dividends	16				(61,604)			(61,604)
Dividend distribution tax	16				(12,541)			(12,541)
Buyback of shares	16		1,664	(217,116)				(215,452)
Balance as at 31 March 2017		**4,669**	**1,664**	**279,006**	**454,600**	**2**	**(11,423)**	**728,518**

Statement of Changes in Equity

(₹ in Lakhs)

	Note No.	Reserves & surplus				Other reserve		Total other equity
		Capital reserve *	Capital redemption reserve *	General reserves	Retained earnings	Equity instruments through other comprehensive income *	Other comprehensive income *	
Balance as at 1 April 2017		**4,669**	**1,664**	**279,006**	**454,600**	**2**	**(11,423)**	**728,518**
Profit for the year					139,929			139,929
Addition during the year						1	144	145
Total		4,669	1,664	279,006	594,529	3	(11,279)	868,592
Corporate social responsibility (CSR)	30(18)				(2,059)			(2,059)
Amount transfer to general reserve				40,000	(40,000)			-
Transaction with owners in their capacity as owner								
Dividends	16				(62,765)			(62,765)
Dividend distribution tax	16				(12,777)			(12,777)
Issue of bonus shares	16			(2,234)				(2,234)
Buyback of shares	16		204	(37,226)				(37,022)
Balance as at 31 March 2018		**4,669**	**1,868**	**279,546**	**476,928**	**3**	**(11,279)**	**751,735**

* Refer Note 16(b).

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Cash Flow Statement

(₹ in Lakhs)

	PARTICULARS	For the year ended 31 March 2018	For the year ended 31 March 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Profit before exceptional items and tax	194,784	202,942
	Adjustments for :		
	Depreciation and AMORTISATION expense	25,100	19,152
	Corporate social responsibility	1,638	1,164
	Transfer from Government grants	(659)	(1,378)
	Remeasurement of the net defined benefit liability/asset	219	(13,890)
	Interest income	(15,470)	(34,027)
	Dividend income	(404)	(5,200)
	Finance cost	127	1,178
	Fair Valuation of Loan to Subsidiary	(34)	(41)
	Profit on sale of property, plant & equipments	(135)	(192)
	Operating Profit Before Working Capital Changes	**205,166**	**169,708**
	Increase / (Decrease) in :		
	Trade receivables	(134,970)	(64,295)
	Loans	745	503
	Other financial assets	(112,697)	(4,868)
	Other assets	(102,588)	(17,578)
	Inventories	12,949	(72,754)
	Trade payables	6,959	16,860
	Other financial liabilities	28,804	7,582
	Other liabilities	77,387	(17,664)
	Provisions	(3,987)	38,308
	Current tax asset	7,892	(2,368)
	Cash Generated from Operations	**(14,340)**	**53,434**
	Income taxes paid (net)	(67,714)	(64,924)
	Receipt of grants	3,200	1,752
	Cash Flow Before Exceptional Items	**(78,854)**	**(9,738)**
	Exceptional items	-	-
	Net Cash from / (used in) Operating Activities	**(78,854)**	**(9,738)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of property, plant & equipments and other intangible assets	(77,927)	(69,703)
	Proceed from sale of property, plant & equipments	135	212
	Increase / (Decrease) from term deposits & other bank balances	110,374	359,100
	Equity investments in subsidiaries	(1,745)	(7,525)
	Investments in others	(42,567)	(6,492)
	Interest received	15,470	34,027
	Dividend received	404	5,200
	Net Cash from / (used in) Investing Activities	**4,144**	**314,819**

Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	For the year ended 31 March 2018	For the year ended 31 March 2017
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceed / Repayment from borrowings (net)	1,666	5,000
Purchase of shares under buyback scheme	(37,226)	(217,116)
Corporate social responsibility (CSR) expenditure	(2,461)	(2,455)
Dividend paid (including tax on dividend)	(81,916)	(67,744)
Finance cost	(127)	(1,178)
Net Cash from / (used in) Financing Activities	**(120,064)**	**(283,493)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(194,774)**	**21,588**
Cash and Cash Equivalents at the beginning of the year	**268,596**	**247,008**
Cash and Cash Equivalents at the end of the year	**73,822**	**268,596**

Note : Non-cash changes recognised in respect of liabilities on account of financing activities is Nil during the year.

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

Natarajan V
Partner
Membership No. 223118

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Notes to Accounts

(₹ in Lakhs)

NOTE 1

Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTIZATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2018	Accumulated depreciation / amortisation as at 1 April 2017	Depreciation/ amortization for the year	Deductions / adjustments during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	11,640	1,267	-	**12,907**	-	-	-	**-**	**12,907**	**11,640**
Leasehold land	500	-	-	**500**	14	7	-	**21**	**479**	**486**
Roads and culverts	468	20	-	**488**	56	30	-	**86**	**402**	**412**
Buildings	28,433	11,997	-	**40,430**	2,351	1,697	-	**4,048**	**36,382**	**26,082**
Installations	3,249	250	-	**3,499**	733	447	-	**1,180**	**2,319**	**2,516**
Plant and machinery	56,531	23,537	(21)	**80,089**	13,973	10,398	(21)	**24,392**	**55,697**	**42,558**
Electronic equipment	32,751	10,404	-	**43,155**	8,942	6,060	-	**15,002**	**28,153**	**23,809**
Equipment for R & D lab	17,109	8,300	4	**25,405**	6,604	4,188	4	**10,788**	**14,617**	**10,505**
Vehicles	294	213	-	**507**	120	94	-	**214**	**293**	**174**
Office equipment	5,175	2,489	9	**7,655**	1,903	1,272	9	**3,166**	**4,489**	**3,272**
Furniture, fixtures and other equipments	5,343	1,531	1	**6,873**	1,355	836	1	**2,190**	**4,683**	**3,988**
Assets acquired for sponsored research	65	-	-	**65**	31	14	-	**45**	**20**	**34**
Total	**161,558**	**60,008**	**(7)**	**221,573**	**36,082**	**25,043**	**(7)**	**61,132**	**160,441**	**125,476**
Previous Year	114,568	47,023	33	**161,558**	16,990	19,105	13	**36,082**	**125,476**	**97,578**

i. Freehold Land consists of 2064.29 acres (2064.29 acres) and Leasehold Land consists of 290.26 acres (290.26 acres).

ii. Freehold Land includes 7.11 acres (7.11 acres) leased to commercial / religious organisations and in their possession.

iii. Lease Hold land includes land taken on Lease at Kochi for 90 Years and capitalised in the year 2008-09.

iv. Additions during the year includes, ₹ 1,982 (₹ 1,089), ₹ 15 (₹ 5) and ₹ 222 (Nil) in respect of the assets of Central Research Laboratories, Pune and Hyderabad Unit respectively, R&D assets accounted under natural code heads.

v. Electronic Equipment value includes POS machines valuing ₹ 1,026 (₹ 1026) which are under the control of Haryana Government (operating Lease).

vi. **Site Restoration Obligation**

Refer Note 21 for Site Restoration Obligation in respect of Wind Mill & Solar Power Plants.

Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 467 (₹ 83) in respect of Wind Mill & Solar Power Plants.

vii. **Contractual Commitment**

Refer Note 30(7) for outstanding Contractual Commitment.

viii. **Deemed Cost**

On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the Property, Plant & Equipment.

Notes to Accounts

(₹ in Lakhs)

ix. **Estimation of Useful Life of Assets**

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

The estimated useful lives of various categories of Tangible Assets is as follows:

Asset Class	Years
Buildings	20 - 40
Roads & Culverts	20 - 40
Installations	10
Plant & Machinery	5 - 25
Electronic Equipments	5 - 7
Vehicles	4 - 5
Office Equipments	6 - 7
Furniture & Fixtures	6 - 10
Equipments for R&D Labs	5

x. **Depreciation / Amortisation**

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

xi. **Method of Accounting Depreciation**

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

xii. **Impairment of Assets**

Refer Note 30(5).

xiii. **Compensation from third parties**

Nil (Nil).

xiv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property Plant & Equipment.

xv. Land acquired free of cost from the Government in some units has been accounted in line with provisions of Ind AS 101.

xvi. **Details of Registration, Pending Litigation etc.,**

a. Deeds containing the terms of transfer / grant of land from State Governments / State Undertakings have been registered during the FY 2014-15 in respect of 86.60 acres (86.60 acres) valuing ₹ 197 (₹ 197) pertaining to Panchkula Unit. However, rectification of land area held by BEL for Township from 30.00 acres (30.00 acres) to 28.60 acres (28.60 acres) in records of HUDA and Registration Authority is in process. The title deed in respect of land measuring 0.30 acres (0.30 acres) is under litigation.

b. Pending execution of title / sale deeds and handing over of physical possession of land allotted to BEL Hyderabad Unit by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in respect of land measuring 5.60 acres (5.60 acres) in Mallapur, Hyderabad and the matter being under litigation, no provision towards registration and other cost has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65 (₹ 65) is included in Capital Advances.

c. Based on the Memorandum of Understanding reached with the Defence authorities, assets constructed on the land allotted to BEL and in possession of BEL are capitalised under the respective heads for setting up of the Hyderabad Unit. Pending finalisation of the terms and conditions by the appropriate authorities, the cost of land measuring 25.11 acres (25.11 acres) has not been accounted in the books of accounts.

Notes to Accounts

(₹ in Lakhs)

d. Land admeasuring to 122.82 acres (122.82 acres) at Ibrahimpatnam alloted by APIIIC / TSIIC possession is given for which sale deed is pending [Hyderabad Unit]. Sale deed is pending for finalisation fo the land admeasuring to 913.99 acres (913.99 acres) at Palasamudram, Ananthapur Dist. AP [BG Complex]. Sale deed is pending for finalisation/ execution for the land admeasuring to 12.50 acres (12.50 acres) [Kotdwara Unit].

e. A demand of ₹ 256 (₹ 256) being 50% of the compensation amount decreed by City Civil Court, Hyderabad has been received towards additional compensation from TSIIC dated 31.01.2015 for Land of 22.375 acres (22.375 acres) which is part of free hold land mentioned above. The demand is under dispute and hence, no provision in respect of the same has been made in the books of accounts.

f. Free hold Land to the extent of 1.22 acres (1.22 acres) which was allotted by Government Authorities in return for handing over of Land measuring 1.24 acres (1.24 acres) is under litigation (Bangalore Complex Unit).

g. The Company has installed Windmill Generator at three locations. Windmill Generator-I capitalized in the year 2006-07 on Lease Land. Upfront Lease rent is Nil and Lease Agreement for the land is pending finalization. Windmill Generator–II is capitalized in the year 2007-08 on the leased land by paying upfront lease rent of ₹ 36 which being an operating lease classified as Other assets. Lease Agreement for the land is pending finalization. Windmill Generator–III is capitalized in the year 2015-16 on the leased land by paying upfront lease rent of ₹ 161 which being an operating lease classified as Other assets.

	As at 31 March 2018		As at 31 March 2017	
NOTE 2				
Capital work-in-progress				
Civil Construction	21,320		23,642	
Plant & Machinery	4,886		6,304	
Others	11,785		4,742	
Capital Items in Transit	1,555		1,702	
		39,546		**36,390**
Less : Provision		(1)		(1)
		39,545		**36,389**

i. Civil Construction mainly comprises of Production related building, R&D building & Employee Quarters.

ii. Borrowing costs of ₹ 378 (₹ 1) [net of interest income] has been included in Capital WIP in respect of employee quarters under construction. The capitalisation rate is 8.15% p.a.

iii. Refer Note 30(7) in respect of Contractual Commitment.

iv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, Plant & Equipment.

NOTE 3

Investment property

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2018	Accumulated depreciation / amortisation as at 1 April 2017	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	**14**	2	1	-	**3**	**11**	**12**
Total	**14**	-	-	**14**	**2**	**1**	-	**3**	**11**	**12**
Previous Year	**14**	-	-	**14**	**1**	**1**	-	**2**	**12**	**13**

Notes to Accounts

(₹ in Lakhs)

i. **Amount recognised in Statement of Profit & Loss**

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Rental Income	147	138
b. Direct Operating Expenses (including R&M) from property that generated rental income	-	-
c. Direct Operating Expenses (including R&M) from property other than above	-	-
d. Depreciation	1	1
e. Profit from Investment Property	146	137

ii. Refer Note 30(7) for Contractual Commitment.

iii. **Fair Value of the investment properties**

	As at 31 March 2018	As at 31 March 2017
Land	1962	1962
Building	902	836

iv. Land comprises of Free Hold Land of 1.36 acres (1.36 acres) in Bengaluru.

v. **Estimation of Fair Value**

The company has estimated the fair value of the Investment Property based on the Government Guidance Value (municipal value) of the similar properties in the investment property's location. All resulting fair value estimates for the investment properties are included in Level 2.

vi. **Deemed Cost**

On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its investment property as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the investment property.

vii. **Estimation of Useful Life of Assets**

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

Asset Class	Years
Buildings	40

viii. **Depreciation**

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

The amount of Depreciation has been recognised as expense in the Statement of Profit and Loss.

ix. **Method of Accounting Depreciation**

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

x. **Impairment of Assets**

As the fair value of the Investment Property is higher than its carrying value, there is no indication of impairment.

xi. **Restrictions on the realisability of Investment Property**

The land is alloted by Government of India.

xii. **Related Party Transactions**

Investment Property includes Building and land measuring 0.31 acres (0.31 acres) given under cancellable operating lease to Subsidiary Company BEL Thales System Ltd. Also Refer Note 31.

xiii. **Details of Registration Pending Litigation etc.,**

Nil (Nil).

Notes to Accounts

(₹ in Lakhs)

NOTE 4
Other intangible assets

PARTICULARS	GROSS CARRYING AMOUNT				AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2018	Accumulated amortisation as at 1 April 2017	Amortisation for the year	Deductions/ adjustments during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Intangible assets - others										
Software licenses / implementation Enterprise resource planning (ERP)	127	106	-	**233**	84	56	-	**140**	**93**	**43**
Others (Development Cost) *	-	164	-	**164**	-	-	-	**-**	**164**	**-**
Total	**127**	**270**	**-**	**397**	**84**	**56**	**-**	**140**	**257**	**43**
Previous Year	**107**	**20**	**-**	**127**	**38**	**46**	**-**	**84**	**43**	**69**

* Amortisation for the year includes INR 4,497 [represents absolute figure] which is rounded off.

i. **Deemed Cost**
On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its other intangible assets as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of other intangible assets.

ii. **Estimated useful life**
The estimated useful lives of the Other Intangible Assets is as follows :

Asset Class	Years
Software licenses / implementation Enterprise resource planning (ERP)	3
Others (Development Cost)	10

iii. **Amortisation**
Amortisation is calculated on a straight-line basis over the estimated useful lives of the Assets.
The amount of amortisation has been recognised as expense in the Statement of Profit and Loss.

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

v. Refer Note 30(7) for Contractual Commitment.

vi. **Impairment of Assets**
Refer Note 30(5).

vii. The restriction on the title of the assets is governed by the terms of agreement.

viii. Refer Note 30(8) for the aggregate amount of research and development expenditure recognised as an expense during the period.

	As at 31 March 2018	As at 31 March 2017
NOTE 5		
Intangible assets under development		
Internally developed *	43,723	29,230
Others		
Software licenses / implementation Enterprise resource planning (ERP)	12	12
	43,735	**29,242**

* Includes funding to other development agencies.
i. Refer Note 30(7) for Contractual Commitment.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 6		
Investments		
Fair Valuation of Loan given to Subsidiary		
BEL Optronic Devices Ltd., Pune	190	156
(I) Investment in Equity Instruments (Unquoted)		
(a) Subsidiary (at Cost)		
(i) BEL Optronic Devices Ltd., Pune		
6,631,367 (5,922,635) equity shares of ₹ 100 each fully paid	12,325	10,581
(ii) BEL-Thales Systems Limited, Bengaluru		
4,263,538 (4,263,538) equity shares of ₹ 100 each fully paid	4,264	4,264
(b) Associate (at Cost)		
GE-BE Private Ltd., Bengaluru		
2,600,000 (2,600,000) equity shares of ₹ 10 each fully paid	260	260
(c) Others (at FVOCI) (Refer Note iv below)		
Mana Effluent Treatment Plant Ltd., Hyderabad		
500 (500) equity shares of ₹ 1,000 each fully paid	7	7
(II) Other Investments (Unquoted)		
(a) Investment in Co-operative Societies (at Cost)*		
Cuffe Parade Persopolis Premises Co-operative Society, Mumbai		
40 (40) Shares of ₹ 50 each fully paid	-	-
Sukh Sagar Premises Co-op. Society, Mumbai		
10 (10) Shares of ₹ 50 each fully paid		
Shri Sapta Ratna Co-op. Society Ltd., Mumbai		
10 (10) Shares of ₹ 50 each fully paid	-	-
Dalamal Park Co-op. Society Ltd., Mumbai		
5 (5) Shares of ₹ 50 each fully paid		
Chandralok Co-op. Housing Society Ltd., Pune		
30 (30) Shares of ₹ 50 each fully paid	-	-
(b) Others (at FVTPL)		
Life Insurance Corporation of India (Refer Note ii)	73,269	30,702
	90,315	**45,970**

* INR 4,750 [represents absolute figure] (INR 4,750) [represents absolute figure] which is rounded off. The same represents value of share acquired in Housing Societies as per their by-law regulation.

Notes to Accounts

(₹ in Lakhs)

	2017-18	2016-17
ia. Aggregate value of quoted investments and market value thereof	-	-
ib. Aggregate value of unquoted investments	90,315	45,970
ic. Aggregate amount of impairment in value of investments	-	-

ii. The company has invested its Leave Encashment & "BEL Retired Employees' Contributory Health Scheme" (BERECHS) liabilities in LICs New Group Leave Encashment Plan & New Group Superannuation Cash Accumulation Plan respectively [Refer Note 21].

iii. Refer Note 33 for classification of financial instruments.

iv. a. The Company has designated investment in equity shares of M/s Mana Effluent Treatment Plant Ltd., at FVOCI because these equity shares represent investments that are intended to be held for long-term for strategic purposes. Fair Value of the Investment based on Net Asset Value Method is given below :

Particulars	Fair value as at 31 March 2018	Dividend income recognised during 2017-18	Fair value as at 31 March 2017	Dividend income recognised during 2016-17
Investment in Mana Effluent Treatment Plant Ltd.	7	-	7	-

b. Company has not received any dividend so far on these Investments.

c. No strategic investments were disposed off during 2017-18, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

v. **Related party disclosure**

For Related Party Disclosures refer Note 31.

	As at 31 March 2018	As at 31 March 2017
NOTE 7		
Trade receivables		
Non Current		
Unsecured, Considered Doubtful		
Trade receivables	120,650	126,610
Less : Provision	(120,650)	(126,610)
Sub Total (A)	**-**	**-**
Current		
Secured, considered good	43	26
Unsecured, considered good	570,415	435,462
Sub Total (B)	**570,458**	**435,488**
Total (A+B)	**570,458**	**435,488**

i. **Financial instruments**
Refer Note 33 for classification of financial instruments.

ii. **Impairment of financial assets**
Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iii. **Related party disclosure**
For Related Party Disclosures refer Note 31.

iv. **Security, Hypothecation etc**
Refer Note 35.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 8		
Loans		
Non Current		
Unsecured, Considered Good		
Security deposits	1,841	1,796
Loans to employees	645	671
Loans to related parties*	2,091	1,251
	4,577	**3,718**
Unsecured, Considered Doubtful		
Security deposits	114	99
Less : Provisions	(114)	(99)
	-	**-**
Others		
Loans to employees	1	1
Less : Provisions	(1)	(1)
	-	**-**
Loans to others	132	132
Less : Provisions	(132)	(132)
	-	**-**
Sub Total (A)	**4,577**	**3,718**
Current		
Unsecured, Considered Good		
Security deposits	1,284	1,054
Loans to related parties* (including accrued interest)	1,266	3,124
Others		
Loans to employees	174	150
Sub Total (B)	**2,724**	**4,328**
Total (A+B)	**7,301**	**8,046**

* Maximum amount outstanding at any time during the year is ₹ 4,650 (₹ 5,000).

i. **Financial Instruments**
Refer Note 33 for classification of financial instruments.

ii. **Impairment of Financial Assets**
Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iii. **Related Party Disclosure**
For Related Party Disclosures refer Note 31.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 9		
Other financial assets		
Non Current		
Unsecured, Considered Good		
Advance to others	-	1
Receivables other than trade receivables	87	21
Other assets	2,768	3,129
	2,855	**3,151**
Unsecured, Considered Doubtful		
Advance to others	13	1
Less : Provisions	(13)	(1)
	-	**-**
Accrued income	-	240
Less : Provisions	-	(240)
	-	**-**
Receivables other than trade receivables	24	30
Less : Provisions	(24)	(30)
	-	**-**
Other assets	74	74
Less : Provisions	(74)	(74)
	-	**-**
Sub Total (A)	**2,855**	**3,151**
Current		
Unsecured, Considered Good		
Advance to employees	100	189
Advance to others	5	3
Accrued income	134,457	20,792
Interest accrued but not due on term deposits	3,649	5,346
Receivables other than trade receivables	368	205
Other assets	1,407	458
Sub Total (B)	**139,986**	**26,993**
Total (A+B)	**142,841**	**30,144**

i. **Financial Instruments**
Refer Note 33 for classification of financial instruments.

ii. **Impairment of Financial Assets**
Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iii. **Related Party Disclosure**
For related party disclosures refer Note 31.

iv. Net carrying amount of ₹ 13 (₹ 13) has been added in Other assets with respect to Property, Plant and Equipment not in active use and pending for disposal.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 10		
Deferred tax assets (net)		
Deferred tax assets	64,211	65,553
Deferred tax liabilities	21,094	12,325
	43,117	**53,228**

i. **Income Tax Recognised in Statement of Profit and Loss**

Particulars	As at 31 March 2018	As at 31 March 2017
Income Tax Expenses :		
- Current period	45,091	51,500
- Changes in estimates related to earlier years	(481)	(873)
Deferred tax :		
- Origination and reversal of temporary differences	10,245	(2,447)
Total deferred tax expense / (benefit)	**10,245**	**(2,447)**
Income tax expenses	**54,855**	**48,180**

ii. **Income Tax recognised in other comprehensive income**

Particulars	As at 31 March 2018			As at 31 March 2017		
	Before Tax	Tax (expense) / benefit	Net of Tax	Before Tax	Tax (expense) / benefit	Net of Tax
Remeasurement of the net defined benefit liability/(asset)	219	75	144	(13,890)	4,704	(9,186)
Equity instruments through other comprehensive income	1	-	1	1	-	1
Total	**220**	**75**	**145**	**(13,889)**	**4,704**	**(9,185)**

iii. **Income Tax recognised directly in Equity**

There are no income tax recognised directly in equity for the year ended 31 March 2018 & 31 March 2017.

iv. **Reconciliation of Effective Tax Rates**

Particulars	As at 31 March 2018		As at 31 March 2017	
	Rate	Amount	Rate	Amount
Profit Before Tax		194,784		202,942
Tax using the company's Domestic Tax Rate	34.61%	67,411	34.61%	70,235
Effect of				
Additional deduction on Research & Development Expenses	-6.55%	(12,759)	-9.07%	(18,404)
Tax Exempt Income	-0.07%	(140)	-0.89%	(1,800)
Tax Incentives	-0.30%	(584)	-0.84%	(1,700)
Changes in estimates related to previous years	-0.25%	(481)	-0.43%	(873)
Non-deductable Expenses	0.28%	555	0.19%	389
Others	0.44%	853	0.16%	333
Effective Tax rate	28.16%	54,855	23.74%	48,180

Notes to Accounts

(₹ in Lakhs)

v. **Deferred Tax (Assets) and Liabilities are attributable to the following :**

Particulars	Deferred Tax (Assets)		Deferred Tax Liability		Net Deferred Tax (Assets)/Liability	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Trade Receivables	(11,255)	(11,637)	-	-	(11,255)	(11,637)
Inventory	(11,658)	(10,708)	-	-	(11,658)	(10,708)
Provision others	(17,949)	(14,015)	-	-	(17,949)	(14,015)
Employee Benefits	(22,567)	(28,414)	-	-	(22,567)	(28,414)
Other Intangible Assets	(203)	(261)	-	-	(203)	(261)
Deferred Revenue	(373)	(440)	-	-	(373)	(440)
Other Assets	-	-	1	4	1	4
Property, Plant and Equipment	-	-	16,904	12,269	16,904	12,269
ICDS Adjustment	(206)	(78)	9	-	(197)	(78)
Equity Investments	-	-	1	1	1	1
Other Financial Liabilities	-	-	10	51	10	51
Other Intangible Assets	-	-	4,169	-	4,169	-
Total	**(64,211)**	**(65,553)**	**21,094**	**12,325**	**(43,117)**	**(53,228)**
Set off of (Asset)/Liability	21,094	12,325	(21,094)	(12,325)	-	-
Net Deferred Tax (Asset)/Liability	**(43,117)**	**(53,228)**	**-**	**-**	**(43,117)**	**(53,228)**

vi. **Movement of Deferred Tax (Assets) & Liabilities**

Particulars	Balance as on 1 April 2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as on 31 March 2018
Trade Receivables	(11,637)	382	-	(11,255)
Inventory	(10,708)	(950)	-	(11,658)
Provision others	(14,015)	(3,934)	-	(17,949)
Employee Benefits	(28,414)	5,981	(134)	(22,567)
Other Intangible Assets	(261)	58	-	(203)
Deferred Revenue	(440)	67	-	(373)
Other Assets	4	(3)	-	1
Property, Plant and Equipment	12,269	4,635	-	16,904
ICDS Adjustment	(78)	(119)	-	(197)
Equity Investments	1	-	-	1
Other Financial Liabilities	51	(41)	-	10
Other Intangible Assets	-	4,169	-	4,169
Total	**(53,228)**	**10,245**	**(134)**	**(43,117)**

Notes to Accounts

(₹ in Lakhs)

Particulars	Balance as on 1 April 2016	Recognised in P&L during 2016-17	Recognised in OCI during 2016-17	Balance as on 31 March 2017
Trade Receivables	(12,219)	582	-	(11,637)
Inventory	(10,811)	103	-	(10,708)
Provision others	(12,124)	(1,891)	-	(14,015)
Employee Benefits	(19,980)	(3,730)	(4,704)	(28,414)
Other Intangible Assets	(332)	71	-	(261)
Deferred Revenue	(444)	4	-	(440)
Other Assets	1,121	(1,117)	-	4
Property, Plant and Equipment	8,598	3,671	-	12,269
ICDS Adjustment	62	(140)	-	(78)
Equity Investments	1	-	-	1
Other Financial Liabilities	51	-	-	51
Total	**(46,077)**	**(2,447)**	**(4,704)**	**(53,228)**

vii. **Unrecognised Deferred Tax (Assets) / Liabilities**

There are no temporary differences on which Deferred Tax (Assets)/Liability have not been recognised for the year ended 31 March 2018 & 31 March 2017.

viii. **Tax Losses carried forward**

There are no Tax Losses on which Deferred Tax Asset has been recognised for the year ended 31 March 2018 & 31 March 2017.

	As at 31 March 2018	As at 31 March 2017
NOTE 11		
Inventories		
Non Current		
Raw Materials & Components	51,548	35,012
Add : Raw Materials & Components in Transit	218	288
Less : Provisions	(33,103)	(30,621)
	18,663	**4,679**
Work In Progress	27	208
Stock in Trade	75	55
Add : Stock in Trade in Transit	1	2
Less : Provisions	(76)	(57)
	-	**-**
Stores & Spares	166	133
Less : Provisions	(119)	(112)
	47	**21**
Loose Tools	100	85
Add : Loose Tools in Transit	-	5
Less : Provisions	(57)	(73)
	43	**17**
Sub Total (A)	**18,780**	**4,925**

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
Current		
Raw Materials & Components	264,071	246,931
Add : Raw Materials & Components in Transit	14,948	19,394
Less : Provisions	(7)	(78)
	279,012	**266,247**
Work In Progress	144,561	167,461
Finished Goods	16,570	17,815
Add : Finished Goods in Transit	6,121	19,720
	22,691	**37,535**
Stock in Trade	9,312	10,329
Add : Stock in Trade in Transit	1	537
	9,313	**10,866**
Stores & Spares	2,199	2,358
Add : Stores & Spares in Transit	6	14
	2,205	**2,372**
Loose Tools	781	892
Add : Loose Tools in Transit	-	30
	781	**922**
Disposable Scrap	209	173
Sub Total (B)	**458,772**	**485,576**
Total (A+B)	**477,552**	**490,501**

i. Raw Materials and Components include ₹ 9,756 (₹ 13,023) being materials with sub-contractors, out of which ₹ 409 (₹ 177) of materials is subject to confirmation and reconciliation. Against ₹ 409 (₹ 177), an amount of ₹ 408 (₹ 177) has been provided for.

ii. Stock verification discrepancies for the year are as follows : Shortages of ₹ 473 (₹ 1,609) and surplus of ₹ 367 (₹ 1,254). Pending reconciliation, an amount of ₹ 107 (₹ 399) has been provided for.

iii. Valuation of Inventories has been made as per Company's Accounting Policy No. 18.

iv. a. The United Nations Climate Change Secretariat has granted 15856 (15856) TON CO2EQ carbon credit during earlier years, for the 2.5MW BEL Grid Connected Wind Power Project Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2012. The carbon Credits are included under Finished Goods at a value of ₹ 2 (₹ 2). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.

b. CER under Certification : Nil (Nil) CERs.

c. Depreciation & Operation Cost of Emission Reduction Equipments during the year :

	2017-18	2016-17
i. Depreciation	266	269
ii. Operation Cost of Emission Reduction Equipments	100	92
Total	**366**	**361**

v. **Security, Hypothecation etc**

Refer Note 35.

vi. **Amount recognised in Statement of Profit & Loss**

Write-down of inventories to net realisable value amounted to ₹ 5,938 (₹ 2,662) has been recognised in the statement of profit and loss.

vii. No reversal of write down of inventories has been made during the year, which were recognised as an expenses in the previous year.

viii. **Impairment of Assets**

Provisions for inventory has been made in line with Accounting Policy No. 18 of the Company.

ix. Materials amounting to ₹ 12,968 (₹ 5,066) are located physically at Customer Premises.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 12		
Other assets		
Non Current		
Capital advances	21,296	10,926
Advances other than Capital advances		
Advances for purchase	323	446
Less : Provisions	(323)	(349)
	-	**97**
Others		
Balances with customs, port trust and other government authorities	216	1,489
Less : Provisions	(98)	(1,389)
	118	**100**
Prepaid expenses	10	6
Claims receivable purchases	847	1,553
Less : Provisions	(847)	(1,553)
	-	**-**
Others - Assets	163	170
Sub Total (A)	**21,587**	**11,299**
Current		
Advances other than Capital advances		
Advances to employees	655	502
Advances for purchase	82,534	21,851
Others		
Balances with customs, port trust and other government authorities	47,799	24,135
Prepaid expenses	3,150	2,673
Prepaid taxes	10,604	1,159
Claims receivable purchases	5,423	4,483
Others - Assets	2,901	5,966
Less : Provisions	-	(3)
	2,901	**5,963**
Sub Total (B)	**153,066**	**60,766**
Total (A+B)	**174,653**	**72,065**

i. **Impairment of Assets**
Provisions for impairment of non financial assets has been made in line with accounting policy No. 13 of the company.

ii. **Related Party Disclosure**
For related party disclosures refer Note 31.

NOTE 13

Cash & cash equivalents

Balance with banks	16,820	47,588
Cash on hand	2	8
Term deposits	57,000	221,000
	73,822	**268,596**

i. Cash and cash equivalents includes Term Deposits with original maturity period up to three months. Term Deposits with original maturity period beyond three months have been included in Bank balances. Refer Note 14.
ii. Refer Note 33 for classification of financial instruments.
iii. There are no repatriation restrictions with regard to cash and cash equivalents.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 14		
Bank balances [other than (ii) above]		
Term deposits	-	104,000
Unpaid dividend account	48	6,422
	48	**110,422**

i. Refer Note 33 for classification of financial instruments.
ii. Company does not have any Term Deposits with original maturity period of more than twelve months.
iii. There are no repatriation restrictions with regard to bank balances.

NOTE 15		
Current tax assets (net)		
Advance payment of income tax	24,994	9,991
	24,994	**9,991**
Current tax liability (net)		
Provision for taxation	-	-
	-	**-**

NOTE 16

a. Equity share capital

i. **Authorised capital**

2,500,000,000 (2,500,000,000) Equity Shares of ₹ 1 (₹ 1) each	25,000	25,000

ii. **Issued, subscribed & fully paid-up capital**

2,436,592,943 (2,233,627,930) Equity Shares of ₹ 1 (₹ 1) each	24,366	22,336

iii. **Reconciliation of the number of shares outstanding at the beginning and at the end of the period**

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	2,233,627,930	22,336	240,000,000	24,000
Add : Shares issued during the year (Bonus Shares)	223,362,793	2,234	-	-
Less : Shares Bought Back during the year	20,397,780	204	16,637,207	1,664
Sub division of Shares (from ₹ 10 to ₹ 1 per equity share) during the year	-	-	2,010,265,137	-
Shares outstanding at the end of the reporting period	2,436,592,943	24,366	2,233,627,930	22,336

iv. **Shares in the company held by each shareholder holding more than 5%**

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,627,374,928	66.79%	1,523,039,911	68.19%
Life Insurance Corporation of India *	-	-	117,231,380	5.25%

* Holds less than 5% during the current year.

Notes to Accounts

(₹ in Lakhs)

v. **Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years**

	2015-16
	No. of Shares
Equity shares allotted as fully paid up by way of bonus shares	160,000,000

There was no allotment of bonus shares during the Financial Year 2012-13 to 2014-15 and 2016-17.

vi. **Aggregate number and class of shares bought back during the previous 5 years**

	2016-17
	No. of Shares
Equity shares bought back	16,637,207

There was no buy back of shares during the Financial Year 2012-13 to 2015-16.

vii. **Buyback :**

a. The board of directors at their meeting held on 30 January 2018 has unanimously approved a proposal for the buyback of 20397780 equity shares of ₹ 1 each from the eligible shareholders representing 0.83% of the total number of equity shares of the company (as on record date of 2 September 2018). The buyback was offered at the rate of ₹ 182.50 per share on propotionate basis, through "Tender Offer". The buyback was concluded on March 23 2018 with a buyback of 20397780 shares with a cash outflow of ₹ 37,226.
In accordance with Section 69 to the Companies Act, 2013, the company has transferred a sum of ₹ 204 to "Capital Redemption Reserve" being the nominal value of the shares bought back as an appropriation from the General Reserve.

b. 16637207 numbers of equity shares with face value of ₹ 10 was bought back for ₹ 1,305 per share at a premium of ₹ 1,295 per share, resulting into a total cash outflow of ₹ 217,116 during the FY 2016-17. In accordance with Section 69 to the Companies Act, 2013, the company has transferred a sum of ₹ 1,664 to "Capital Redemption Reserve" being the nominal value of the shares bought back as an appropriation from the General Reserve.

viii. During the previous five years the company has not allotted any shares as fully paid up pursuant to contract without payment being received in cash.

	As at 31 March 2018	As at 31 March 2017
ix. Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.	Nil	Nil
x. The aggregate value of calls unpaid (including Directors and Officers of the Company)	Nil	Nil
xi. Shares forfeited	Nil	Nil

xii. **Terms, Rights, preferences and restrictions attaching to each class of shares**

a. The Company has only one class of shares viz, Equity Shares.

b. Each holder of Equity Shares is entitled to one vote on show of hands and in poll in proportion to the Number of shares held.

c. Each Shareholder has a right to receive the dividend declared by the Company.

d. On winding up of the Company, the equity shareholders will be entitled to get the realised value of the remaining assets of the Company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to Accounts

(₹ in Lakhs)

xiii. **Interim Dividend, Final Dividend**

	For the year ended 31 March 2018	For the year ended 31 March 2017
Final dividend for FY 2016-17 and FY 2015-16 respectively	23,453	34,800
Interim dividend for FY 2017-18 and FY 2016-17 respectively	39,312	26,804
Dividend Distribution Tax	12,777	12,541

b. Nature and purpose of Reserves

i. **Capital Reserve**

Capital Reserve is created by transfer from Retained earnings an amount equal to capital profit earned by the company. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii. **Capital Redemption Reserve**

Capital Redemption Reserve is created by transfer from General Reserve an amount equal to face value of the Shares bought back. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

iii. **Equity Investment through Other Comprehensive Income (OCI)**

The company has elected to recognise changes in fair value of certain equity investments in other comprehensive income. The change in fair value is accumulated in this reserve. If and when the investment is derecognised the accumulated amount will be transferred to Retained earnings.

iv. **Other Comprehensive Income (OCI)**

Other comprehensive income are those gains or losses which are not yet realised and excluded from the statement of profit and loss. It mainly consists of remeasurement of the net defined benefit liability/asset (net of tax).

	As at 31 March 2018	As at 31 March 2017
NOTE 17		
Deffered income		
Non Current		
Government grants - deferred	3,298	827
Sub Total (A)	**3,298**	**827**
Current		
Government grants - deferred	86	20
Sub Total (B)	**86**	**20**
Total (A+B)	**3,384**	**847**

i. Refer Accounting Policy No. 16 for method of presentation.
ii. Nature of grants received are as follows :
   a) Viability Gap Funding towards Solar Power Plant - ₹ 2,915 (₹ 375).
   b) Central Finance Assistance towards Roof Top Solar Systems - ₹ 36 (₹ 29).
   c) Finance Assistance towards Research activities - ₹ 433 (₹ 443).

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 18		
Borrowings		
Secured		
Term loan from banks	3,333	1,667
	3,333	**1,667**

i

Term Loan from Banks	2017-18	2016-17
Total liability as on Balance Sheet Date	6,666	5,000
Less : Current Maturities of Long Term Debt *	(3,333)	(3,333)
Less : Interest accrued and due on Term Loans	-	-
Non Current Borrowing	3,333	1,667

* Shown under Note 20.

ii. **Nature of security**
Refer Note 35.

iii. **Terms of repayment**
Repayable in 12 quarterly installments commencing from Quarter ending June 2017 and ends on the Quarter ending March 2020.

iv. **Rate of Interest**
8.15% p.a. subject to revision based on RBI / SBI guideline and risk rating of the company.

v. **Period and amount of default as on Balance Sheet Date**
Nil

NOTE 19		
Trade payables		
Non Current		
- Others	5	-
Sub Total (A)	**5**	**-**
Current		
- Dues to micro & small enterprises	2,003	1,488
- Others	138,012	131,573
Sub Total (B)	**140,015**	**133,061**
Total (A+B)	**140,020**	**133,061**

i. The information regarding dues to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31 March 2018 is furnished below :

Particulars	2017-18	2016-17
a. The principal and the interest due thereon remaining unpaid as at 31 March :		
Principal *	2,105	1,573
Interest	4	5
b. The interest paid by the Company along with the amount of the payment made beyond the appointed day during the year ending 31 March :		
Principal	4	43
Interest	1	- **
c. Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	1	1

Notes to Accounts

(₹ in Lakhs)

Particulars	2017-18	2016-17
d. Interest accrued and remaining unpaid at the end of the year ending 31 March	10	9
e. Interest remaining due and payable even in the succeeding years, 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 of MSMED Act.	2	3

* Includes amount shown under Note 20.

** Interest includes INR 3,278 [represents absolute figure] which is rounded off.

ii. During the period INR 43,339 [represents absolute figure] (₹ 8) of provisions made in Previous year has been reversed, since on subsequent verification, the amount was found to be not payable.

iii. The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the Company and have been relied upon by the Auditors.

iv. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

v. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

vi. The company's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

	As at 31 March 2018	As at 31 March 2017
NOTE 20		
Other financial liabilities		
Non Current		
Security deposits	123	72
Sub Total (A)	**123**	**72**
Current		
Security deposits	8,093	3,145
Current maturities of long term debt [1]	3,333	3,333
Interest accrued but not due - term loan [1]	-	1
Interest accrued and due on trade payables [2]	10	9
Other trade payables	13,268	8,229
Unpaid matured deposits	37	37
Unpaid dividend	48	6,422
Non trade payables dues to Micro and Small Enterprise [2]	102	85
Outstanding expenses	58,728	38,717
Other liabilities	1,052	1,077
Sub Total (B)	**84,671**	**61,055**
Total (A+B)	**84,794**	**61,127**
Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	**Nil**	**Nil**

[1] (Refer Note 18)

[2] (Refer Note 19)

i. **Financial instruments**

Refer Note 33 for classification of financial instruments.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 21		
Provisions		
Non Current		
Employee Benefits		
Gratuity *	(1,464)	-
Long-term compensated absences	19,687	33,380
BEL retired employees' contributory health scheme (BERECHS)	41,523	37,701
Others		
Provision for onerous contracts	3,889	5,679
Provision for performance warranty	18,095	12,124
Provision for Site restoration obligation	519	135
Sub Total (A)	**82,249**	**89,019**
Current		
Employee Benefits		
Gratuity *	(1,703)	1,504
Long-term compensated absences	1,893	2,825
BEL retired employees' contributory health scheme (BERECHS)	3,349	3,103
Provision for Employee Wage Revision	12,500	14,513
Others		
Provision for onerous contracts	5,936	2,906
Provision for performance warranty	21,820	16,160
Sub Total (B)	**43,795**	**41,011**
Total (A+B)	**126,044**	**130,030**

i. **Movement of provisions for the year 2017-18**

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	28,284	8,585	135
Additional provision recognised during the year	31,823	6,458	384
Amount used during the year (Refer note v below)	-	-	-
Amount reversed during the year	20,192	5,218	-
As at 31 March	**39,915**	**9,825**	**519**
Movement of provisions for the year 2016-17			
As at 1 April	17,644	14,089	135
Additional provision recognised during the year	20,713	1,207	-
Amount used during the year (Refer note v below)	109	-	-
Unused amount reversed during the year	9,964	6,711	-
As at 31 March	**28,284**	**8,585**	**135**

ii. **Provision for Warranties - as per Accounting Policy No. 20 of the Company.**

Provision for warranties is made in respect of products whose normal warranty period is outstanding. As the warranty provision period varies from product to product, provision is made at Strategic Business Unit (SBU) level based on average period of warranty period. Provision is made based on trend based estimate of the likely expenses to be incurred. The provision is measured at the present value of the estimated cost of Warranty.

Notes to Accounts

(₹ in Lakhs)

iii. **Provision for Site restoration obligation - as per Accounting Policy No. 23 of the Company.**
In accordance with the terms and conditions of the Lease agreement entered into with Lessor, the company is required to return the land in its original condition. Accordingly provision in respect of Site restoration obligation has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of the cost of restoration.

iv. **Provision for Onerous contracts - as per Accounting Policy No. 5 & 23 of the Company.**
In respect of certain contracts entered into by the company, it is expected that the likely cost to complete the contract would exceed the Revenue received / receivable against the contract. In such cases, provision in respect of the expected losses has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of loss likely to be incurred.

v. Amount debited to opening provision.

vi. An amount of ₹ 8,030 (₹ 8,016) has been debited against Natural Code Heads wrt Warranty Cost.
An amount of Nil (Nil) has been debited against Natural Code Heads wrt Site Restoration Obligation.

* Represents excess of plan asset over obligation as on 31 March 2018.

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) Gratuity :

The Company provides gratuity to employees in India as per payment of Gratuity Act, 1972. The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the Company remits fund to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than five years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay gratuity to an employee at the rate of fifteen days salary based on the last drawn basic & dearness allowance.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

	Particulars	2017-18	2016-17
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	39195	35664
	Current Service Cost	742	672
	Interest Cost	2706	2749
	Past Service Cost	23577	-
	Benefits paid	(3220)	(3452)
	Actuarial (gains) / losses recognised in other comprehensive income		
	Changes in financial assumptions on planned liability - loss / (gains)	(4332)	3375
	Experience adjustments on planned liability - loss / (gains)	2744	187
	Present Value of Obligation as at the end of the period	**61412**	**39195**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	37691	36736
	Expected return on plan assets	3588	2897
	Contributions	27504	1500
	Benefit paid	(3220)	(3452)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	(618)	10
	Fair value of plan assets as at the end of the period	**64945**	**37691**
	Defined benefit (asset)/liability	**(3533)**	**1504**
	Effects of asset ceiling	**366**	**-**
	Net defined benefit (asset) / liability	**(3167)**	**1504**

Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Current Service cost	742	672
	Net Interest on Net Defined Benefit Obligations	(882)	(148)
	Past Service Cost	23577	-
	Expenses recognized in the statement of profit and loss (Out of ₹ 23,437, an amount of ₹ 5,500 has been provided in 2016-17)	23437	524
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain)/loss on Plan Obligations	(1588)	3562
	Difference between Actual Return and Interest Income on Plan Assets-(gain)/loss	618	(10)
	Effect of Balance Sheet Asset limit	366	-
	Amounts recognised in the statement of Other Comprehensive Income	(604)	3552
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	61412	39195
	Fair Value of Plan Assets at the end of the period	64945	37691
	Funded Status [Surplus / (Deficit)]	**3533**	**(1504)**
	Liability / (Asset) recognised for the year	**366**	**-**
	Liability / (Asset) for the year as on 31 March as per Balance Sheet	**(3167)**	**-**
vi)	**Plan Assets**		
	Categories of Plan Assets are as follows :		
	State Govt. Securities	1.91%	4.70%
	Govt. of India Securities	1.34%	2.33%
	High Quality Corporate Bonds	1.95%	5.00%
	Investment with Insurer	93.89%	87.97%
	Others (Bank balance)	0.91%	0.00%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Rate of increase in compensation level	7.00%	7.50%
	Expected rate of Return on Plan Assets	7.72%	7.20%
	Estimated Average Future working life	16.00	15.20
viii)	Best Estimate of Contribution to be paid		
	The best estimate of contribution to be paid towards Gratuity during the annual period beginning after the Balance Sheet is Nil (₹ 1,504).		
ix)	**Sensitivity Analysis :**		
	Discounting Rate (0.50% movement)increase	8.22%	7.70%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	(2450)	(1618)
	Discounting Rate (0.50% movement)decrease	7.22%	6.70%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	2641	1748
	Salary Escalation Rate (0.50% movement)increase	7.50%	8.00%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	1119	239
	Salary Escalation Rate (0.50% movement) decrease	6.50%	7.00%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	(1192)	(252)

Notes to Accounts

(₹ in Lakhs)

(ii) BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS) :

The Company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only. The company takes insurance cover for inpatient treatment. In addition to the annual insurance premium, the Company bears 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the insurance coverage.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

	Particulars	2017-18	2016-17
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	40804	29705
	Current Service Cost	2134	1553
	Interest Cost	2889	2282
	Benefits paid	(1340)	(3075)
	Actuarial (gains) / losses recognised in other comprehensive income		
	Changes in financial assumptions on planned liability - loss / (gains)	2410	3933
	Experience adjustments on planned liability - loss / (gains)	(2025)	6406
	Present Value of Obligation as at the end of the period	**44872**	**40804**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	-	-
	Expected return on plan assets	-	-
	Contributions	1340	3075
	Benefit paid	(1340)	(3075)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	-	-
	Fair value of plan assets at the end of the period	-	-
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	2134	1553
	Interest on Defined benefit obligation	2889	2282
	Expected return on Plan Assets	-	-
	Net Expenses Recognised in the Statement of Profit & Loss [Expenses : ₹ 1,340 (₹ 3,075), Provisions : ₹ 3,683 (₹ 761)]	**5023**	**3835**
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain)/loss on Plan Obligations	385	10338
	Amounts recognised in the statement of Other Comprehensive Income	385	10338
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	44872	40804
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(44872)	(40804)
	Liability recognised in Balance Sheet (as per actuarial valuation)	**44872**	**40804**
	Expected to be payable within next twelve months	3349	3103
	Expected to be payable beyond twelve months	41523	37701

Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
vi)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Health care costs escalation rate	5.50%	3.90%
	Attrition Rate	1.00%	1.30%
vii)	**Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation**		
	Effect on the aggregate of the service cost and interest cost	744	684
	Effect on the defined benefit obligation	5734	5504
	Effect of a one percentage point decrease in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation		
	Effect on the aggregate of the service cost and interest cost	(544)	(558)
	Effect on the defined benefit obligation	(4193)	(4488)
viii)	**Sensitivity Analysis :**		
	Discounting Rate (0.50% movement)increase	8.22%	7.70%
	Increase / (decrease) Defined benefit Obligation as at the end of the period	(2408)	(2276)
	Discounting Rate (0.50% movement)decrease	7.22%	6.70%
	Increase / (decrease) Defined benefit Obligation as at the end of the period	2661	2536
	Medical Inflation Rate (0.50% movement)increase	6.00%	4.40%
	Increase / (decrease) Defined benefit Obligation as at the end of the period	2729	2607
	Medical Inflation Rate (0.50% movement)decrease	5.00%	3.40%
	Increase / (decrease) Defined benefit Obligation as at the end of the period	(2212)	(2355)

(iii) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL]

Employees Provident Fund is managed by Provident Fund Trust of the company. The Company contributes Managements' contributions payable towards Employee Provident Fund to the Trust.

Company has determined on the basis of Actuarial Valuation carried out as at 31 March 2018, that there is no liability towards the interest shortfall on valuation date (having regard to terms of plan that there is no compulsion on the part of the Trust to distribute any part of the surplus, if any, by way of additional interest on PF balances).

	Particulars	2017-18	2016-17
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	201968	177013
	Current Service Cost	32606	28590
	Interest Cost	13913	13683
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gain) / Loss	76	(1134)
	Benefits paid	(17448)	(16184)
	Present Value of Obligation as at the end of the period	**231115**	**201968**

Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	205961	180950
	Expected return on plan assets	18534	16675
	Contributions	29176	24841
	Benefit paid	(17448)	(16184)
	Actuarial gain / (loss) on Plan Assets	(299)	(321)
	Fair value of plan assets at the end of the period	**235924**	**205961**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	32,606	28590
	Interest Cost	13,913	13683
	Expected return on Plan Assets	(18,534)	(16675)
	Net Actuarial (gain) / loss recognised in the period	375	(813)
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Expenses Recognised in the Statement of Profit & Loss	**28360**	**24785**
iv)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	231,115	201968
	Fair Value of Plan Assets at the end of the period	235,924	205961
	Difference	**(4809)**	**(3993)**
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet	-	-
v)	**Amount for the Current Period :**		
	Present Value of Obligation	231,115	201968
	Plan Assets	235,924	205961
	Surplus / (Deficit)	4,809	3993
	Experience Adjustments on Plan liabilities - (loss) / gain	(114)	1173
	Experience Adjustments on Plan Assets - (loss) / gain	(299)	(321)
vi)	**Category of Assets as at March 31 :**		
	Government of India Securities & State Government Securities	31.17%/54.25%	39.78%/51.42%
	High Quality Corporate Bonds	56.60%/41.33%	47.38%/43.63%
	Mutual Funds	4.85%/2.06%	4.60%/1.78%
	Others (Money market instruments)	7.38%/2.36%	8.24%/3.17%
	Total	100%/100%	100%/100%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Salary escalation rate	7.00%	7.50%
	Expected rate of Return on Plan Assets	8.75%	8.75%

Notes to Accounts

(₹ in Lakhs)

B. Long Term Compensated Absence

The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences : Annual Leave (AL) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives. The Scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS, or death. AL can also be encashed during service or at the time of resignation.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

	Particulars	2017-18	2016-17
i)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Net Expenses Recognised in the Statement of Profit & Loss		
	[2017-18 Leave Encashed : ₹ 14,320, Provisions : ₹ -14,625]	(305)	10987
	(2016-17 Leave Encashed : ₹ 1,004, Provisions : ₹ 9,983)		
ii)	Amounts to be recognised in Balance Sheet :		
	Liability recognised in Balance Sheet [As per Actuarial Valuation]	21580	36205
iii)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Rate of increase in compensation level	7.00%	7.50%
iv)	Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months / beyond 12 months.		
	Current leave obligations expected to be settled within the next 12 months	1893	2825
	Leave obligations expected to be settled beyond 12 months	19687	33380
		21580	**36205**

C. Pension Scheme

The Company has got a defined contribution pension benefit plan for the benefit of its employees in respect of which contribution is made on an annual basis to a Trust setup for this purpose.
The benefit under the scheme are available for the employees as per the rules laid down in this regard.

A narrative description of the specific or unusual risks arising from a defined benefit plan (i.e. Gratuity and BERECHS)

The specific risk relating to defined benefit plans are as follows :

Movement in long term government bond rate between two reporting periods which will impact discount rate and consequently the present value of obligations.

Risk of higher / lower salary escalation / benefit as considered for valuation vis-a-vis the actual experience through the Financial Year.

However, both the risks are mitigated on a regular basis i.e. yearly as valuations are done after every year based on updated assumptions.

A narrative description of any asset-liability matching strategies.

The gratuity plan of the company is a funded plan. The assets backing this plan are predominantly insurer-managed funds. Hence the company has limited flexibility in terms of implementing asset-liability matching strategies for this plan.
The post retirement medical plan of the company is an unfunded plan. Hence asset-liability matching strategies are not relevant for this plan.

A description of the funding arrangements and funding policy.

The Gratuity plan of the company is a funded plan. 93.89% (87.97%) of the plan assets backing this plan are insurer managed assets and 3.25% (7.03%) of the plan assets are invested Central and State Government Securities. The annual contribution to the fund is normally set equal to the deficit as disclosed by the preceding actuarial valuation of the benefit obligations.
The post-retirement medical plan [BERECHS] is an unfunded plan.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 22		
Other Liabilities		
Non Current		
Deferred revenue - customer grants	1,035	1,469
Sub Total (A)	**1,035**	**1,469**
Current		
Deferred revenue - customer grants	240	231
Advances / Progress payment received from customers	704,501	608,312
Statutory liabilities	4,791	22,437
Deferred revenue	2,620	2,182
Others	2,227	3,396
Sub Total (B)	**714,379**	**636,558**
Total (A+B)	**715,414**	**638,027**

i. **Related party disclosure**

For Related Party Disclosures refer Note 31.

	For the year ended 31 March 2018		For the year ended 31 March 2017	
NOTE 23				
Revenue from operations				
Sale of products (gross including excise duty)	907,367		800,065	
Income from services	101,117		82,405	
		1,008,484		882,470
Revenue from operations includes revenue recognised in respect of construction contract. Also refer Note 30(4).				
Other operating revenue				
Sale of scrap		693		882
Transport receipts		289		321
Rent receipts		640		615
Canteen receipts		877		810
Electricity charges collected		174		148
Water charges collected		59		59
Provisions withdrawn				
- Onerous contracts	-		5,504	
- Doubtful debts, Liquidated Damages	12,108		11,297	
- Inventory	5,353		2,737	
- Loans & advances	2,019		186	
- Excise Duty - Others *	887		-	
- Others	-		168	
		20,367		19,892
Govt Grants / Assistance		659		1,378
Customer grants		425		437
Miscellaneous		7,394		7,032
		1,040,061		**914,044**

* Refer Note 30(13).

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
NOTE 24		
Other Income		
Interest income on term deposits	15,470	34,027
Income from long term investments (Dividend) #	404	5,200
Interest income from staff / IT refund / others *	719	847
Profit on sale of PPE	135	192
Foreign exchange gain	2,911	6,406
Rental income - Investment property	147	138
Miscellaneous (Net of expenses)	252	291
	20,038	**47,101**

The Foreign Exchange Gain / Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement / reporting date.

Represents Income from subsidiary & associates recognised at Cost.

* For related party disclosures refer Note 31.

NOTE 25

Changes in inventories of finished goods, work in progress & scrap

Work-in-progress :				
Closing Inventory	144,588		167,669	
Opening Inventory	167,669		149,307	
		23,081		(18,362)
Finished goods :				
Closing Inventory	22,691		37,535	
Opening Inventory	37,535		13,839	
		14,844		(23,696)
Scrap :				
Closing Inventory	209		173	
Opening Inventory	173		318	
		(36)		145
		37,889		**(41,913)**

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2018		For the year ended 31 March 2017	
NOTE 26				
Employee benefits expense				
Salaries, Wages and Bonus / Ex-gratia		128,700		122,816
Retirement benefit expenses				
Gratuity	17,937		6,024	
Contribution to Provident and Pension Funds	9,447		8,033	
Management contribution to BEL superannuation (Pension) scheme	4,644		3,599	
Provision for BEL retired employees' contributory health scheme	3,683		761	
		35,711		18,417
Welfare Expenses [including salaries ₹956 (₹854) PF contribution ₹83 (₹79)]		12,822		13,598
		177,233		**154,831**

Refer Note 31 for Remuneration to Key Managerial Personnel.

"Provision has been made in respect of Pay Revision for the period 01.04.2017 to 31.03.2018".

NOTE 27				
Finance costs				
Interest expenses				
Interest on dues to Micro & Small Enterprises	2		3	
Interest on income tax	15		-	
Other interest expenses	85		1,150	
		102		1,153
Other borrowing cost				
Loan processing charges		25		25
		127		**1,178**

NOTE 28				
Depreciation and amortisation expense				
Depreciation / amortisation on property, plant & equipments		25,043		19,105
Depreciation / amortisation on investment property		1		1
Amortisation on other intangible assets		56		46
		25,100		**19,152**

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2018		For the year ended 31 March 2017	
NOTE 29				
Other expenses				
Power and fuel #		3,130		3,156
Water charges		355		370
Royalty & technical assistance		724		407
Rent		2,763		2,691
Rates & taxes		755		1,263
Insurance		1,017		819
Auditors remuneration				
Audit fees	18		12	
Tax audit fees	5		2	
Other services (Certification fees)	3		2	
Reimbursement of expenses	4		6	
		30		22
Cost audit fee		4		4
Repairs & Maintenance :				
Buildings	2,726		2,309	
Plant & machinery	1,161		1,189	
Others	7,080		5,781	
		10,967		9,279
Bank charges		341		433
Printing and stationery		451		510
Advertisement & publicity		1,561		1,341
Travelling expenses		10,268		8,455
Hiring charges for van & taxis		1,421		1,332
Excise duty - others *		-		1,195
Packing & forwarding		2,281		1,416
Bad debts & advances written off	23,995		7,228	
Less : Charged to provisions	(23,825)		(7,224)	
		170		4
Provision for obsolete / redundant materials		9,598		7,071
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances		29,816		25,558
Provision for doubtful advances, claims		172		806
Provision for performance warranty (net)		11,631		10,749
Provision for onerous contract (net)		1,240		-
Write off of raw materials, stores & components due to obsolescence and redundancy	1,873		670	
Less : Charged to provisions	(1,824)		(639)	
		49		31
Corporate social responsibility		1,573		1,035

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2018		For the year ended 31 March 2017	
Others :				
Other Misc Direct Expenditure	8,575		5,629	
After Sales Service	573		391	
Telephones	864		707	
Expenditure on Seminars & Courses	766		1,015	
Other Selling Expenses	1,407		370	
Miscellaneous	4,538		4,232	
		16,723		12,344
		107,040		**90,291**
Less : Expenditure allocated to capital jobs		(3,528)		(1,414)
		103,512		**88,877**

Wind Energy Generated netted off.

i. The Foreign Exchange Gain / Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement / reporting date.

ii. * Refer Note 30(13).

NOTE 30
General Notes to Accounts

1. Earning per Equity Share

a.	**From continuing operations**		
	Basic earning per share [INR]	5.70	6.03
	Diluted earning per share [INR]	5.70	6.03
b.	Amounts used as the numerators in calculating basic and diluted earnings per share	139,929	154,762
c.	Weighted average number of equity shares used in computing basic and diluted earnings per share	2,456,487,764	2,565,292,103

2. Statement of Compliances

The standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.] and other relevant provision of the Act.

The Company's standalone financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

3. Operating Cycle

As per the requirement of Schedule III to the Companies Act, 2013, the Operating Cycle has been determined at Strategic Business Unit (SBU) / Unit level, as applicable.

Notes to Accounts

(₹ in Lakhs)

4. Construction Contracts

	PARTICULARS	For the year ended 31 March 2018	For the year ended 31 March 2017
a.	Contract revenue recognised during the year	154,622	17,338
b.	Contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto the year end to the estimated total cost of the contracts, was used to determine the stage of completion.	-	-
c.	Aggregate amount of cost incurred upto 31 March	123,716	17,681
d.	Recognised profit upto 31 March (net of provision for contingency)	34,345	1,773
e.	Amount of advances received and Outstanding as at 31 March	103,693	126,802
f.	The amount of retention	-	-

5. Impairment of Assets

The Company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Unit has found indications of Impairment of its Assets and hence no provision is considered necessary.

6. Short Term Borrowings

a. The Company has been sanctioned working capital limit of ₹ 400,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 350,000.

b. The interest rate payable on fund based limit is linked to SBI 1 year MCLR Rate. [Interest rate payable as on 31.03.2018 is 8.15% p.a. (8.25%)].

c. The amount utilised is repayable on demand. Utilisation as on 31.03.2018 is Nil (Nil).

d. The above sanction limit is secured by hypothecation of Current Assets of the Company.

7. Contractual Commitments

	PARTICULARS	As at 31 March 2018	As at 31 March 2017
a.	Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March		
	Property, Plant & Equipments	44,392	41,301
	Investment Property	-	-
	Intangible Assets	5,892	7,278
b.	Contractual Commitment for Repair and Maintenance or enhancement of Investment Property	-	-
c.	Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March	-	-

Notes to Accounts

(₹ in Lakhs)

8. Expenditure incurred on Research and Development :

The Company incurred on Research and Development during the year, which are included in the respective natural classification is given below :

PARTICULARS	As at 31 March 2018	As at 31 March 2017
EXPENDITURE		
Materials	27,603	24,879
Employees Remuneration & Benefits	49,184	34,375
Depreciation	5,588	4,308
Others	11,476	11,508
Gross Expenditure	**93,851**	**75,070**

Note : The above expenditure includes ₹ 14,930 which has not been charged off during the year (Refer Notes) of Annual Accounts for FY 2017-18.

9. Contingent Liabilities :

PARTICULARS	As at 31 March 2018	As at 31 March 2017
Claims not acknowledged as debts	110,241	118,388
Outstanding Letters of Credit	28,452	30,281
Others	2,060	2,860
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	23,289	16,053

MTNL has made a claim of ₹ 80,670 (₹ 80,670) on the company in respect of convergent billing project.

10. Contingent Assets :

PARTICULARS	As at 31 March 2018	As at 31 March 2017
Nil	-	-

11. Confirmation of Balances

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments are made wherever considered necessary.

12. Labour Disputes

In respect of Labour matters, as the matters are yet to be adjudicated, the liability, if any, is not ascertainable. However, such liability is not expected to be material.

13. Excise Duty

"Excise Duty – Others" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.

14. Consequent to introduction of Goods and Service Tax (GST) with effect from 1 July 2017, Excise Duty is no longer leviable on manufacture of goods and hence is not part of Gross Turnover w.e.f 1 July 2017.

15. Segment Reporting

Ministry of Corporate Affairs vide Notification no. 463 (E) dated 5 June 2015 as amended has exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

Notes to Accounts

(₹ in Lakhs)

16. Retention Sales

The Value of Retention Sales (i.e., Goods retained with the Company at the Customers' request and at their risk) included in Gross Turnover during the year is ₹ 76,400 (₹ 104,791).

Out of the above the Value of Ex-work Sales is ₹ 37,110 (₹ 93,526).

17. Foreign Exchange Exposure

Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2018 is given below. [Foreign Currencies are shown in Lakhs] (Previous year figures are shown in brackets).

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	807	52,767	33	2,104	302	19,879
	(874)	(56,906)	(266)	(17,006)	(384)	(25,153)
EURO	141	11,288	12	943	195	15,963
	(216)	(15,503)	(12)	(828)	(163)	(11,498)
GBP	21	1,900	-	-	34	3,147
	(17)	(1,441)	-	-	(7)	(558)
JYEN	631	395	-	-	3	2
	(31)	(18)	-	-	(18)	(11)
SGD	3	154	-	-	-	-
	(1)	(33)	-	-	-	-
CHF	55	3,814	-	-	1	95
	(60)	(3,906)	-	-	(2)	(101)
CANADIAN DOLLAR	1	27	-	-	-	-
	-	-	-	-	-	-
OTHERS	2	1,242	-	1,031	-	-
	(19)	(590)	-	(358)	-	(3)
Total (₹)		**71,587**		**4,078**		**39,086**
		(78,397)		**(18,192)**		**(37,324)**
Amount covered by Exchange Rate variation clause from Customers out of the above		23,898		-		9,590
		(33,835)		-		(17,886)

* includes exposures relating to outstanding Letters of Credit and Capital Commitments.

During the FY 2017-18, the Company has not entered Forward Contracts to cover Foreign Currency fluctuations in respect of Firm Commitments. There are no outstanding Forward Contracts as on 31.03.2018.

18. Disclosure relating to CSR Expenditure

a. Gross amount required to be spent by the Company during the FY 2017-18 is ₹ 3,475 (₹ 2,972).

b. **Amount spent during the FY 2017-18 :**

Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total	Appropri-ation for unspent amount	CSR Grand Total
i)	Construction / Acquisition of any asset	-	-	-	-	-
		-	-	-	-	-
ii)	Purposes other than (i) above	1,411	227	1,638	2,059	3,697
		(1,106)	(58)	(1,164)	(1,822)	(2,986)

Above expenses includes CSR Administration Overhead of ₹ 65 (₹ 129) which is grouped under Employee Benefit Expenses.

Notes to Accounts

(₹ in Lakhs)

19. Non Cancellable Operating Lease Disclosure :

a. **As a Lessor :**

The future minimum Lease Rent Receivable

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than one year	335	352
Later than one year and not later than five years	922	1,319
Later than five years.	1	1

The company has Leased out few portion of Land to different organizations under non-cancellable operating Lease. The leases have various terms, escalation clause, lease renewal rights etc. On renewal, the terms of the lease are renegotiated.

The company has not recognized any income as contingent rent.

b. **As a Lessee :**

The future minimum Lease Rent Payable

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than one year;	-	-
Later than one year and not later than five years;	-	-
Later than five years.	-	-

The company has taken land on lease under non-cancellable operating Leases. The leases have various terms, escalation clause, lease renewal rights etc. On renewal, the terms of the lease are renegotiated.

The company has not recognized any expenses as contingent rent.

20. Chennai Unit was affected by floods during December 2015. Insurance policy taken by the company with United India Insurance Company Limited covers flood related losses. An amount of ₹ 1,581 (₹ 1,000) was received as final settlement & has been recognised in statement of profit and loss. In addition, an amount of Nil (₹ 32) was received towards claim settlement wrt scrap items.

21. Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 0.40 (INR 1.05) per share [represents absolute figure].

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting and if approved would result in cash outflow of approximately of ₹ 11,750 (including Dividend Distribution Tax).

22. Figures in brackets relate to Previous years.

23. All figures in financial statement are rounded off to nearest Lakhs unless otherwise mentioned.

24. The standalone Ind AS financial statements were approved for issue on 29 May 2018 by the Board of Directors.

Notes to Accounts

(₹ in Lakhs)

NOTE 31
Related Party Transactions

a. **Subsidiaries & Associates**

Name of the entity	Place of Business	Ownership interest held by the company		Ownership interest held by the non controlling interests		Principal Activities
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	
BEL Optronic Devices Ltd. (BELOP) - Subsidiary	India	100%	100%	-	-	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd. - Subsidiary	India	74%	74%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.
GE BE Private Limited - Associate	India	26%	26%	74%	74%	Manufactur-ing of Medical Equipments.

b. **Key Management Personnels Details**

i. **Name of Key Management Personnels**

Mr M V Gowtama, CMD
Mr R N Bagdalkar, Dir [HR]
Mr Koshy Alexander, Dir [Finance] & CFO [Dir [Finance] from 25.09.2017]
Dr Ajit T Kalghatgi, Dir [R&D]
Mr Nataraj Krishnappa, Dir [Other Units]
Mrs Anandi Ramalingam, Dir [Mktg]
Mr Girish Kumar, Dir [BG Cx] [upto 20.02.2018]
Mr S Sreenivas, Company Secretary

ii. **Compensation to Key Management Personnels**

Particulars	As at 31 March 2018	As at 31 March 2017
Short term employee benefits	481	352
Post employment benefits	12	37
Long term employee benefits	(20)	59
Termination benefits	-	-
Share based payment	-	-
Total	**473**	**448**

Notes to Accounts

(₹ in Lakhs)

c. **The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :**

Particulars	Subsidiaries		Associate	Grand Total
	BEL Optronic Devices Ltd (BELOP)	BEL-THALES Systems Ltd	GE BE Private Ltd	
Purchase of Goods	5,057	-	-	**5,057**
	(6,001)	-	-	**(6,001)**
Sale of Goods *	4	-	2,652	**2,656**
	-	-	(3,197)	**(3,197)**
Services Received	-	302	-	**302**
	-	(109)	-	**(109)**
Services rendered	-	289	-	**289**
	-	(118)	-	**(118)**
Rent Received (Lease)	-	37	-	**37**
	-	(36)	-	**(36)**
Interest Income	474	-	-	**474**
	(596)	-	-	**(596)**
Dividend Income on Investments	144	-	260	**404**
	-	-	(5,200)	**(5,200)**
Loan disbursed	492	-	-	**492**
	(1,039)	-	-	**(1,039)**
Purchase of Shares	1,744	-	-	**1,744**
	(4,919)	(2,606)	-	**(7,525)**
Loan Outstanding (including Interest) as on 31.03.2018 **	3,420	-	-	**3,420**
	(4,445)	-	-	**(4,445)**
Trade Payables Outstanding as on 31.03.2018	2,539	118	-	**2,657**
	(4,709)	(107)	-	**(4,816)**
Trade Receivables Outstanding as on 31.03.2018	2	4	869	**875**
	-	(123)	(766)	**(889)**
Investment in Equity as on 31.03.2018	12,515	4,264	260	**17,039**
	(10,737)	(4,264)	(260)	**(15,261)**
Advances for Purchase Outstanding as on 31.03.2018	2,288	-	-	**2,288**
	-	-	-	**-**

* Represents amount of Nil (INR 7,763) [represents absolute figure] which is rounded off.

d. All transactions dealt with related parties are on arm's length basis. In respect of loan to subsidiary (BELOP) refer note "g" below.

e. All Outstanding balances are Unsecured. All Outstanding balances (Other than loan) is repayable in cash within next 6 months. For Outstanding balance of loans refer note "g" below.

f. The Company has entered into an Agreement with BELOP in April 2013 to temporarily fund the amount of ₹ 10,416 [₹ 26,040 less ₹ 15,624] for enabling BELOP to make payment towards ToT for XD-4 II Tubes, pending receipt of balance amount from MoD. As on 31.03.2018, an amount of ₹ 9,851 (₹ 9,503) has been paid to BELOP, out of which an amount of ₹ 7,109 (₹ 6,401) has been received from MoD. The balance amount of ₹ 2,742 (₹ 3,102) has been shown under Other Financial Assets -Non Current. (Refer Note 9).

As per the Agreement, an amount of ₹ 221 (₹ 273) has been recovered during the financial year from BELOP towards the cost of funds.

Notes to Accounts

(₹ in Lakhs)

g. **Loans to Related Parties**

1. The Company has entered into an agreement with BELOP in July 2015 to temporarily fund its Working Capital requirement to the maximum extent of ₹ 5,000 which was fully disbursed by 31.03.2016 and an amount of ₹ 1,872 is outstanding as on 31.03.2018. As per the terms and conditions :
   i) The balance amount will be repaid in quarterly installments with effect from July 2016.
   ii) Interest will be charged on the outstanding loan amount, on monthly basis, at BEL's rate of yield on its deposits.
2. The Company has entered into an agreement with BELOP in August 2016 to fund a Term Loan of ₹ 4,600 out of which ₹ 1,531 has been disbursed as on 31.03.2018. As per the terms and conditions :
   i) The principal amount will be repaid in 36 equal installments with effect from August 2019.
   ii) Interest will be charged on the outstanding loan amount, on monthly basis, at BEL's rate of yield on its deposits or the interest rate yield on a five year Government of India Bond, whichever is higher.
3. ** Loan outstanding does not include ₹ 63 (₹ 70) adjusted on account of loan given to subsidiary (BELOP) at below market rate.

h. **Management Contracts including deputation of Employees**

Two Official of BEL has been deputed to BELOP (Subsidiary) and Eight Officials of BEL have been deputed to BEL-THALES Systems Limited (Subsidiary) and their Salary and Other Costs is paid by BELOP and BEL-THALES System ltd. respectively during the year as per terms and conditions of employment.

i. **Transaction with Government and Government Related Entities**

As BEL is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities. However as required under Ind AS 24, following are the individually significant transactions :

1. Buyback of 11945469 (13828771) number of Shares during FY 2017-18.
2. 151745884 (120028420) number of Bonus Shares were Issued in the FY 2017-18.
3. An amount of ₹ 42,221 (₹ 44,735) was Paid as Dividend during the FY 2017-18.

In addition to the above, around 85% (90%) of the Company's Turnover, around 99% (76%) of Trade Receivables and around 84% (70%) of Customer's Advance is with respect to government and government related entities.

j. Investment in Equity with respect to BELOP includes fair valuation of loan.

NOTE 32

Interest in Associate :

Name of the Entity	GE BE Private Limited
Place of Business / Place of Incorporation	India
% of ownership interest	26%
Relationship	Associate
Carrying Amount	20,458 (18,387)

Fair Value of the investment in Associate is not disclosed as the equity of GE BE Private Limited is unquoted.

GE BE Private Ltd is a manufacturer of medical instruments and its products complement the business segment of Components SBU of BEL Bengaluru and BEL Pune unit.

Carrying amount of the Company's interest in GE BE Private Ltd.

Summarised Balance Sheet	As at 31 March 2018	As at 31 March 2017
Non - Current assets	21,643	16,165
Current assets :		
Cash and Cash equivalents	1,309	1,941
Other assets	71,409	63,063
Total current assets	**72,718**	**65,004**
Total assets	**94,361**	**81,169**

Notes to Accounts

(₹ in Lakhs)

Summarised Balance Sheet	As at 31 March 2018	As at 31 March 2017
Non - current liabilities :		
Financial liabilities other than trade payables	5	33
Other liabilities	1,599	772
Total non - current liabilities	**1,604**	**805**
Current liabilities		
Financial liabilities other than trade payables	165	156
Other liabilities	13,906	9,490
Total Current liabilities	**14,071**	**9,646**
Total liabilities	**15,675**	**10,451**
Net assets	**78,686**	**70,718**
Company's share of Net assets	**20,458**	**18,387**

Summarised Statement of Profit & Loss	As at 31 March 2018	As at 31 March 2017
Revenue	82,898	81,348
Interest Income	3,027	3,476
Depreciation and amortisation	2,288	1,795
Interest expense	57	26
Income tax expense	5,128	5,191
Profit for the year	9,146	10,130
Other comprehensive income	26	(20)
Total comprehensive income	9,172	10,110
Company's share of Profit	2,378	2,634
Company's share of OCI	7	(5)
Company's share of total comprehensive income	2,385	2,629

The Company has received Dividend of ₹ 260 (₹ 5,200).

Reconciliation of carrying amounts

Particulars	As at 31 March 2018	As at 31 March 2017
Opening net assets	**18,387**	**22,017**
Profit for the year	2,378	2,634
Other comprehensive income	7	(5)
Dividend paid (including Dividend Distribution Tax)	314	6,259
Closing net assets	**20,458**	**18,387**

Commitments and Contingent Liabilities in respect of Associate

Particulars	GE BE Private Ltd. (Audited)	
	As at 31 March 2018	As at 31 March 2017
Capital Commitments	313	271
Other Commitments	-	-
Other Contingent Liabilities	1,531	1,567

Notes to Accounts

(₹ in Lakhs)

NOTE 33
Financial Instruments - Fair Value Measurements

1 **Accounting classification and fair values**

The following tables shows the carrying amount and fair values of financial assets and liabilities :

Particulars		As at 31 March 2018			As at 31 March 2017		
		FVPL	FVOCI	Amotised Cost	FVPL	FVOCI	Amotised Cost
Financial Assets measured at fair value							
I	**Investments**						
i	Equity Instruments – Mana Effluent treatment Pvt Ltd	-	7	-	-	7	-
ii	Other Investments						
a.	Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment & BERECHS)	73,269	-	-	30,702	-	-
	Sub Total	**73,269**	**7**	**-**	**30,702**	**7**	**-**
	Financial Assets not measured at fair value						
II	Trade Receivables	-	-	570,458	-	-	435,488
III	Loans						
a	Security deposits	-	-	3,125	-	-	2,850
b	Loans to Related Parties	-	-	3,357	-	-	4,375
c	Loans to Employees	-	-	819	-	-	821
d	Loans to Others	-	-	-	-	-	-
IV	Cash and cash equivalents	-	-	73,822	-	-	268,596
V	Other Bank Balances	-	-	48	-	-	110,422
VI	Other Financial Assets						
a	Advance to Employees	-	-	100	-	-	189
b	Advance to Others	-	-	5	-	-	4
c	Non trade receivables	-	-	455	-	-	226
d	Accrued Income	-	-	134,457	-	-	20,792
e	Interest accrued but not due on term deposits	-	-	3,649	-	-	5,346
f	Other financial Assets	-	-	4,175	-	-	3,587
	Other Investments						
a	Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-
b	Investment in Subsidiaries	-	-	16,779	-	-	15,001
c	Investment in Associates	-	-	260	-	-	260
	Sub Total	**-**	**-**	**811,509**	**-**	**-**	**867,957**
	Total	**73,269**	**7**	**811,509**	**30,702**	**7**	**867,957**

* INR 4,750 (INR 4,750) [represents absolute figure] which is rounded off.

Note : Investments in subsidiary companies (BEL Optronic Devices Limited and BEL Thales Systems Limited) have been accounted at Cost in line with option available under Ind AS 101. Also, investment in Associate (GE-BE Private Limited) has been accounted at Cost in line with option available under Ind AS 101.

Notes to Accounts

(₹ in Lakhs)

Particulars		As at 31 March 2018			As at 31 March 2017		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities measured at fair value							
Total		-	-	-	-	-	-
Financial Liabilities not measured at fair value							
I	Borrowings	-	-	3,333	-	-	1,667
II	Trade Payables	-	-	140,020	-	-	133,061
III	Other Financial Liabilities						
a	Security Deposits	-	-	8,216	-	-	3,217
b	Current Maturities of Long Term Debt	-	-	3,333	-	-	3,333
c	Interest accrued but not due - term loan	-	-	-	-	-	1
d	Interest Accrued but not due on Trade Payables	-	-	10	-	-	9
e	Other Trade payables	-	-	13,268	-	-	8,229
f	Unpaid Matured Deposits	-	-	37	-	-	37
g	Unpaid Dividend	-	-	48	-	-	6,422
h	Non Trade Payables Dues to MSME	-	-	102	-	-	85
i	Outstanding Expenses	-	-	58,728	-	-	38,717
j	Other Liabilities	-	-	1,052	-	-	1,077
	Total	-	-	**228,147**	-	-	**195,855**

2 **Fair value hierarchy**

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below :

Particulars		Note	As at 31 March 2018			As at 31 March 2017		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
I	**Financial Assets and Liabilities measured at Fair value – recurring fair value measurements**							
A	Financial Assets :							
i	Financial Investments at FVPL	6	-	73,269	-	-	30,702	-
ii	Financial Investments at FVOCI - Unquoted	6	-	-	7	-	-	7
II	**Financial Assets and Liabilities which are measured at Amortised Cost**		No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.					

Level 1 : Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2 : The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

3 **Valuation technique used to determine Fair Value :**

a. LIC Investment - (Level 2)
Based on valuation report of the Scheme provided by LIC.

b. Mana Effluent Treatment Plant Ltd - (Level 3)
BEL has invested in equity securities of Mana Effluent Treatment Plant Ltd. which is an unlisted company. The Company's cost of investment in Mana Effluent Treatment Plant Ltd is only ₹ 5 (out of issued Share Capital of ₹ 163). The company has opted for Net Asset Value method for fair valuation.

Notes to Accounts

(₹ in Lakhs)

NOTE 34
Financial risk management

i) **Risk Management framework and policies**

The Company is broadly exposed to credit risk, liquidity risk and market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.

Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies. The Company has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization, treatment of various risks associated with different areas of finance and operations.

The company has a centralized Treasury function which is responsible to undertake appropriate measures to mitigate financial risk in accordance with the policies and procedures formulated by the Board. Hedging transactions are undertaken by a team with appropriate skills and experience in consultation with an external expert. The Company does not trade in derivatives for speculation.

ii) **Market Risk**

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

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

Currency Risk

BEL is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar, Euro, Great Britain Pound and Swiss Franc. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 50% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the external specialist consultant retained for this purpose.

The Company's export proceeds are realized mostly by remittance into an Export Earners Foreign Currency account (EEFC) which is then utilised for payments to be made in foreign currency, thereby mitigating the currency risk on exports. Imports to the extent of around 25% (30%) of annual foreign exchange outgo are not covered by the Exchange Rate Variation (ERV) clause in the related customer contract and hence are open to currency risk. These imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required.

As on 31 March 2018, there are no outstanding forwards contracts. The company has not entered into any forward contracts during the financial year 2017-18.

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2018				As at 31 March 2017			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Trade Payable	807	141	21	55	874	216	17	60
Trade Receivable	33	12	-	-	266	12	-	-
Net Exposure	774	129	21	55	608	204	17	60

Notes to Accounts

(₹ in Lakhs)

Foreign Currency Sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below. This analysis assumes that all other variables remain constant.

Particulars	Impact on Profit	
	As at 31 March 2018	As at 31 March 2017
USD – Increase by 5%	2,530	1,979
USD – Decrease by 5%	(2,530)	(1,979)
EURO – Increase by 5%	516	732
EURO – Decrease by 5%	(516)	(732)
GBP – Increase by 5%	95	72
GBP – Decrease by 5%	(95)	(72)
CHF – Increase by 5%	191	195
CHF – Decrease by 5%	(191)	(195)

Interest rate risk

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

Variable Rate Borrowing :

The company has been sanctioned a Term Loan of ₹ 10,000 on 31.03.2017 [Outstanding as on 31 March 2018 is ₹ 6,666 (₹ 5,000)]. Interest payable on this loan is based on SBI's Minimum Commercial Lending Rate - MCLR. [SBI is eligible to reset the interest charged on yearly basis]. There would be an additional outflow of cash of ₹ 67 if the interest rate goes up by 1% and saving of ₹ 67 in cashflow if interest rate goes down by 1%. There would however be no impact on profit as the interest component is capitalized since the borrowing is towards capital expenditure.

In addition the company has been sanctioned a working capital limit of ₹ 400,000. The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 350,000. The fund based limit of ₹ 50,000 has not been utilised during the year [Outstanding as on 31 March 2018 is nil (31 March 2017 is Nil)]. The outstanding balance as on 31.03.2018 with respect to non fund based limit is ₹ 175,565 (₹ 165,376). The interest is payable based on SBI's 1 year MCLR rate. As the borrowing is nil there is no impact on likely change in interest rates.

Equity Price Risk

The company's exposure to equity price risk is negligible as its equity investment (other than in subsidiaries and Associate) is negligible.

iii) **Liquidity Risk**

Liquidity Risk is the risk that a Company could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's exposure to liquidity risk is very minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The Company meets its liquidity requirement mainly through internally generated cash flows which is monitored centrally by treasury. There is an established process of rolling cash forecasts from various operating units which form the basis for mapping expected cash inflows, to meet the liabilities.

Notes to Accounts

(₹ in Lakhs)

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undiscounted cash flows.

As at 31 March 2018

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	-	-	-	3,333	-	3,333
Trade Payables	119,046	7,509	13,460	-	5	140,020
Current Maturities of Long Term Debts	833	834	1,666	-	-	3,333
Interest accrued and due on Trade Payables	8	-	2	-	-	10
Other Financial Liabilities	72,197	2,141	6,991	91	32	81,452

As at 31 March 2017

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	-	-	-	1,667	-	1,667
Trade Payables	130,403	691	1,967	-	-	133,061
Current Maturities of Long Term Debts	833	834	1,666	-	-	3,333
Interest accrued and due on Trade Payables	7	-	2	-	-	9
Other Financial Liabilities	57,050	68	595	46	26	57,785

The company does not have any outstanding derivatives as on 31 March 2018.

iv) **Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government / Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc and other indicators.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department / parties.

Loan of ₹ 3,420 (₹ 4,445) is outstanding [as on 31.03.2018] from BELOP [100% subsidiary company]. The subsidiary company has been regular in repayment of its dues (Interest and Principal) and no credit risk is expected in terms of repayment of the loan amount.

Notes to Accounts

(₹ in Lakhs)

v) **Capital Management**

The Company's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Company has a conservative approach for raising capital through debt but reserves the right to leverage this alternative at an appropriate time to fuel growth and maintain optimal capital structure.

As part of this overall objective, the company has expanded capital base by issuing bonus shares in financial year 2015-16 & 2017-18 and bought back shares in financial year 2016-17 & 2017-18 [Refer Note 16]. The Company has a well defined Dividend Distribution Policy which lays the framework for payments of dividend and retention of surplus for future growth and enhancing shareholders wealth. The company has borrowed an amount ₹ 10,000 from Bank for construction of quarters. [Outstanding as on 31 March 2018 is ₹ 6,666 (₹ 5,000)] [Refer Note 18 & 20]. The Company has been sanctioned borrowing limits with banks to the tune of ₹ 400,000.

Gearing Ratio :

Particulars	As at 31 March 2018	As at 31 March 2017
Net Debt	6,666	5,000
Total Equity	776,101	750,854
Net Debt to Equity Ratio	0.01:1	0.01:1

NOTE 35

Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are :

	As at 31 March 2018	As at 31 March 2017
(i) Inventories	458,772	485,576
(ii) Trade Receivables	570,458	435,488
(iii) Cash & Cash Equivalents	73,820	268,588
(iv) Bank Balances [Other than (iii) above]	-	104,000
(v) Loans	2,724	4,328
(vi) Other Financial Assets	139,986	26,993
(vii) Other Current Assets	139,312	56,934
Total assets pledged as security	**1,385,072**	**1,381,907**

Refer Note 18 & 20 for the details of borrowings.

NOTE 36

Critical estimates and judgments

While preparing the financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and Estimates that have a significant risk of resulting in a material adjustment are as under :

i) **Research and Development Expenditure - Accounting Policy No. 10 - (Refer Note No. 5)**
Developmental expenditure incurred with respect to No Cost No Commitment (NCNC) Projects and Joint developmental projects which are not fully compensated by the development partner are carried forward till the completion of project.

ii) **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note No. 21)**

Notes to Accounts

iii. **Estimation of provision for warranty claims - (Refer Note No. 21)**

Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iv. **Pay Revision Provision - (Refer Note No. 21)**

Pay Revision in respect of Non executive is due with effect from 01.01.2017. Provision in respect of revised pay has been made based on a reasonable estimate of expected liability for the period 01.04.2017 to 31.03.2018 during the financial year 2017-18.

v. **Recognition of Revenue - (Refer Note No. 23)**

Percentage-of-completion method involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

NOTE 37
Recent accounting pronouncements

A. Ind AS 115- Revenue from Contracts with Customers :

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contracts with Customers. This standard shall apply for accounting periods beginning on or after 1 April 2018. The standard permits two methods of transition.

1. Retrospectively to each prior reporting period presented in accordance with Ind AS 8, accounting policies, changes in accounting estimates and errors.
2. Retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application.

The Company will adopt this standard on 1 April 2018 retrospectively with the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period. The company is evaluating the effect of this amendment on the financial statements.

B. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration :

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 to Ind AS 21 (The Effects of Changes in Foreign Exchange Rates) with effect from 1 April 2018. This amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date when an entity has received or paid advance consideration in a foreign currency. The Company is evaluating the effect of this amendment on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES ON IND AS STANDALONE FINANCIAL STATEMENTS

Corporate Information

The accompanying financial statements comprise the financial statements of Bharat Electronics Limited (the Company). The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Bharat Electronics Limited's shares are listed on two recognised stock exchanges in India. The registered office and principal place of business of the Company is located at Bengaluru, Karnataka, India.

The Company is a public sector enterprise under the administrative control of the Department of Defence Production, Ministry of Defence. Bharat Electronics Limited manufactures and supplies electronic equipment and systems to defence sector. Other than defence sector, the Company has also got a limited presence in the civilian market.

Significant Accounting Policies

1. Basis of Preparation

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

2. Use of Estimates

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

3. Basis of Measurement

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

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

4. Functional and Presentation Currency

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

5. Revenue Recognition

(i) **Sale of Goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable and the amount of cost incurred and the revenue can be measured reliably. The timing of the transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

(ii) **Ex-Works Contract**

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

(iii) **FOR Contracts**

In the case of FOR contracts, revenue is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the company at the request of the customer.

(iv) **Bill and Hold Sales**

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that :

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time when the revenue is recognised;
- the buyer specifically acknowledges the deferred delivery instructions;
- the usual payment terms apply.

(v) **Construction Contracts**

Contract revenue includes initial amount agreed in the contract and any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

When it is probable that total contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

(vi) **Price Escalations and Exchange Rate Variation Claims**

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

(vii) **Bundled Contracts**

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

(viii) **Multiple Elements**

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

(ix) Sales exclude Sales Tax / Value Added Tax (VAT) and include Excise Duty till 30.06.2017.

From 01.07.2017 onwards, Sales exclude Goods and Service Tax (GST).

(x) **Revenue from Services**

Revenue relating to Maintenance contracts are recognised on accrual basis.

For other fixed-price contracts (including revenue from software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date.

Revenue in respect of other category of services is recognised on rendering of service.

(xi) **Interest Income**

Interest income is recognised using the effective interest rate method.

(xii) **Dividend Income**

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

(xiii) **Rental Income**

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

(xiv) **Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

(xv) **Other Income**

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

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

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

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

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

7. Intangible Assets, Intangible Asset under Development

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

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

Cost of Developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

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

8. Depreciation / Amortisation

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

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

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

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

9. Disposal of Property, Plant and Equipment

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

10. Research and Development Expenditure

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

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

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

Where such developmental projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.

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

(iv) Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on closure of project, the amount will be either capitalised if further economic benefit is expected from its use or charged off.

11. Expenditure on Technical Know-How

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

12. Investment Property

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

13. Impairment of Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

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

14. Leases

A lease is classified at the inception date as a finance lease or an operating lease.

(i) **Company as a Lessee**

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as finance costs in the statement of profit and loss. A leased asset is amortised over the estimated useful life of the asset or lease term, whichever is lower.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance to general inflation or are otherwise justified.

(ii) **Company as a Lessor**

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a Finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

15. Borrowing Costs

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

16. Government Grants

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

The amount lying in Deferred Income on account of acquisition of Fixed Asset is transferred to the credit of Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the

extent attributable to Government Grants utilised for the acquisition.

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

17. Investments in Joint Venture and Associates

The Company accounts for it's interests in associates and joint ventures in the separate financial statements at cost.

18. Inventories

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

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads.

Adequate provision is made for inventory which are more than five years old which may not be required for further use.

19. Income Taxes

Income tax comprises of current and deferred tax.

(i) **Current Income Tax**

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

(ii) **Deferred Tax**

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

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

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

20. Provision for Warranties

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

21. Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

22. Employee Benefits

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

(ii) Incremental liability for payment of long term compensated absences such as Annual Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

(iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions

are made in the case of provident fund and lump sum contributions in the case of gratuity.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

(vi) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in statement of profit and loss.

(vii) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

(viii) Defined Contribution Plan

The Company operates employee pension scheme and superannuation pension scheme for its employees that are categorised as a defined contribution plans. For defined contribution plans, the Company pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

23. Provisions

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

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

24. Cash Flow Statement

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

25. Fair value Measurement

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

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

26. Financial Assets

(i) **Initial Recognition and Measurement**

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

(ii) **Subsequent Measurement**

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

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

(iii) **Derecognition**

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

(iv) **Trade and Other Receivables**

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

27. Forward Contracts

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

28. Embedded Derivative

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

29. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

30. Impairment of Financial Assets

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

(i) Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.

(ii) Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

(iii) Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

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

31. Financial Liabilities

(i) **Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

(ii) **Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below :

Financial Liabilities at fair value through Profit or Loss :

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

(iii) **Loans and Borrowings**

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) **Trade and Other Payables**

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

32. Reclassification of Financial Instruments

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

33. 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.

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

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

35. Errors and Estimates

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

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

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

36. Earnings Per Share

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

37. Events after the Reporting Period

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

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2018

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

S Sreenivas
Company Secretary

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECRONICS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **BHARAT ELECTRONICS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its associate in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in subparagraph (1) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group and its associate as at 31 March 2018, and its consolidated profit (including other comprehensive income), consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

Other Matters

(1) We did not audit the Ind AS financial statements of two subsidiaries whose Ind AS financial statements reflect total assets of ₹ 51,729 Lakhs as at 31 March 2018, total revenues of ₹ 12,478 Lakhs and net cash flows amounting to ₹ 5,237 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Subsidiaries' share of net profit (including Other Comprehensive Income) of ₹ 911 Lakhs for the year ended 31 March 2018 after adjusting loss of ₹ 259 Lakhs of subsidiary BEL Thales Systems Limited, whose financial statements have not been audited by us.

The consolidated Ind AS financial statement reflects assets of the associate of ₹ 20,458 Lakhs as "Investment in associate" and include Associate's share of net profit (including other comprehensive income) of ₹ 2,385 Lakhs, whose financial statement have not been audited by us.

These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matter based on our reliance on the work done and the reports of the other auditors and the Ind AS financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid consolidated Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

   d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act and read with the relevant rules issued thereunder.

   e) The Group and its associate being a government company, the provisions of Section 164(2) of the Companies Act, 2013, in respect of director's disqualification, are not applicable.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and its associate and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate- Refer Note No.30 (11) to the consolidated Ind AS financial statements.

      ii. The Group and its associate has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts- Refer Note No.21 to the consolidated Ind AS financial statements. The Group and its associate does not have any derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection fund by the Group and its associate.

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Bharat Electronics Limited ("the Holding Company") and its subsidiary companies and Associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, its subsidiary companies and its associate company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding company and its subsidiaries and associate.

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company :

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directions 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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding company, its subsidiary companies and Associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies and one Associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2018

Consolidated Balance Sheet

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	1	168,959	134,128
(b) Capital work-in-progress	2	44,397	41,419
(c) Investment property	3	11	12
(d) Other intangible assets	4	14,934	15,970
(e) Intangible assets under development	5	49,608	32,862
(f) Investment in associate		20,458	18,387
(g) Financial assets			
(i) Investments	6	73,277	30,709
(ii) Trade receivables	7	-	-
(iii) Loans	8	2,519	2,500
(iv) Other financial assets	9	2,891	5,997
(h) Deferred tax assets (net)	10	43,006	52,895
(i) Inventories	11	18,780	4,925
(j) Other non current assets	12	23,028	13,174
		461,868	**352,978**
(2) Current assets			
(a) Inventories	11	461,576	488,167
(b) Financial assets			
(i) Trade receivables	7	569,311	436,826
(ii) Cash & cash equivalents	13	80,443	269,981
(iii) Bank balances [other than (ii) above]	14	3,664	112,738
(iv) Loans	8	1,458	1,204
(v) Other financial assets	9	140,261	27,074
(c) Current tax assets (net)	15	24,883	9,801
(d) Other current assets	12	151,685	60,859
		1,433,281	**1,406,650**
TOTAL ASSETS		**1,895,149**	**1,759,628**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	24,366	22,336
(b) Other equity		777,202	751,241
Total equity attributable to the owners of the company		**801,568**	**773,577**
Non controlling interest		1,303	1,372
Total equity		**802,871**	**774,949**

Consolidated Balance Sheet

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2018	As at 31 March 2017
LIABILITIES			
(1) Non-current liabilities			
(a) Deferred income	**17**	18,599	17,238
(b) Financial liabilities			
(i) Borrowings	**18**	3,333	1,667
(ii) Trade payables	**19**	5	-
(iii) Other financial liabilities	**20**	123	72
(c) Provisions	**21**	82,393	89,150
(d) Other non-current liabilities	**22**	1,035	1,469
		105,488	**109,596**
(2) Current liabilities			
(a) Deferred income	**17**	86	20
(b) Financial liabilities			
(i) Borrowings	**18**	1,370	1,358
(ii) Trade payables	**19**	136,807	129,737
(iii) Other financial liabilities	**20**	88,378	66,031
(c) Other current liabilities	**22**	715,278	636,230
(d) Provisions	**21**	44,871	41,707
(e) Current tax liability (net)	**15**	-	-
		986,790	**875,083**
TOTAL EQUITY AND LIABILITIES		**1,895,149**	**1,759,628**

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	PARTICULARS	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
I	Revenue from operations	23	1,048,516	922,070
II	Other income	24	19,573	42,011
III	**Total income (I+II)**		**1,068,089**	**964,081**
IV	**EXPENSES**			
	(a) Cost of material consumed		460,670	429,760
	(b) Cost of stores & spares consumed		4,089	3,400
	(c) Consumption of stock in trade		49,680	50,281
	(d) Changes in inventories of finished goods, work in progress & scrap	25	37,450	(42,006)
	(e) Excise duty		8,436	55,236
	(f) Employee benefits expense	26	178,757	155,944
	(g) Finance costs	27	219	1,288
	(h) Depreciation and amortisation expense	28	27,172	21,163
	(i) Other expenses	29	105,913	90,758
	TOTAL EXPENSES (a to i)		**872,386**	**765,824**
V	**Profit before exceptional items, share of net profit of associate accounted under equity method & tax (III - IV)**		**195,703**	**198,257**
VI	Exceptional items		-	-
VII	**Profit before share of net profit of associate accounted under equity method & tax (V - VI)**		**195,703**	**198,257**
VIII	**Tax Expense**	10		
	- Current tax		45,436	51,757
	- Earlier years		(481)	(873)
	- Deferred tax		10,023	(2,330)
	Total provision for taxation		**54,978**	**48,554**
IX	**Profit before share of net profit of associate accounted under equity method (VII - VIII)**		**140,725**	**149,703**
X	Share of net profit of associate accounted under equity method		2,378	2,634
XI	**Profit for the year (IX+X)**		**143,103**	**152,337**
XII	**Other comprehensive income / (loss)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/asset		236	(13,955)
	- Equity instruments through other comprehensive income		1	1
	- Share of other comprehensive income of associate accounted under equity method (net of tax)		7	(5)
	- Income tax relating to these items		(77)	4,704
	Total other comprehensive income / (loss) (net of tax)		**167**	**(9,255)**

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	PARTICULARS	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
XIII	**Total comprehensive income for the year (XI + XII) [comprising profit and other comprehensive income for the year]**		**143,270**	**143,082**
XIV	**Net profit / (loss) attributable to**			
	a) Owners of the company		**143,172**	**152,358**
	b) Non controlling interest		**(69)**	**(21)**
	Other comprehensive income attributable to			
	a) Owners of the company		**167**	**(9,255)**
	b) Non controlling interest		**-**	**-**
	Total comprehensive income attributable to			
	a) Owners of the company		**143,339**	**143,103**
	b) Non controlling interest		**(69)**	**(21)**
XV	**Earnings per equity share (face value of ₹ 1/- each) :**	**30(1)**		
	(1) Basic [in ₹]		**5.83**	**5.94**
	(2) Diluted [in ₹]		**5.83**	**5.94**

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

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Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

A. Equity Share Capital

	Note No.	Amount
Balance as at 1 April 2016	16	24,000
Changes in equity share capital during the year		
- Buyback of shares		(1,664)
Balance as at 31 March 2017		22,336

	Note No.	Amount
Balance as at 1 April 2017	16	22,336
Changes in equity share capital during the year		
- Issue of bonus shares		2,234
- Buyback of shares		(204)
Balance as at 31 March 2018		24,366

B. Other equity

	Note No.	Reserves & surplus					Other reserve		Non controlling interest	Total other equity
		Capital reserve*	Capital reserve on consolidation of subsidiary*	Capital redemption reserve *	General reserves	Retained earnings	Equity instruments through other comprehen-sive income *	Other comprehen-sive income *		
Balance as at 1 April 2016		**4,669**	**362**	-	**456,122**	**441,703**	**1**	**(2,241)**	**477**	**901,093**
Profit for the year		-	-	-	-	152,337	-		(21)	152,316
Consolidation adjustments		-	-	-	-	(1,026)	-		-	(1,026)
Addition during the year		-	-	-	-	-	1	(9,256)	916	(8,339)
Total		4,669	362	-	456,122	593,014	2	(11,497)	1,372	1,044,044
Corporate social responsibility (CSR)		-	-	-	-	(1,834)	-	-	-	(1,834)
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-	-	-	-
Amount transfer to capital reserve		-	-	-	-	-	-	-	-	-
Transaction with owners in their capacity as owner										
Dividends	16	-	-	-	-	(61,604)	-	-	-	(61,604)
Dividend distribution tax	16	-	-	-	-	(12,541)	-	-	-	(12,541)
Buyback of shares	16	-		1,664	(217,116)	-	-	-	-	(215,452)
Balance as at 31 March 2017		**4,669**	**362**	**1,664**	**279,006**	**477,035**	**2**	**(11,497)**	**1,372**	**752,613**

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

	Note No.	Reserves & surplus					Other reserve		Non controlling interest	Total other equity
		Capital reserve *	Capital reserve on consolidat-ion of subsidiary *	Capital redemption reserve *	General reserves	Retained earnings	Equity instruments through other comprehensive income *	Other comprehen-sive income*		
Balance as at 1 April 2017		**4,669**	**362**	**1,664**	**279,006**	**477,035**	**2**	**(11,497)**	**1,372**	**752,613**
Profit for the year		-	-	-	-	143,103	-	-	(69)	143,034
Consolidation adjustments		-	-	-	-	(439)	-	-		(439)
Addition during the year		-	-	-	-	-	1	166	-	167
Total		4,669	362	1,664	279,006	619,699	3	(11,331)	1,303	895,375
Corporate social responsibility (CSR)		-	-	-	-	(2,072)	-		-	(2,072)
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-		-	-
Amount transfer to capital reserve		-	-	-	-	-	-		-	-
Transaction with owners in their capacity as owner										
Dividends	16	-	-	-	-	(62,765)	-		-	(62,765)
Dividend distribution tax	16	-	-	-	-	(12,777)	-		-	(12,777)
Issue of bonus shares	16				(2,234)					(2,234)
Buyback of shares	16	-	-	204	(37,226)	-	-		-	(37,022)
Balance as at 31 March 2018		**4,669**	**362**	**1,868**	**279,546**	**502,085**	**3**	**(11,331)**	**1,303**	**778,505**

* Refer Note 16(b).

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Consolidated Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	for the year ended 31 March 2018	for the year ended 31 March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after share of associate but before exceptional items and tax	198,081	200,891
Adjustments for :		
Depreciation and amortisation expense	27,172	21,163
Corporate social responsibility	1,638	1,035
Transfer from Government grants	(2,116)	(2,776)
Remeasurement of the net defined benefit liability/asset	236	(13,955)
Interest income	(15,906)	(34,348)
Finance costs	219	1,288
Profit on Sale of property, plant & equipment	(135)	(192)
Operating Profit Before Working Capital Changes	**209,189**	**173,106**
Increase / (Decrease) in :		
Trade receivables	(132,485)	(64,635)
Loans	(273)	(140)
Other Financial Assets	(110,081)	(7,606)
Other assets	(100,680)	(14,939)
Inventories	12,736	(72,856)
Trade payables	7,075	13,452
Other financial liabilities	27,537	12,409
Provisions	(3,591)	38,265
Other liabilities	78,613	(17,702)
Current tax asset	7,896	(2,369)
Cash Generated from Operations	**(4,064)**	**56,985**
Income taxes paid (net)	(68,142)	(64,982)
Receipt of grants	3,549	1,903
Cash Flow Before Exceptional Items	**(68,657)**	**(6,094)**
Exceptional items	**-**	**-**
Net Cash from /(used in) Operating Activities	**(68,657)**	**(6,094)**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant & equipments and other intangible assets	(80,711)	(79,399)
Minority interest	-	583
Proceed from sale of property, plant & equipment	153	212
Increase / (Decrease) in term deposits & other bank balances	109,074	358,584
Other investments	(45,065)	(2,863)
Interest received	15,906	34,348
Net Cash from / (used in) Investing Activities	**(643)**	**311,465**

Consolidated Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	for the year ended 31 March 2018	for the year ended 31 March 2017
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceed / Repayment from borrowings (net)	1,678	3,519
Purchase of Shares under Buyback Scheme	(37,226)	(217,116)
Corporate Social Responsibility (CSR) Expenditure	(2,473)	(2,455)
Dividend Paid (including Tax on Dividend)	(81,998)	(68,340)
Finance Costs	(219)	(1,288)
Net Cash from / (used in) Financing Activities	**(120,238)**	**(285,680)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(189,538)**	**19,691**
Cash and Cash Equivalents at the beginning of the Year	**269,981**	**250,290**
Cash and Cash Equivalents at the end of the Year	**80,443**	**269,981**

Non-cash changes recognised in respect of liabilities on account of financing activities is Nil during the year.

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

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

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Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 1
Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2018	Accumulated depreciation / amortisation as at 1 April 2017	Depreciation/ amortisation for the year	Deductions / adjustments during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	11,640	1,267	-	**12,907**	-	-	-	**-**	**12,907**	**11,640**
Leasehold land	518	-	-	**518**	14	7	-	**21**	**497**	**504**
Roads and culverts	468	20	-	**488**	56	30	-	**86**	**402**	**412**
Buildings	28,822	12,091	-	**40,913**	2,405	1,727	-	**4,132**	**36,781**	**26,417**
Installations	3,314	251	-	**3,565**	752	455	-	**1,207**	**2,358**	**2,562**
Plant and machinery	66,060	23,799	(17)	**89,876**	15,346	11,155	(27)	**26,528**	**63,348**	**50,714**
Electronic equipment	32,751	10,729	-	**43,480**	8,942	6,067	-	**15,009**	**28,471**	**23,809**
Equipment for R & D lab	17,109	8,300	4	**25,405**	6,604	4,188	4	**10,788**	**14,617**	**10,505**
Vehicles	294	213	-	**507**	120	94	-	**214**	**293**	**174**
Office equipment	5,249	2,501	9	**7,741**	1,922	1,288	7	**3,203**	**4,538**	**3,327**
Furniture, fixtures and other equipments	5,391	1,546	1	**6,936**	1,361	843	(5)	**2,209**	**4,727**	**4,030**
Assets acquired for sponsored research	65	-	-	**65**	31	14	-	**45**	**20**	**34**
Total	**171,681**	**60,717**	**(3)**	**232,401**	**37,553**	**25,868**	**(21)**	**63,442**	**168,959**	**134,128**
Previous Year	123,652	48,077	48	**171,681**	17,715	19,866	28	**37,553**	**134,128**	**105,937**

i. Freehold Land consists of 2064.29 acres (2064.29 acres) and Leasehold Land consists of 293.64 acres (293.64 acres).

ii. Freehold Land includes 7.11 acres (7.11 acres) leased to commercial / religious organisations and in their possession.

iii. Lease Hold land of parent company includes land taken on Lease at Kochi for 90 Years and capitalised in the year 2008-09. The subsidiary company [BELOP] has acquired 3.38 acres of land on lease from MIDC for 95 years at a cost of ₹ 21 on 25.11.1991 with renewable option of further 95 years on new terms and conditions.

iv. Additions during the year includes, ₹ 1,982 (₹ 1,089), ₹ 15 (₹ 5) and ₹ 222 (Nil) in respect of the assets of Central Research Laboratories, Pune and Hyderabad Unit respectively, R&D assets accounted under natural code heads.

v. Electronic Equipment value includes POS machines of the parent company valuing ₹ 1,026 (₹ 1,026) which are under the control of Haryana Government (operating lease).

vi. **Site Restoration Obligation**

Refer Note 21 for Site Restoration Obligation in respect of Wind Mill & Solar Power Plants.

vii. Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 467 (₹ 83) in respect of Wind Mill & Solar Power Plants.

viii. **Contractual Commitment**

Refer Note 30(10) for outstanding Contractual Commitment.

Consolidated Notes to Accounts

(₹ in Lakhs)

ix. **Deemed Cost**

On transition to Ind AS (01.04.2015), the group has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the Property, Plant & Equipment.

x. **Estimation of Useful Life of Assets**

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

The estimated useful lives of various categories of tangible assets is as follows :

Asset Class	Years
Buildings	20 - 40
Roads & Culverts	20 - 40
Installations	10
Plant & Machinery	5 - 25
Electronic Equipments	5 - 7
Vehicles	4 - 5
Office Equipments	6 - 7
Furniture & Fixtures	6 - 10
Equipments for R&D Labs	5

In respect of subsidiaries and associate, estimated useful lives as per Schedule II to the Companies Act, 2013 has been adopted except for the following cases :

Asset Class	Years
BELOP	
Plant & Machinery - Continuous Process Plant	15
BEL Thales	
Plant & Machinery	5 - 15
Electronic Equipments	5
Computer Systems	5

xi. **Depreciation / Amortisation**

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

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

xii. **Method of Accounting Depreciation**

Depreciation / Amortisation has been calculated as per the Accounting Policy No. 8 of the Company and recognised as expenses in the Statement of Profit and Loss. Amount of Depreciation recognised as part of Cost of Other Asset is ₹ 3 (Nil).

xiii. **Impairment of Assets**

Refer Note 30(8).

xiv. **Compensation from third parties**

Nil (Nil)

xv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property Plant & Equipment.

xvi. Land acquired free of cost from the Government in some units has been accounted in line with provisions of Ind AS 101.

xvii. **Details of Registration, Pending Litigation etc., [parent company]**

a. Deeds containing the terms of transfer / grant of land from State Governments / State Undertakings have been registered during the FY 2014-15 in respect of 86.60 acres (86.60 acres) valuing ₹ 197 (₹ 197) pertaining to

Consolidated Notes to Accounts

(₹ in Lakhs)

Panchkula Unit. However, rectification of land area held by BEL for Township from 30.00 acres (30.00 acres) to 28.60 acres (28.60 acres) in records of HUDA and Registration Authority is in process. The title deed in respect of land measuring 0.30 acres (0.30 acres) is under litigation.

b. Pending execution of title / sale deeds and handing over of physical possession of land allotted to BEL Hyderabad Unit by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in respect of land measuring 5.60 acres (5.60 acres) in Mallapur, Hyderabad and the matter being under litigation, no provision towards registration and other cost has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65 (₹ 65) is included in Capital Advances.

c. Based on the Memorandum of Understanding reached with the Defence authorities, assets constructed on the land allotted to BEL and in possession of BEL are capitalised under the respective heads for setting up of the Hyderabad Unit. Pending finalisation of the terms and conditions by the appropriate authorities, the cost of land measuring 25.11 acres (25.11 acres) has not been accounted in the books of accounts.

d. Land admeasuring to 122.82 acres (122.82 acres) at Ibrahimpatnam alloted by APIIC / TSIIC possession is given for which sale deed is pending [Hyderabad Unit]. Sale deed is pending for finalisation of the land admeasuring to 913.99 acres (913.99 acres) at Palasamudram, Ananthapur Dist. AP [BG Complex]. Sale deed is pending for finalisation / execution for the land admeasuring to 12.50 acres (12.50 acres) [Kotdwara Unit].

e. A demand of ₹ 256 (₹ 256) being 50% of the compensation amount decreed by City Civil Court, Hyderabad has been received towards additional compensation from TSIIC dated 31.01.2015 for Land of 22.375 acres (22.375 acres) which is part of free hold land mentioned above. The demand is under dispute and hence, no provision in respect of the same has been made in the books of accounts.

f. Free hold Land to the extent of 1.22 acres (1.22 acres) which was allotted by Government Authorities in return for handing over of Land measuring 1.24 acres (1.24 acres) is under litigation (Bengaluru Complex) .

g. The Company has installed Windmill Generator at three locations. Windmill Generator-I capitalized in the year 2006-07 on Lease Land. Upfront Lease rent is Nil and Lease Agreement for the land is pending finalization. Windmill Generator–II is capitalized in the year 2007-08 on the leased land by paying upfront lease rent of ₹ 36 which being an operating lease classified as Other assets. Lease Agreement for the land is pending finalization. Windmill Generator–III is capitalized in the year 2015-16 on the leased land by paying upfront lease rent of ₹ 161 which being an operating lease classified as Other assets.

	As at 31 March 2018		As at 31 March 2017	
NOTE 2				
Capital work-in-progress				
Civil Construction	21,320		23,690	
Plant & Machinery	9,738		11,286	
Others	11,785		4,742	
Capital Items in Transit	1,555		1,702	
		44,398		**41,420**
Less : Provision		(1)		(1)
		44,397		**41,419**

i. Civil Construction mainly comprises of Production related building, R&D building & Employee Quarters.

ii. Borrowing costs of ₹ 378 (₹ 1) [net of interest income] has been included in Capital WIP in respect of employee quarters under construction. The capitalisation rate is 8.15% p.a.

iii. Refer Note 30 (10) in respect of Contractual Commitment.

iv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, Plant & Equipment.

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 3
Investment property

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2018	Accumulated depreciation / amortisation as at 1 April 2017	Depreciation/ amortisation for the year	Deductions / adjustments during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	2	1	-	3	11	12
Total	**14**	**-**	**-**	**14**	**2**	**1**	**-**	**3**	**11**	**12**
Previous Year	14	-	-	14	1	1	-	2	12	13

i. **Amount recognised in Statement of Profit & Loss**

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Rental Income	110	102
b. Direct Operating Expenses (including R&M) from property that generated rental income	-	-
c. Direct Operating Expenses (including R&M) from property other than above	-	-
d. Depreciation	1	1
e. Profit from Investment property before deducting non operating expenses	109	101

ii. Refer Note 30(10) for Contractual Commitment.

iii. **Fair Value of the investment property**

	As at 31 March 2018	As at 31 March 2017
Land	1962	1962
Building	902	836

iv. Land comprises of Freehold Land of 1.36 acres (1.36 acres) of parent company.

v. **Estimation of Fair Value**

The parent company has estimated the fair value of the investment property based on the Government Guidance Value (municipal value) of the similar properties in the investment property's location. All resulting fair value estimates for the investment property are included in Level 2.

vi. **Deemed Cost**

On transition to Ind AS (01.04.2015), the parent company has elected to continue with the carrying value of all its investment property as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the investment property.

vii. **Estimation of Useful Life of Assets**

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

Consolidated Notes to Accounts

(₹ in Lakhs)

The estimated useful life of Tangible Asset is as follows :

Asset Class	Years
Buildings	40

viii. **Depreciation / Amortisation**

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

The amount of Depreciation has been recognised as expense in the Statement of Profit and Loss.

ix. **Method of Accounting Depreciation**

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

x. **Impairment of Assets**

As the fair value of the Investment Property is higher than its carrying value, there is no indication of impairment.

xi. **Restrictions on the relisability of Investment Property**

The lands are given by Government of India.

xii. **Details of Registration pending, Litigation etc.,**

Nil (Nil).

NOTE 4
Other intangible assets

PARTICULARS	GROSS CARRYING AMOUNT				AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2017	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2018	Accumulated amortisation as at 1 April 2017	Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Intangible assets - others										
Computer operating system	2	-	-	**2**	1	-	-	**1**	**1**	1
Licencing fee	18,426	-	-	**18,426**	2,500	1,250	-	**3,750**	**14,676**	15,926
Software licenses / implementation Enterprise resource planning (ERP)	127	106	-	**233**	84	56	-	**140**	**93**	43
Others (Development Cost) *	-	164	-	**164**	-	-	-	**-**	**164**	-
Total	**18,555**	**270**	**-**	**18,825**	**2,585**	**1,306**	**-**	**3,891**	**14,934**	**15,970**
Previous Year	**18,535**	**20**	**-**	**18,555**	**1,288**	**1,297**	**-**	**2,585**	**15,970**	**17,247**

* Amortisation for the year includes INR 4497 [represents absolute figure] which is rounded off [parent company].

i. **Deemed Cost**

On transition to Ind AS (01.04.2015), the group has elected to continue with the carrying value of all its other intangible assets as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of other intangible assets.

ii. **Estimated useful life**

The estimated useful lives of the Other Intangible Assets [parent company] is as follows :

Asset Class	Years
Software licenses / implementation Enterprise resource planning (ERP)	3
Others (Development Cost)	10

Consolidated Notes to Accounts

(₹ in Lakhs)

iii. **Amortisation**

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

The amount of Amortisation has been recognised as expense in the Statement of Profit and Loss.

iv. **Method of Accounting Amortisation**

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

v. Refer Note 30(10) for Contractual Commitment.

vi. **Impairment of Assets**

Refer Note 30(8).

vii. The restriction on the title of the assets is governed by the terms of agreement.

	As at 31 March 2018	As at 31 March 2017
NOTE 5		
Intangible assets under development		
Internally developed *	49,596	32,850
Others		
Software licenses / implementation Enterprise resource planning (ERP)	12	12
	49,608	**32,862**

* Includes funding to other development agencies.

i. Refer Note 30(10) for Contractual Commitment.

NOTE 6		
Investments		
(I) Investment in Equity Instruments (Unquoted)		
Others (at FVOCI) (Refer Note iv below)		
Mana Effluent Treatment Plant Ltd, Hyderabad		
500 (500) equity shares of ₹ 1,000 each fully paid	7	7
(II) Other Investments (Unquoted)		
a) Investment in Co-operative Societies (at Cost)*		
Cuffe Parade Persopolis Premises Co-operative Society, Mumbai 40 (40) Shares of ₹ 50 each fully paid	-	-
Sukh Sagar Premises Co-op. Society, Mumbai 10 (10) Shares of ₹ 50 each fully paid		
Shri.Sapta Ratna Co-op. Society Ltd., Mumbai 10 (10) Shares of ₹ 50 each fully paid	-	-
Dalamal Park Co-op. Society Ltd., Mumbai 5 (5) Shares of ₹ 50 each fully paid		
Chandralok Co-op. Housing Society Ltd.,Pune 30 (30) Shares of ₹ 50 each fully paid	-	-

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
b) Others (at FVTPL)		
Life Insurance Corporation of India (Refer Note ii)	73,270	30,702
	73,277	**30,709**

* INR 4,750 [represents absolute figure] (INR 4,750) [represents absolute figure] which is rounded off. The same represents value of share acquired in Housing Societies as per their by-law regulation.

		2017-18	2016-17
ia.	Aggregate value of quoted investments and market value thereof	-	-
ib.	Aggregate value of unquoted investments	**73,277**	**30,709**
ic.	Aggregate amount of impairment in value of investments	-	-

ii. The parent company has invested its Leave Encashment & "BEL Retired Employees' Contributory Health Scheme" (BERECHS) liabilities in LICs New Group Leave Encashment Plan & New Group Superannuation Cash Accumulation Plan respectively [Refer Note 21].

iii. Refer Note 33 for classification of financial instruments.

iv. a. The parent company have designated investment in equity shares of M/s Mana Effluent Treatment Plant Ltd., at FVOCI because these equity shares represent investments that are intended to be held for long-term for strategic purposes. Fair Value of the Investment based on Net Asset Value Method is given below :

Particulars	Fair value as at 31 March 2018	Dividend income recognised during 2017-18	Fair value as at 31 March 2017	Dividend income recognised during 2016-17
Investment in Mana Effluent Treatment Plant Ltd.	7	-	7	-

b. Parent company has not received any dividend so far on these Investments.

c. No strategic investments were disposed off during 2017-18, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

NOTE 7
Trade receivables

Non Current		
Unsecured, Considered Doubtful		
Trade receivables	120,867	126,967
Less : Provision	(120,867)	(126,967)
Sub Total (A)	**-**	**-**
Current		
Secured, considered good	43	26
Unsecured, considered good	569,268	436,800
Sub Total (B)	**569,311**	**436,826**
Total (A+B)	**569,311**	**436,826**

i. **Financial instruments**
Refer Note 33 for classification of financial instruments.

ii. **Impairment of financial assets**
Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. **Related party disclosure**
For Related Party Disclosures refer Note 31.

iv. **Security, Hypothecation etc**
Refer Note 35.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 8		
Loans		
Non Current		
Unsecured, Considered Good		
Security deposits	1,874	1,829
Loans to employees	645	671
	2,519	**2,500**
Unsecured, Considered Doubtful		
Security deposits	114	99
Less : Provisions	(114)	(99)
	-	**-**
Others		
Loans to employees	1	1
Less : Provisions	(1)	(1)
	-	**-**
Loans to others	132	132
Less : Provisions	(132)	(132)
	-	**-**
Sub Total (A)	**2,519**	**2,500**
Current		
Unsecured, Considered Good		
Security deposits	1,284	1,054
Others		
Loans to employees	174	150
Sub Total (B)	**1,458**	**1,204**
Total (A+B)	**3,977**	**3,704**

i. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

ii. **Impairment of Financial Assets**

Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 9		
Other financial assets		
Non Current		
Unsecured, Considered Good		
Advance to others	-	1
Receivables other than trade receivables	87	21
Interest accrued on term deposits	-	92
Bank deposits with more than 12 months maturity	36	2,755
Other assets	2,768	3,128
	2,891	**5,997**
Unsecured, Considered Doubtful		
Advance to others	13	1
Less : Provisions	(13)	(1)
	-	**-**
Accrued income	-	240
Less : Provisions	-	(240)
	-	**-**
Receivables other than trade receivables	24	30
Less : Provisions	(24)	(30)
	-	**-**
Other assets	74	74
Less : Provisions	(74)	(74)
	-	**-**
Sub Total (A)	**2,891**	**5,997**
Current		
Unsecured, Considered Good		
Advance to employees	100	189
Advance to others	5	3
Accrued income	134,457	20,792
Interest accrued but not due on term deposits	3,924	5,428
Receivables other than trade receivables	368	204
Other assets	1,407	458
Sub Total (B)	**140,261**	**27,074**
Total (A+B)	**143,152**	**33,071**

i. **Financial Instruments**
Refer Note 33 for classification of financial instruments.

ii. **Impairment of Financial Assets**
Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. **Related Party Disclosure**
For related party disclosures refer Note 31.

iv. Net carrying amount of ₹ 13 (₹ 13) has been added in Other assets with respect to Property, Plant and Equipment not in active use and pending for disposal pertaining to parent company.

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

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 10		
Deferred tax assets (net)		
Deferred Tax Assets	65,126	66,178
Deferred Tax Liabilities	22,120	13,283
	43,006	**52,895**

i. **Income Tax Recognised in Statement of Profit and Loss**

Particulars	As at 31 March 2018	As at 31 March 2017
Income Tax Expenses :		
- Current period	45,436	51,757
- Changes in estimates related to earlier years	(481)	(873)
Deferred tax :		
- Origination and reversal of temporary differences	10,023	(2,330)
Total deferred tax expense / (benefit)	**10,023**	**(2,330)**
Income tax expenses	**54,978**	**48,554**

ii. **Income Tax recognised in other comprehensive income**

Particulars	As at 31 March 2018			As at 31 March 2017		
	Before Tax	Tax (expense) benefit	Net of Tax	Before Tax	Tax (expense) benefit	Net of Tax
Remeasurement of the net defined benefit liability/(asset)	236	(77)	159	(13,955)	4,704	(9,251)
Equity instruments through other comprehensive income	1	-	1	1	-	1
Total	**237**	**(77)**	**160**	**(13,954)**	**4,704**	**(9,250)**

iii. **Income Tax recognised directly in Equity**

There are no income tax recognised directly in equity for the year ended 31 March 2018 & 31 March 2017.

iv. **Reconciliation of Effective Tax Rates**

Particulars	As at 31 March 2018		As at 31 March 2017	
	Rate	Amount	Rate	Amount
Profit Before Tax		195,703		198,257
Tax using the parent company's Domestic Tax Rate	34.61%	67,729	34.61%	68,613
Effect of				
Additional deduction on Research & Development Expenses	-6.52%	(12,759)	-9.28%	(18,404)
Tax Exempt Income	-0.07%	(140)	-0.91%	(1,800)
Tax Incentives	-0.30%	(584)	-0.86%	(1,700)

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Rate	Amount	Rate	Amount
Changes in estimates related to earlier years	-0.25%	(481)	-0.44%	(873)
Non-deductable Expenses	0.31%	601	0.20%	389
Accelerated depreciation for tax purposes	0.00%	7	0.00%	4
Others	0.31%	605	1.17%	2,325
Effective Tax rate	28.09%	54,978	24.49%	48,554

v. **Deferred Tax Assets and Liabilities are attributable to the following :**

Particulars	Deferred Tax (Assets)		Deferred Tax Liability		Net Deferred Tax (Assets)/Liability	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Trade Receivables	(11,373)	(11,755)	-	-	(11,373)	(11,755)
Inventory	(11,658)	(10,708)	-	-	(11,658)	(10,708)
Provision others	(18,180)	(14,178)	-	-	(18,180)	(14,178)
Employee Benefits	(22,619)	(28,463)	-	-	(22,619)	(28,463)
Other Intangible Assets	(203)	(261)	623	394	420	133
Deferred Revenue	(373)	(440)	-	-	(373)	(440)
Other Assets	-	-	1	4	1	4
Property, Plant and Equipment	-	-	17,307	12,833	17,307	12,833
ICDS Adjustment	(206)	(78)	9	-	(197)	(78)
Equity Investments	-	-	1	1	1	1
Other Financial Liabilities	-	-	10	51	10	51
Other Intangible Assets	-	-	4,169	-	4,169	-
Trade Payables	(6)	(6)	-	-	(6)	(6)
MAT Credit	(508)	(289)	-	-	(508)	(289)
Total	**(65,126)**	**(66,178)**	**22,120**	**13,283**	**(43,006)**	**(52,895)**
Set off of (Asset)/Liability	22,120	13,283	(22,120)	(13,283)	-	-
Net Deferred Tax (Asset)/Liability	**(43,006)**	**(52,895)**	**-**	**-**	**(43,006)**	**(52,895)**

vi. **Movement of Deferred Tax Assets & Liabilities**

Particulars	Balance as on 1 April 2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as on 31 March 2018
Trade Receivables	(11,755)	382	-	(11,373)
Inventory	(10,708)	(950)	-	(11,658)
Provision others	(14,178)	(4,002)	-	(18,180)
Employee Benefits	(28,463)	5,977	(134)	(22,620)
Other Intangible Assets	133	287	-	420
Deferred Revenue	(440)	67	-	(373)

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	Balance as on 1 April 2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as on 31 March 2018
Other Assets	4	(3)	-	1
Property, Plant and Equipment	12,833	4,474	-	17,307
ICDS Adjustment	(78)	(119)	-	(197)
Equity Investments	1	-	-	1
Other Financial Liabilities	51	(41)	-	10
Other Intangible Assets	-	4,169	-	4,169
Trade Payables	(6)	-	-	(6)
MAT Credit	(289)	(218)	-	(507)
Total	**(52,895)**	**10,023**	**(134)**	**(43,006)**

Particulars	Balance as on 1 April 2016	Recognised in P&L during 2016-17	Recognised in OCI during 2016-17	Balance as on 31 March 2017
Trade Receivables	(12,329)	574	-	(11,755)
Inventory	(10,811)	103	-	(10,708)
Provision others	(12,177)	(2,001)	-	(14,178)
Employee Benefits	(20,016)	(3,743)	(4,704)	(28,463)
Other Intangible Assets	(92)	225	-	133
Deferred Revenue	(444)	4	-	(440)
Other Assets	1,121	(1,117)	-	4
Property, Plant and Equipment	8,824	4,009	-	12,833
ICDS Adjustment	62	(140)	-	(78)
Equity Investments	1	-	-	1
Other Financial Liabilities	38	13	-	51
Trade Payables	(6)	-	-	(6)
MAT Credit	(32)	(257)	-	(289)
Total	**(45,861)**	**(2,330)**	**(4,704)**	**(52,895)**

vii. **Unrecognised Deferred Tax (Assets) / Liabilities**

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

Particulars	Entity	As at 31 March 2018	As at 31 March 2017
Tax Losses	Holding Company	There are no temporary differences on which Deferred Tax (Assets)/Liability have not been recognised	
	BELOP	-	745
	BEL-Thales Systems	753	462

Consolidated Notes to Accounts

(₹ in Lakhs)

viii. **Tax Losses carried forward**

Particulars	Entity	As at 31 March 2018		As at 31 March 2017	
		Amount	Expiry date	Amount	Expiry date
Expire	Holding Company	There are no Tax Losses on which Deferred Tax Asset has been recognised			
Never Expire					
Expire	BELOP	-	-	745	2025-26
Never Expire		-	-	-	-
Expire	BEL-Thales Systems	671	2023-27	426	2023-26
Never Expire		82	-	36	-

	As at 31 March 2018	As at 31 March 2017
NOTE 11		
Inventories		
Non Current		
Raw Materials & Components	51,568	35,169
Add : Raw Materials & Components in Transit	218	288
Less : Provisions	(33,123)	(30,778)
	18,663	**4,679**
Work In Progress	27	208
Stock in Trade	75	55
Add : Stock in Trade in Transit	1	2
Less : Provisions	(76)	(57)
	-	**-**
Stores & Spares	166	133
Less : Provisions	(119)	(112)
	47	**21**
Loose Tools	100	85
Add : Loose Tools in Transit	-	5
Less : Provisions	(57)	(73)
	43	**17**
Sub Total (A)	**18,780**	**4,925**
Current		
Raw Materials & Components	264,658	247,208
Add : Raw Materials & Components in Transit	15,117	19,409
Less : Provisions	(7)	(78)
	279,768	**266,539**
Work In Progress	146,818	169,672
Finished Goods	16,570	17,815
Add : Finished Goods in Transit	6,121	19,721
	22,691	**37,536**

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
Stock in Trade	9,312	10,329
Add : Stock in Trade in Transit	1	537
	9,313	**10,866**
Stores & Spares	2,381	2,701
Add : Stores & Spares in Transit	9	16
	2,390	**2,717**
Loose Tools	781	892
Add : Loose Tools in Transit	-	30
	781	**922**
Disposable Scrap	209	173
	461,970	**488,425**
Less : Unrealised profit on unsold inventory	**(394)**	**(258)**
Sub Total (B)	**461,576**	**488,167**
Total (A+B)	**480,356**	**493,092**

i. Raw Materials and Components include ₹ 9,761 (₹ 13,023) being materials with sub-contractors, out of which ₹ 409 (₹ 177) of materials is subject to confirmation and reconciliation. Against ₹ 409 (₹ 177), an amount of ₹ 408 (₹ 177) has been provided for.

ii. Stock verification discrepancies for the year are as follows :

Shortages of ₹ 473 (₹ 1,609) and surplus of ₹ 367 (₹ 1,254). Pending reconciliation, an amount of ₹ 107 (₹ 399) has been provided for.

iii. Valuation of Inventories has been made as per group's Accounting Policy No. 17.

iv. a. The United Nations Climate Change Secretariat has granted 15856 (15856) TON CO2EQ carbon credit during earlier years, for the 2.5 MW BEL Grid Connected Wind Power Project Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2012. The carbon Credits are included under Finished Goods at a value of ₹ 2 (₹ 2). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.

b. CER under Certification : Nil (Nil) CERs.

c. Depreciation & Operation Cost of Emission Reduction Equipments during the year :

	2017-18	2016-17
i. Depreciation	266	269
ii. Operation Cost of Emission Reduction Equipments	100	92
Total	**366**	**361**

v. **Security, Hypothecation etc.**
Refer Note 35.

vi. **Amount recognised in Statement of Profit & Loss**

Write-down of inventories to net realisable value in respect of Parent company amounted to ₹ 5,938 (₹ 2,662) has been recognised in the statement of profit & loss.

vii. No Reversal of write down of inventories has been made during the year, which were recognised as an expenses in the previous year.

viii. **Impairment of Assets**

Provisions for inventory has been made in line with Accounting Policy No. 17 of the group.

ix. Materials amounting to ₹ 12,968 (₹ 5,066) of parent company are located physically at Customer Premises.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 12		
Other assets		
Non Current		
Capital advances	22,474	12,493
Advances other than Capital advances		
Advances for purchase	343	466
Less : Provisions	(343)	(369)
	-	**97**
Others		
Balances with customs, port trust and other government authorities	274	1,530
Less : Provisions	(98)	(1,389)
	176	**141**
Prepaid expenses	16	6
Claims receivable purchases	847	1,553
Less : Provisions	(847)	(1,553)
	-	**-**
Others - Assets	362	437
Sub Total (A)	**23,028**	**13,174**
Current		
Advances other than Capital advances		
Advances to employees	655	502
Advances for purchase	80,533	21,740
Others		
Balances with customs, port trust and other government authorities	48,292	24,241
Prepaid expenses	3,170	2,684
Prepaid taxes	10,604	1,159
Claims receivable purchases	5,423	4,483
Other Receivables	2	7
Others - Assets	3,006	6,046
Less : Provisions	-	(3)
Sub Total (B)	**151,685**	**60,859**
Total (A+B)	**174,713**	**74,033**

i. **Impairment of Assets**
Provisions for impairment of financial asset has been made in line with accounting policy No. 13 of the group.

ii. **Related Party Disclosure**
For related party disclosures Refer Note 31.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 13		
Cash & cash equivalents		
Balance with banks	16,984	47,672
Cash on hand	3	10
Term deposits	63,456	222,299
	80,443	**269,981**

i. Cash and cash equivalents includes Term Deposits with original maturity period up to three months. Term Deposits with original maturity period beyond three months have been included in Bank balances. (Refer Note 14).

ii. Refer Note 33 for classification of financial instruments.

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

NOTE 14		
Bank balances [other than (ii) above]		
Term deposits	3,506	106,304
Margin money held with banks	110	12
Unpaid dividend account	48	6,422
	3,664	**112,738**

i. Refer Note 33 for classification of financial instruments.

ii. Parent company does not have any Term Deposits with original maturity period of more than twelve months. Refer Note 9 for term deposits with original maturity period of more than twelve months of subsidiary companies.

iii. There are no repatriation restrictions with regard to bank balances.

NOTE 15		
Current tax assets (net)		
Advance payment of income tax	24,883	9,801
	24,883	**9,801**
Current tax liability (net)		
Provision for taxation	-	-
	-	**-**

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017

NOTE 16

a. **Equity share capital**

i. **Authorised capital**

2,500,000,000 (2,500,000,000) Equity Shares of ₹ 1 (₹ 1) each	25,000	25,000

ii. **Issued, subscribed & fully paid-up capital**

2,436,592,943 (2,233,627,930) Equity Shares of ₹ 1 (₹ 1) each	24,366	22,336

iii. **Reconciliation of the number of shares outstanding at the beginning and at the end of the period**

Particulars	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	2,233,627,930	22,336	240,000,000	24,000
Add : Shares issued during the year (Bonus Shares)	223,362,793	2,234	-	-
Less : Shares Bought Back during the year	20,397,780	204	16,637,207	1,664
Sub-division of Shares (from ₹ 10 to ₹ 1 per equity share) during the year	-	-	2,010,265,137	-
Shares outstanding at the end of the reporting period	2,436,592,943	24,366	2,233,627,930	22,336

iv. **Shares in the company held by each shareholder holding more than 5%**

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,627,374,928	66.79%	1,523,039,911	68.19%
Life Insurance Corporation of India *	-	-	117,231,380	5.25%

* Holds less than 5% during the current year

v. **Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years**

	2015-16
	No. of Shares
Equity shares allotted as fully paid up by way of bonus shares	160,000,000

There was no allotment of bonus shares during the Financial Year 2012-13 to 2014-15 and 2016-17.

vi. **Aggregate number and class of shares bought back during the previous 5 years**

	2016-17
	No. of Shares
Equity shares bought back	16,637,207

There was no buy back of shares during the Financial Year 2012-13 to 2015-16.

Consolidated Notes to Accounts

(₹ in Lakhs)

vii. **Buyback :**

a) The board of directors at their meeting held on Jan 30, 2018 has unanimously approved a proposal for the buyback of 20397780 equity shares of ₹ 1 each from the eligible shareholder representing 0.83% of the total number of equity shares of the company (as on record date of 09.02.2018). The buyback was offered at the rate of ₹ 182.50 per share on propotionate basis, through "Tender Offer". The buyback was concluded on 23.03.2018 with a buyback of 20397780 shares with a cash outflow of ₹ 37,226.

In accordance with Section 69 to the Companies Act, 2013, the company has transferred a sum of ₹ 204 to "Capital Redemption Reserve" being the nominal value of the shares bought back as an appropriation from the General Reserve.

b) 16637207 numbers of equity shares with face value ₹ 10 was bought back for ₹ 1305 per share at a premium of ₹ 1295 per share, resulting into a total cash outflow of ₹ 217,116 during the FY 2016-17.

In accordance with Section 69 to the Companies Act, 2013, the company has transferred a sum of ₹ 1664 to "Capital Redemption Reserve" being the nominal value of the shares bought back as an appropriation from the General Reserve.

viii. During the previous five years the parent company has not allotted any shares as fully paid up pursuant to contract without payment being received in cash.

	As at 31 March 2018	As at 31 March 2017
ix. Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.	Nil	Nil
x. The aggregate value of calls unpaid (including Directors and Officers of Company).	Nil	Nil
xi. Shares forfeited.	Nil	Nil

xii. **Terms, rights, preferences and restrictions attaching to each class of shares**

a) The parent company has only one class of shares viz, Equity Shares.

b) Each holder of Equity Shares is entitled to one vote on show of hands and in poll in proportion to the Number of shares held.

c) Each Shareholder has a right to receive the dividend declared by the parent company.

d) On winding up of the parent company, the equity shareholders will be entitled to get the realised value of the remaining assets of the parent company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

xiii **Interim Dividend, Final Dividend of parent company**

	For the year ended 31 March 2018	For the year ended 31 March 2017
Final dividend for FY 2016-17 and FY 2015-16 respectively	23,453	34,800
Interim dividend for FY 2017-18 and FY 2016-17 respectively	39,312	26,804
Dividend Distribution Tax	12,777	12,541

b. **Nature and purpose of Reserves**

i. **Capital Reserve and Capital Reserve on consolidation of subsidiary**

Capital Reserve is created by transfer from Retained earnings an amount equal to capital profit earned by the group. It also includes profit on consolidation of subsidiary. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii. **Capital Redemption Reserve**

Capital Redemption Reserve is created by transfer from General Reserve an amount equal to face value of the Shares bought back. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Consolidated Notes to Accounts

(₹ in Lakhs)

iii. **Equity Investment through Other Comprehensive Income (OCI)**

The group has elected to recognise changes in fair value of certain equity investments in other comprehensive income. The change in fair value is accumulated in this reserve. If and when the investment is derecognised the accumulated amount will be transferred to Retained earnings.

iv. **Other Comprehensive Income (OCI)**

Other comprehensive income are those gains or losses which are not yet realised and excluded from the statement of profit and loss. It mainly consists of remeasurement of the net defined benefit liability/asset (net of tax).

	As at 31 March 2018	As at 31 March 2017
NOTE 17		
Deferred income		
Non Current		
Government grants - deferred	18,599	17,238
Sub Total (A)	**18,599**	**17,238**
Current		
Government grants - deferred	86	20
Sub Total (B)	**86**	**20**
Total (A+B)	**18,685**	**17,258**

i. Refer Accounting Policy No. 16 for method of presentation.

ii. Nature of grants received [parent company] are as follows :

a) Viability Gap Funding towards Solar Power Plant - ₹ 2,915 (₹ 375).

b) Central Finance Assistance towards Roof Top Solar Systems - ₹ 36 (₹ 29).

c) Finance Assistance towards Research activities. - ₹ 433 (₹ 443).

iii. In case of Subsidiary company [BELOP]

a) Subsidiary company has entered into an Agreement with M/s Photonis, France for transfer of technology for manufacture of Higher Specification I.I. Tubes at BELOP which is funded by way of Grant. The percentage of grant to ToT Cost is 74.30% calculated on cumulative basis. Accordingly, 74.30% of the expenses incurred in the year 2017-18 towards ToT has been transferred to income in the Statement of Profit and Loss.

b) TPDUP Project is funded by way of Grant.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 18		
Borrowings		
Non Current		
Secured		
Term loan from banks	3,333	1,667
Sub Total (A)	**3,333**	**1,667**
Current		
Secured		
Term loan from banks	1,370	1,358
Sub Total (B)	**1,370**	**1,358**
Total (A+B)	**4,703**	**3,025**

i

Term Loan from Banks	**2017-18**	**2016-17**
Total liability as on Balance Sheet Date	8,036	6,359
Less : Current Maturities of Long Term Debt *	3,333	3,333
Less : Current borrowings	1,370	1,358
Less : Interest accrued and due on Term Loans	-	1
Non Current Borrowing	3,333	1,667

* Shown under Note 20.

ii. **Nature of security**

Refer Note 35.

iii. **Terms of repayment**

In case of parent company the amount is repayable in 12 quarterly installments commencing from Quarter ending June 2017 and ends on the Quarter ending March 2020.

iv. **Rate of Interest**

In case of parent company 8.15% p.a. subject to revision based on RBI / SBI guideline and risk rating of the group. In case of subsidiary [BELOP] the rate of interest is 8.45% p.a. (Axis Bank) and 8.35% p.a.(SBI).

v. **Period and amount of default as on Balance Sheet Date**

Nil

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 19		
Trade payables		
Non Current		
- Others	5	-
Sub Total (A)	**5**	**-**
Current		
- Dues to micro & small enterprises	2,148	1,488
- Others	134,659	128,249
Sub Total (B)	**136,807**	**129,737**
Total (A+B)	**136,812**	**129,737**

i. The information regarding dues to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED)Act, 2006 as on 31 March 2018 is furnished below :

Particulars	2017-18	2016-17
a. The principal and the interest due thereon remaining unpaid as at 31 March :		
Principal *	2,250	1,573
Interest	4	5
b. The interest paid by the parent company along with the amount of the payment made beyond the appointed day during the year ending 31 March :		
Principal	88	43
Interest**	2	-
c. Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	2	1
d. Interest accrued and remaining unpaid at the end of the year ending 31 March.	10	9
e. Interest remaining due and payable even in the succeeding years, 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 of MSMED Act.	3	3

* Includes amount shown under Note 20.

** Interest includes INR 3,278 [represents absolute figure] which is rounded off.

ii. During the period INR 43,339 [represents absolute figure] (₹ 8) of provisions made in Previous year has been reversed, since on subsequent verification, the amount was found to be not payable.

iii. The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the parent company and have been relied upon by the Auditors.

iv. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

v. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

vi. The group's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
NOTE 20		
Other financial liabilities		
Non Current		
Security deposits	123	72
Sub Total (A)	**123**	**72**
Current		
Security deposits	8,140	3,188
Current maturities of long term debt [1]	3,333	3,333
Interest accrued but not due - term loan[1]	-	1
Interest accrued and due on trade payables[2]	10	9
Other non trade payables	16,511	13,020
Unpaid matured deposits	37	37
Unpaid dividend	48	6,422
Non trade payables dues to micro & small enterprises[2]	102	85
Outstanding expenses	58,789	38,772
Other liabilities	1,408	1,164
Sub Total (B)	**88,378**	**66,031**
Total Other Financial Liabilities	**88,501**	**66,103**
Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	**Nil**	**Nil**

[1] (Refer Note 18)

[2] (Refer Note 19)

i. **Financial instruments**

Refer Note 33 for classification of financial instruments.

NOTE 21		
Provisions		
Non Current		
Employee Benefits		
Gratuity *	(1,464)	-
Long-term compensated absences	19,831	33,511
BEL retired employees' contributory health scheme (BERECHS)	41,523	37,701
Others		
Provision for onerous contracts	3,889	5,679
Provision for performance warranty	18,095	12,124
Provision for Site restoration obligation	519	135
Sub Total (A)	**82,393**	**89,150**

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2018	As at 31 March 2017
Current		
Employee Benefits		
Gratuity *	(1,699)	1,582
Long-term compensated absences	1,908	2,838
BEL retired employees' contributory health scheme (BERECHS)	3,349	3,103
Provision for Employee Wage Revision	12,770	14,537
Annual incentive	89	104
Others		
Provision for onerous contracts	5,936	2,906
Provision for performance warranty	22,518	16,637
Sub Total (B)	**44,871**	**41,707**
Total (A+B)	**127,264**	**130,857**

i. **Movement of provisions for the year 2017-18**

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	28,761	8,585	135
Additional provision recognised during the year	32,061	6,458	384
Amount used during the year (refer note v below)	18	-	-
Unused amount reversed during the year	20,191	5,218	-
As at 31 March	**40,613**	**9,825**	**519**
Movement of provisions for the year 2016-17			
As at 1 April	17,802	14,089	135
Additional provision recognised during the year	21,035	1,207	-
Amount used during the year (refer note v below)	112	-	-
Unused amount reversed during the year	9,964	6,711	-
As at 31 March	**28,761**	**8,585**	**135**

ii. **Provision for Warranties - as per Accounting Policy No. 19.**

Provision for warranties is made in respect of products whose normal warranty period is outstanding. As the warranty provision period varies from product to product, provision is made at Strategic Business Unit (SBU) level based on average period of warranty period. Provision is made based on trend based estimate of the likely expenses to be incurred. The provision is measured at the present value of the estimated cost of Warranty.

Consolidated Notes to Accounts

(₹ in Lakhs)

iii. **Provision for Site restoration - as per Accounting Policy No. 22.**

In accordance with the terms and conditions of the Lease agreement entered into with Lessor, the parent company is required to return the land in its original condition. Accordingly provision in respect of Site restoration obligation has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of the cost of restoration.

iv. **Provision for Onerous contracts - as per Accounting Policy No. 5 & 22.**

In respect of certain contracts entered into by the parent company, it is expected that the likely cost to complete the contract would exceed the Revenue received / receivable against the contract. In such cases, provision in respect of the expected losses has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of loss likely to be incurred.

v. Amount debited to opening provision.

vi. An amount of ₹ 8,030 (₹ 8,065) has been debited against Natural Code Heads wrt Warranty cost.

An amount of Nil (Nil) has been debited against Natural Code Heads wrt Site Restoration Obligation.

* Represents excess of plan asset over obligation as on 31 March 2018.

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) Gratuity :

The parent company provides gratuity to employees in India as per payment of Gratuity Act, 1972. The parent company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the parent company remits fund to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than five years in the parent company. For every completed year of service or part thereof in excess of six months, the parent company shall pay gratuity to an employee at the rate of fifteen days salary based on the last drawn basic & dearness allowance.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

	Particulars	2017-18	2016-17
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	39,195	35,664
	Current Service Cost	742	672
	Interest Cost	2,706	2,749
	Past Service Cost	23,577	-
	Benefits paid	(3,220)	(3,452)
	Actuarial (gains) / losses recognised in other comprehensive income		
	Changes in financial assumptions on planned liability - loss / (gains)	(4,332)	3,375
	Experience adjustments on planned liability - loss / (gains)	2744	187
	Present Value of Obligation as at the end of the period	**61,412**	**39,195**

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	37,691	36,736
	Expected return on plan assets	3,588	2,897
	Contributions	27,504	1,500
	Benefit paid	(3,220)	(3,452)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	(618)	10
	Fair value of plan assets as at the end of the period	**64,945**	**37,691**
	Defined benefit (asset)/liability	**(3,533)**	**1,504**
	Effects of asset ceiling	**366**	**-**
	Net defined benefit (asset) / liability	**(3,167)**	**1,504**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Current Service cost	742	672
	Net Interest on Net Defined Benefit Obligations	(882)	(148)
	Past Service Cost	23,577	-
	Expenses recognized in the statement of profit and loss (Out of ₹ 23,437, an amount of ₹ 5,500 has been provided in 2016-17)	23,437	524
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain) / loss on Plan Obligations	(1,588)	3,562
	Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	618	(10)
	Effect of Balance Sheet Asset limit	366	-
	Amounts recognised in the statement of Other Comprehensive Income	(604)	3,552
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	61,412	39,195
	Fair Value of Plan Assets at the end of the period	64,945	37,691
	Funded Status [Surplus / (Deficit)]	**3,533**	**(1,504)**
	Liability / (Asset) recognised for the year	**366**	**-**
	Liability / (Asset) for the year as on 31 March as per Balance Sheet	**(3,167)**	**-**
vi)	**Plan Assets**		
	Categories of Plan Assets are as follows :		
	State Govt. Securities	1.91%	4.70%
	Govt. of India Securities	1.34%	2.33%
	High Quality Corporate Bonds	1.95%	5.00%
	Investment with Insurer	93.89%	87.97%
	Others (Bank balance)	0.91%	0.00%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Rate of increase in compensation level	7.00%	7.50%
	Expected rate of Return on Plan Assets	7.72%	7.20%
	Estimated Average Future working life	16.00	15.20

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
viii)	Best Estimate of Contribution to be paid		
	The best estimate of contribution to be paid towards Gratuity during the annual period beginning after the Balance Sheet is Nil (₹ 1,504).		
ix)	**Sensitivity Analysis :**		
	Discounting Rate (0.50% movement)increase	8.22%	7.70%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	**(2,450)**	**(1,618)**
	Discounting Rate (0.50% movement)decrease	7.22%	6.70%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	**2,641**	**1,748**
	Salary Escalation Rate (0.50% movement)increase	7.50%	8.00%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	**1119**	**239**
	Salary Escalation Rate (0.50% movement) decrease	6.50%	7.00%
	Increase / (decrease) in defined benefit Obligation as at the end of the period	**(1,192)**	**(252)**

(ii) BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS) :

The parent company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only. The parent company takes insurance cover for inpatient treatment. In addition to the annual insurance premium, the parent company bears 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the parent company bears the full cost of treatment, over and above the insurance coverage.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

	Particulars	2017-18	2016-17
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	40,804	29,705
	Current Service Cost	2,134	1,553
	Interest Cost	2,889	2,282
	Benefits paid	(1,340)	(3,075)
	Actuarial (gains) / losses recognised in other comprehensive income		
	Changes in financial assumptions on planned liability - loss / (gains)	2,410	3,933
	Experience adjustments on planned liability - loss / (gains)	(2,025)	6,406
	Present Value of Obligation as at the end of the period	**44,872**	**40,804**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	-	-
	Expected return on plan assets	-	-
	Contributions	1,340	3,075
	Benefit paid	(1,340)	(3,075)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	-	-
	Fair value of plan assets at the end of the period	-	-

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	2,134	1,553
	Interest on Defined benefit obligation	2,889	2,282
	Expected return on Plan Assets	-	-
	Net Expenses Recognised in the Statement of Profit & Loss [Expenses : ₹ 1,340 (₹ 3,075), Provisions : ₹ 3,683 (₹ 761)]	**5,023**	**3,835**
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain)/loss on Plan Obligations	385	10,338
	Amounts recognised in the statement of Other Comprehensive Income	385	10,338
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	44872	40804
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(44,872)	(40,804)
	Liability recognised in Balance Sheet (as per actuarial valuation)	**44,872**	**40,804**
	Expected to be payable within next twelve months	3,349	3,103
	Expected to be payable beyond twelve months	41,523	37,701
vi)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Health care costs escalation rate	5.50%	3.90%
	Attrition Rate	1.00%	1.30%
vii)	**Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation :**		
	Effect on the aggregate of the service cost and interest cost	744	684
	Effect on the defined benefit obligation	5,734	5,504
	Effect of a one percentage point decrease in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation :		
	Effect on the aggregate of the service cost and interest cost	(544)	(558)
	Effect on the defined benefit obligation	(4,193)	(4,488)
viii)	**Sensitivity Analysis :**		
	Discounting Rate (0.50% movement)increase	8.22%	7.70%
	Increase / (decrease) in Defined benefit Obligation as at the end of the period	(2,408)	(2,276)
	Discounting Rate (0.50% movement)decrease	7.22%	6.70%
	Increase / (decrease) in Defined benefit Obligation as at the end of the period	2,661	2,536
	Medical Inflation Rate (0.50% movement)increase	6.00%	4.40%
	Increase / (decrease) in Defined benefit Obligation as at the end of the period	2,729	2,607
	Medical Inflation Rate (0.50% movement)decrease	5.00%	3.40%
	Increase / (decrease) in Defined benefit Obligation as at the end of the period	(2,212)	(2,355)

Consolidated Notes to Accounts

(₹ in Lakhs)

(iii) **EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL]**

Employees Provident Fund is managed by Provident Fund Trust of the parent company. The parent company contributes Managements' contributions payable towards Employee Provident Fund to the Trust.

Parent company has determined on the basis of Actuarial Valuation carried out as at 31 March 2018, that there is no liability towards the interest shortfall on valuation date (having regard to terms of plan that there is no compulsion on the part of the Trust to distribute any part of the surplus, if any, by way of additional interest on PF balances).

	Particulars	2017-18	2016-17
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	201,968	177,013
	Current Service Cost	32,606	28,590
	Interest Cost	13,913	13,683
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gain) / Loss	76	(1,134)
	Benefits paid	(17,448)	(16,184)
	Present Value of Obligation as at the end of the period	**231,115**	**201,968**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	205,961	180,950
	Expected return on plan assets	18,534	16,675
	Contributions	29,176	24,841
	Benefit paid	(17,448)	(16,184)
	Actuarial gain / (loss) on Plan Assets	(299)	(321)
	Fair value of plan assets at the end of the period	**235,924**	**205,961**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	32,606	28,590
	Interest Cost	13,913	13,683
	Expected return on Plan Assets	(18,534)	(16,675)
	Net Actuarial (gain) / loss recognised in the period	375	(813)
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Expenses Recognised in the Statement of Profit & Loss	**28,360**	**24,785**
iv)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	231,115	201,968
	Fair Value of Plan Assets at the end of the period	235,924	205,961
	Difference	**(4,809)**	**(3,993)**
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet	-	-
v)	**Amount for the Current Period :**		
	Present Value of Obligation	231,115	201,968
	Plan Assets	235,924	205,961
	Surplus / (Deficit)	4,809	3,993
	Experience Adjustments on Plan liabilities - (Loss)/ Gain	(114)	1,173
	Experience Adjustments on Plan Assets - (Loss)/ Gain	(299)	(321)

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2017-18	2016-17
vi)	**Category of Assets as at March 31 :**		
	Government of India Securities & State Government Securities	31.17%/54.25%	39.78%/51.42%
	High Quality Corporate Bonds	56.60%/41.33%	47.38%/43.63%
	Mutual Funds	4.85%/2.06%	4.60%/1.78%
	Others (Money market instruments)	7.38%/2.36%	8.24%/3.17%
	Total	100%/100%	100%/100%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Salary escalation rate	7.00%	7.50%
	Expected rate of Return on Plan Assets	8.75%	8.75%

B. Long Term Compensated Absence

The parent company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the parent company are entitled to two types of Long Term Compensated Absences : Annual Leave (AL) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives. The Scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS, or death. AL can also be encashed during service or at the time of resignation.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

	Particulars	2017-18	2016-17
i)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Net Expenses Recognised in the Statement of Profit & Loss [2017-18 Leave Encashed : ₹ 14,320, Provisions : ₹ -14,625] (2016-17 Leave Encashed : ₹ 1,004, Provisions : ₹ 9,983)	(305)	10,987
ii)	Amounts to be recognised in Balance Sheet :		
	Liability recognised in Balance Sheet [As per Actuarial Valuation]	**21,580**	**36,205**
iii)	**Actuarial Assumptions :**		
	Discounting Rate	7.72%	7.20%
	Rate of increase in compensation level	7.00%	7.50%
iv)	Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months / beyond 12 months.		
	Current leave obligations expected to be settled within the next 12 months	1,893	2,825
	Leave obligations expected to be settled beyond 12 months	19,687	33,380
		21,580	**36,205**

C. PENSION SCHEME

Parent company has got a defined contribution pension benefit plan for the benefit of its employees in respect of which contribution is made on an annual basis to a Trust setup for this purpose.

The benefit under the scheme are available for the employees as per the rules laid down in this regard.

Consolidated Notes to Accounts

(₹ in Lakhs)

A narrative description of the specific or unusual risks arising from a defined benefit plan (i.e. Gratuity and BERECHS)

The specific risk relating to defined benefit plans are as follows :

Movement in long term government bond rate between two reporting periods which will impact discount rate and consequently the present value of obligations.

Risk of higher / lower salary escalation / benefit as considered for valuation vis-à-vis the actual experience through the Financial Year.

However, both the risks are mitigated on a regular basis i.e. yearly as valuations are done after every year based on updated assumptions.

A narrative description of any asset-liability matching strategies.

The gratuity plan of the parent company is a funded plan. The assets backing this plan are predominantly insurer-managed funds. Hence the parent company has limited flexibility in terms of implementing asset-liability matching strategies for this plan.

The post retirement medical plan of the parent company is an unfunded plan. Hence asset-liability matching strategies are not relevant for this plan.

A description of the funding arrangements and funding policy.

The Gratuity plan of the parent company is a funded plan. 93.89% (87.97%) of the plan assets backing this plan are insurer managed assets and 3.25% (7.03%) of the plan assets are invested in Central and State Government Securities. The annual contribution to the fund is typically set equal to the deficit as disclosed by the preceding actuarial valuation of the benefit obligations.

The post-retirement medical plan [BERECHS] is an unfunded plan.

	As at 31 March 2018	As at 31 March 2017
NOTE 22		
Other Liabilities		
Non Current		
Deferred revenue - customer grants	1,035	1,469
Sub Total (A)	**1,035**	**1,469**
Current		
Deferred revenue - customer grants	240	231
Advances / Progress payment received from customers	704,737	607,789
Statutory liabilities	5,454	22,633
Deferred revenue	2,620	2,182
Others	2,227	3,395
Sub Total (B)	**715,278**	**636,230**
Total (A+B)	**716,313**	**637,699**

i. Related party disclosure

For related party disclosures refer Note 31.

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the period ended 31 March 2018		For the period ended 31 March 2017
NOTE 23				
Revenue from operations				
Sale of products (gross including excise duty)	914,452		806,405	
Income from services	100,856		82,489	
		1,015,308		**888,894**
Revenue from operations includes revenue recognised in respect of construction contract. Also refer Note 30(7).				
Other operating revenue				
Sale of scrap		693		882
Transport receipts		289		321
Rent receipts		642		617
Canteen receipts		877		810
Electricity charges collected		174		148
Water charges collected		59		59
Provisions withdrawn				
- Onerous contracts	-		5,504	
- Doubtful debts, Liquidated Damages	12,108		11,297	
- Inventory	5,353		2,737	
- Loans & advances	2,019		186	
- Excise Duty - Others *	887		-	
- Others	172		370	
		20,539		20,094
Government grants		2,116		2,776
Other grants		425		437
Miscellaneous		7,394		7,032
		1,048,516		**922,070**

* Refer Note 30(13) for Excise Duty.

NOTE 24				
Other Income				
Interest income on term deposits		15,906		34,348
Interest income from staff / IT refund / others		251		219
Profit on sale of property, plant & equipments		135		192
Foreign exchange differential gain		2,911		6,855
Rental income - Investment property		110		102
Miscellaneous (Net of expenses)		260		295
		19,573		**42,011**

The Foreign Exchange Gain / Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement / reporting date.

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the period ended 31 March 2018		For the period ended 31 March 2017
NOTE 25				
Changes in inventories of finished goods, work in progress & scrap				
Work-in-progress :				
Closing balance	146,845		169,880	
Opening balance	169,880		151,168	
		23,035		(18,712)
Finished goods :				
Closing stock	22,691		37,536	
Opening stock	37,536		13,839	
		14,845		(23,697)
Scrap :				
Closing stock	209		173	
Opening stock	173		318	
		(36)		145
		37,844		**(42,264)**
Less : Unrealised Profit on Stock		(394)		(258)
		37,450		**(42,006)**
NOTE 26				
Employee benefits expense				
Salaries, wages and bonus / ex-gratia		130,112		123,833
Retirement benefit expenses				
Gratuity	17,970		6,043	
Contribution to provident and pension funds	9,526		8,108	
Management contribution to BEL superannuation (Pension) scheme	4,662		3,617	
Provision for BEL retired employees' contributory health scheme	3,683		761	
		35,841		18,529
Welfare expenses [including salaries ₹ 956 (₹ 854) PF contribution ₹ 83 (₹ 79)]		12,854		13,625
		178,807		**155,987**
Less : Expenditure allocated to capital jobs		(50)		(43)
		178,757		**155,944**

Refer Note 31 for Remuneration to Key Managerial Personnel.

In case of parent company provision has been made in respect of Pay Revision for the period 01.04.2017 to 31.03.2018.

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the period ended 31 March 2018		For the period ended 31 March 2017
NOTE 27				
Finance costs				
Interest expenses				
Interest on dues to Micro & Small Enterprises	3		3	
Interest on income tax	30		20	
Interest on term loans from banks *	-		22	
Other interest expenses	137		1,163	
		170		1,208
Other borrowing cost				
Loan processing charges		49		80
		219		**1,288**
* Refer Note 18 & 20.				
NOTE 28				
Depreciation and amortisation expense				
Depreciation / amortisation on property, plant & equipments		25,865		19,866
Depreciation / amortisation on investment property		1		1
Amortisation on other intangible assets		1,306		1,296
		27,172		**21,163**
NOTE 29				
Other expenses				
Power and fuel #		3,419		3,426
Water charges		359		373
Royalty & technical assistance		1,140		1,029
Rent		2,774		2,698
Rates & taxes		777		1,296
Insurance		1,036		838
Auditors remuneration				
Audit fees	19		13	
Tax audit fees	5		2	
Other services (Certification fees)	3		2	
Reimbursement of expenses	4		6	
		31		23
Cost audit fee		4		4
Repairs & maintenance :				
Buildings	2,730		2,313	
Plant & machinery	1,372		1,347	
Others	7,253		5,898	
		11,355		9,558

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the period ended 31 March 2018		For the period ended 31 March 2017
Bank charges		417		499
Printing and stationery		458		515
Advertisement & publicity		1,561		1,341
Travelling expenses		10,325		8,508
Hiring charges for van & taxis		1,421		1,332
Excise duty - others *		-		1,195
Packing & forwarding		2,281		1,416
Bad debts & advances written off	23,995		7,228	
Less : Charged to provisions	(23,825)		(7,224)	
		170		4
Provision for obsolete / redundant materials		9,598		7,071
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances		29,816		25,581
Provision for doubtful advances, claims		173		806
Provision for performance warranty (net)		11,870		11,071
Provision - Onerous Contract (net)		1,240		-
Write off of raw materials, stores & components due to obsolescence and redundancy	1,873		670	
Less : Charged to provisions	(1,824)		(639)	
		49		31
Corporate social responsibility		1,573		1,035
Others :				
Other Misc. Direct Expenditure	9,065		5,873	
Foreign Exchange Differential Loss	480		-	
After Sales Service	573		391	
Telephones	878		719	
Expenditure on Seminars & Courses	766		1,015	
Other Selling Expenses	1,407		370	
Miscellaneous	4,591		4,284	
		17,760		12,652
		109,607		**92,302**
Less : Expenditure allocated to capital jobs		(3,694)		(1,544)
		105,913		**90,758**

Wind Energy Generated netted off.

The Foreign Exchange Gain / Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement / reporting date.

* Refer Note 30(13).

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 30

General Notes to Accounts

		For the year ended 31 March 2018	For the year ended 31 March 2017
1.	**Earning per Equity Share**		
	a. **From continuing operations**		
	Basic earning per share (INR)	5.83	5.94
	Diluted earning per share (INR)	5.83	5.94
	b. Amounts used as the numerators in calculating basic and diluted earnings per share	143,103	152,337
	c. Number of Shares used in computing earnings per share	2,456,487,764	2,565,292,103

2. Consolidation Procedure

The Consolidated Financial Statements ("CFS") have been prepared on the basis of audited financial statements of the Parent Company viz., Bharat Electronics Limited (BEL), its subsidiaries viz., BEL Optronic Devices Limited, Pune (Share Holding 100%) and BEL-THALES Systems Limited, Bengaluru (Share Holding 74%) (Incorporated on 28.08.2014), and audited financial statements of Associate Company viz., GE BE Private Limited, Bengaluru (Share Holding 26%). The financial statements of the Parent and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group transactions and unrealized profit / loss.

In respect of Associate, consolidation has been done on equity method basis. The financial statements of the subsidiaries and Associate are drawn upto the same reporting date as that of the Parent Company.

3. The difference between the cost to the parent company of its investment in the subsidiary companies and the parent company's portion of the equity in the subsidiary with reference to the date of acquisition of controlling interest is recognised in the financial statements as Goodwill / Capital Reserve. The parent company's share of post acquisition profit / losses of the subsidiaries is adjusted in the revenue reserves.

4. Non Controlling interests in the net results of operations and the net assets of the subsidiaries represent that part of the profit / loss and the net assets not attributable to the parent company.

5. Additional information disclosed in individual financial statements of the parent and subsidiaries / Associate having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

6. Statement of Compliances

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provision of the Act.

The Company's standalone financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

7. Construction Contracts

PARTICULARS	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Contract revenue recognised during the year	154,622	17,338
b) Contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto the year end to the estimated total cost of the contracts, was used to determine the stage of completion.	-	-
c) Aggregate amount of cost incurred upto 31 March	123,716	17,681

Consolidated Notes to Accounts

(₹ in Lakhs)

PARTICULARS	For the year ended 31 March 2018	For the year ended 31 March 2017
d) Recognised profit upto 31 March (net of provision for contingency)	34,345	1,773
e) Amount of advances received and Outstanding as at 31 March	103,693	126,802
f) The amount of retention	-	-

8. Impairment of Assets

The parent company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Unit has found indications of Impairment of its Assets and hence no provision is considered necessary. The subsidiaries (BEL Optronic Devices Limited and BEL-THALES Systems Limited) and Associate (GE BE Private Ltd.) have also analysed indications of impairment of assets and found no indication of impairment of assets and hence no provision for the same is considered necessary.

9. Short Term Borrowings

a. The parent company has been sanctioned working capital limit of ₹ 400000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 350,000.

b. The interest rate payable on fund based limit is linked to SBI 1 year MCLR Rate. [Interest rate payable as on 31.03.2018 is 8.15% p.a.].

c. The amount utilised is repayable on demand. Utilisation as on 31.03.2018 is Nil (Nil).

d. The above sanction limit is secured by hypothecation of Current Assets of the parent Company.

e. The subsidiary company [BELOP] has been sanctioned working capital limit of ₹ 4,600 by the consortium bankers of SBI (Lead bank) and Axis Bank. The rate of interest is 8.45% p.a. [Axis Bank] and 8.35% p.a.[SBI].

10. Contractual Commitments

PARTICULARS	As at 31 March 2018	As at 31 March 2017
A. Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March		
Property, Plant & Equipments	45,478	42,378
Investment Property	-	-
Intangible Assets	5,892	7,278
B. Contractual Commitment for Repair and Maintenance or enhancement of Investment Property	-	-
C. Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March	-	-

11. Contingent Liabilities

PARTICULARS	As at 31 March 2018	As at 31 March 2017
Claims not acknowledged as debts	110,850	118,817
Outstanding Letters of Credit	28,712	30,397
Others	2,062	2,860
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	23,289	16,053

MTNL has made a claim of ₹ 80,670 (₹ 80,670) on the parent company in respect of convergent billing project.

Consolidated Notes to Accounts

(₹ in Lakhs)

12. Contingent Assets

PARTICULARS	As at 31 March 2018	As at 31 March 2017
Nil	-	-

13. Excise Duty

"Excise Duty – Others" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.

14. Confirmation of Balances

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments are made wherever considered necessary.

15. Segment Reporting

Ministry of Corporate Affairs vide Notification No. 463 (E) dated 5 June 2015 and as amended has exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

16. Consequent to introduction of Goods and Service Tax (GST) with effect from 01.07.2017, Excise Duty is no longer leviable on manufacture of goods and hence is not part of Gross Turnover w.e.f 1 July 2017.

17. Non Cancellable Operating Lease Disclosure

a) As a Lessor

The future minimum Lease Rent Receivable

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than one year;	335	352
Later than one year and not later than five years;	922	1,319
Later than five years.	1	-

The parent company has leased out few portions of Land to different organizations under non-cancellable operating Lease. The leases have various terms, escalation clause, lease renewal rights etc. On renewal, the terms of the lease are renegotiated.

The group has not recognized any income as contingent rent.

b) As a Lessee :

The future minimum Lease Rent Payable

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than one year;	-	-
Later than one year and not later than five years;	-	-
Later than five years.	-	-

The parent company has taken land on lease under non-cancellable operating Leases. The leases have various terms, escalation clause, lease renewal rights etc. On renewal, the terms of the lease are renegotiated.

The parent company has not recognized any expenses as contingent rent.

18. Chennai Unit was affected by floods during December 2015. Insurance policy taken by the company with United India Insurance Company Limited covers flood related losses. An amount of ₹ 1,581 (₹ 1,000) was received as final settlement and has been recognised in statement of profit and loss. In addition, an amount of Nil (₹ 32) was received towards claim settlement with respect to scrap items.

Consolidated Notes to Accounts

(₹ in Lakhs)

19. Dividend not recognised at the end of the reporting period [parent company]

The directors have recommended a final dividend of INR 0.40 (INR 1.05) per share [represents absolute figure].

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting and if approved would result in cash outflow of approximately of ₹ 11,750 (including Dividend Distribution Tax).

20. Figures in brackets relate to Previous years.

21. All figures in the consolidated financial statement are rounded off to nearest Lakhs unless otherwise mentioned.

22. The consolidated Ind AS financial statements were approved for issue on 29 May 2018 by the Board of Directors.

NOTE 31
Related Party Transactions

a. Associate

Name of the entity	Place of Business	Ownership interest held by the parent company		Ownership interest held by the non controlling interests		Principal Activities
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	
GE BE Private Limited	India	26%	26%	74%	74%	Manufacturing of Medical Equipments

b. Key Management Personnels Details

i. Name of Key Management Personnels

Mr M V Gowtama, CMD
Mr R N Bagdalkar, Dir [HR]
Mr Koshy Alexander, Dir [Finance] & CFO [Dir (Finance) from 25.09.2017]
Mr Nataraj Krishnappa, Dir [Other Units]
Mrs Anandi Ramalingam, Dir [Mktg]
Mr Girish Kumar, Dir [BG Cx] [upto 20.02.2018]
Dr Ajit T Kalghatgi, Dir [R&D]
Mr S Sreenivas, Company Secretary
Mr DCN Srinivasa Rao, CEO [BELOP]
Mrs Priya S Iyer, Company Secretary [BELOP]
Mr Emmanuel de Roquefeuil [wef 16.02.2017], Director [BEL THALES System]
Mr Rajiv Kumar Sikka, CEO [BEL THALES System]
Mr Bathina Srinivasa Rao, CFO [BEL THALES System]
Mr M V Harish, Company Secretary [BEL THALES System]

ii. Compensation to Key Management Personnels

Particulars	As at 31 March 2018	As at 31 March 2017
Short term employee benefits	593	429
Post employment benefits	35	55
Long term employee benefits	(20)	59
Termination benefits	-	-
Share based payment	-	-
Total	**608**	**543**

Consolidated Notes to Accounts

(₹ in Lakhs)

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :

Particulars	Associate
	GE BE Private Ltd
Sale of Goods	2,652
	(3,197)
Dividend Income on Investments	260
	(5,200)
Trade Receivables Outstanding as on 31.03.2018	869
	(766)
Investment in Equity as on 31.03.2018	260
	(260)

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances are Unsecured and is repayable / receivable in cash within next 6 months.

f. Transaction with Government and Government Related Entities by the Parent Company :

As BEL is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions :

1. Buyback of 11945469 (13828771) number of Shares during FY 2017-18.
2. 151745884 (120028420) number of Bonus Shares were Issued in the FY 2017-18.
3. An amount of ₹ 42,221 (₹ 44,735) was Paid as Dividend during the FY 2017-18.

In addition to the above, around 85% (90%) of the Company's Turnover, around 99% (76%) of Trade Receivables and around 84% (70%) of Customer's Advance is with respect to government and government related entities.

NOTE 32
Interest in Other Entities

a. Subsidiaries

Name of the entity	Place of Business / Place of Incorporation	Ownership interest held by the company		Ownership interest held by the non controlling interests		Principal Activities
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	
BEL Optronic Devices Ltd. (BELOP)	India	100%	100%	-	-	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd.	India	74%	74%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.

Each holder of Equity shares is entitled to one vote on show of hands and in poll in proportion to the number of shares held.

Consolidated Notes to Accounts

(₹ in Lakhs)

b. Non-controlling interests (NCI)

i. Summarised Financial Information relating to each of the Company's subsidiaries that has material Non Controlling Interests, before any intra group eliminations :

Summarised Balance Sheet	BEL - THALES Systems Ltd.	
	As at 31 March 2018	As at 31 March 2017
NCI percentage	**26%**	**26%**
Non - Current assets	1,248	3,145
Current assets	4,572	2,402
Total Assets	**5,820**	**5,547**
Non - Current liabilities	12	2
Current liabilities	796	274
Total liabilities	**808**	**276**
Net assets	**5,012**	**5,271**
Net assets attributable to NCI	**1,303**	**1,372**

Summarised Statement of Profit & Loss	BEL - THALES Systems Ltd.	
	As at 31 March 2018	As at 31 March 2017
Revenue	645	394
Profit	(259)	(82)
Other comprehensive income (OCI)	-	-
Total comprehensive income	**(259)**	**(82)**
Profit allocated to NCI	**(69)**	**(21)**
OCI allocated to NCI	-	-
Total comprehensive income allocated to NCI	(69)	(21)

Summarised Cash Flows	BEL - THALES Systems Ltd.	
	As at 31 March 2018	As at 31 March 2017
Cash flows from Operating activities	(386)	(407)
Cash flows from Investing activities	869	(3,217)
Cash flows from Financing activities	-	3,521
Net increase / (decrease) in cash and cash equivalents	483	(103)

ii. Transactions with non-controlling interests - Nil

c. Interest in Associates :

Name of the Entity	Place of Business / Place of Incorporation	% of ownership interest	Relationship	Accounting Method	Carrying Amount	
					As at 31 March 2018	As at 31 March 2017
GE BE Private Limited	India	26%	Associate	Equity Method	20,458	18,387

Fair Value of the investment in Associate is not disclosed as the equity of GE BE Private Ltd is unquoted.

GE BE Private Ltd is a manufacturer of medical instruments and its products complement the Business segment of Components SBU of BEL Bengaluru and BEL Pune Unit.

Consolidated Notes to Accounts

(₹ in Lakhs)

Carrying amount of the Company's interest in GE BE Private Ltd.

Summarised Balance Sheet	As at 31 March 2018	As at 31 March 2017
Non - Current assets	21,643	16,165
Current assets :		
Cash and Cash equivalents	1,309	1,941
Other assets	71,409	63,063
Total Current assets	**72,718**	**65,004**
Total assets	**94,361**	**81,169**
Non - Current liabilities :		
Financial liabilities other than trade payables	5	33
Other liabilities	1,599	772
Total Non - Current liabilities	**1,604**	**805**
Current liabilities :		
Financial liabilities other than trade payables	165	156
Other liabilities	13,906	9,490
Total Current liabilities	**14,071**	**9,646**
Total liabilities	**15,675**	**10,451**
Net assets	**78,686**	**70,718**
Company's share of Net assets	**20,458**	**18,387**

Summarised Statement of Profit & Loss	As at 31 March 2018	As at 31 March 2017
Revenue	82,898	81,348
Interest Income	3,027	3,476
Depreciation and amortisation	2,288	1,795
Interest expense	57	26
Income tax expense	5,128	5,191
Profit for the year	9,146	10,130
Other comprehensive income	26	(20)
Total comprehensive income	9,172	10,110
Company's share of Profit	2,378	2,634
Company's share of OCI	7	(5)
Company's share of total comprehensive income	2,385	2,629

The Parent Company has received Dividend of ₹ 260 (₹ 5,200) from its Associate (GE BE private limited).

Reconciliation to carrying amounts		
Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Opening net assets	**18,387**	**22,017**
Profit for the year	2,378	2,634
Other comprehensive income	7	(5)
Dividend paid (including dividend distribution tax)	314	6,259
Closing net assets	**20,458**	**18,387**

Consolidated Notes to Accounts

(₹ in Lakhs)

Commitments and Contingent Liabilities in respect of Associates :		
Particulars	**GE BE Pvt. Ltd. (Audited)**	
	As at 31 March 2018	**As at 31 March 2017**
Capital Commitments	313	271
Other Commitments	-	-
Other Contingent Liabilities	1,531	1,567

d. Additional information required under Schedule III

Name of the Entity	Year	Net Assets, i.e., Total assets minus Total Liabilities		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount	As % of Consolidated Profit & Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent :									
Bharat Electronics Ltd.	2017-18	94.49%	758,582	97.71%	139,829	86.83%	145	97.70%	139,974
	2016-17	94.88%	735,233	98.01%	149,301	99.24%	(9,185)	97.93%	140,116
Subsidiaries :									
Indian									
BEL Optronic Devices Ltd. (BELOP)	2017-18	2.34%	18,820	0.81%	1,155	8.98%	15	0.82%	1,170
	2016-17	2.07%	16,059	0.32%	484	0.70%	(65)	0.29%	419
BEL - THALES Systems Ltd.	2017-18	0.46%	3,708	-0.13%	(190)	0.00%	-	-0.13%	(190)
	2016-17	0.50%	3,898	-0.04%	(61)	0.00%	-	-0.04%	(61)
Non Controlling Interest in Subsidiary :									
Indian									
BEL - THALES Systems Ltd.	2017-18	0.16%	1,303	-0.05%	(69)	0.00%	-	-0.05%	(69)
	2016-17	0.18%	1,372	-0.01%	(21)	0.00%	-	-0.01%	(21)
Associates (investment as per the equity method) :									
Indian									
GE BE Pvt. Ltd.	2017-18	2.55%	20,458	1.66%	2,378	4.19%	7	1.66%	2,385
	2016-17	2.37%	18,387	1.73%	2,634	0.05%	(5)	1.83%	2,629
Total	**2017-18**	**100%**	**802,871**	**100%**	**143,103**	**100%**	**167**	**100%**	**143,270**
	2016-17	**100%**	**774,949**	**100%**	**152,337**	**100%**	**(9,255)**	**100%**	**143,082**

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 33

Financial Instruments - Fair Value Measurements

1. Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities :

		As at 31 March 2018			As at 31 March 2017		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
	Financial Assets measured at fair value						
I	**Investments**						
i	Equity Instruments – Mana Effluent Treatment Plant Ltd	-	7	-	-	7	-
ii	Other Investments						
a.	Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment & BERECHS)	73,270	-	-	30,702	-	-
	Sub Total	**73,270**	**7**	**-**	**30,702**	**7**	**-**
	Financial Assets not measured at fair value						
II	Trade Receivables			569,311			436,826
III	Loans						
a	Security deposits			3,158			2,883
b	Loans to Employees			819			821
IV	Cash and cash equivalents			80,443			269,981
V	Other Bank Balances			3,664			112,738
VI	Other Financial Assets						
a	Advance to Employees			100			189
b	Advance to Others			5			4
c	Receivables (other than Trade Receivables)			455			225
d	Accrued Income			134,457			20,792
e	Interest accrued but not due on term deposits			3,924			5,520
VII	Other financial Assets						
a	Bank deposits with more than 12 months maturity			36			2,755
b	Others			4,175			3,586
	Other Investments						
a	Investment in Co-operative societies, Housing Societies etc.*			-			
	Sub Total			**800,547**			**856,320**
	Total	**73,270**	**7**	**800,547**	**30,702**	**7**	**856,320**

* INR 4,750 (INR 4,750) [represents absolute figure] which is rounded off.

Note : Investments in subsidiary companies (BEL Optronic Devices Ltd and BEL Thales Systems Limited) have been accounted at Cost in line with option available under Ind AS 101. Also, investment in Associates (GE-BE Private Limited) has been accounted at Cost in line with option available under Ind AS 101.

Particulars	As at 31 March 2018			As at 31 March 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities measured at fair value	-	-	-	-	-	-
Total	-	-	-	-	-	-

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars		As at 31 March 2018			As at 31 March 2017		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities not measured at fair value							
I	Borrowings			4,703			3,025
II	Trade Payables			136,812			129,737
III	Other Financial Liabilities						
a	Interest Accrued and due on Trade Payables			10			9
b	Current Maturities of Long Term Debt			3,333			3,333
c	Security Deposits			8,263			3,260
d	Unpaid Matured Deposits			37			37
e	Unpaid Dividend			48			6,422
f	Non Trade Payables Dues to MSME			102			85
g	Outstanding Expenses			58,789			38,772
h	Other Trade payables			16,511			13,020
i	Other Liabilities			1,408			1,165
	Total			**230,016**			**198,865**

2. Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below :

Particulars			As at 31 March 2018			As at 31 March 2017		
		Note	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
I	**Financial Assets and Liabilities measured at Fair value – recurring fair value measurements**							
A	Financial Assets							
i	Financial Investments at FVPL	6	-	73270	-	-	30702	-
ii	Financial Investments at FVOCI - Unquoted	6	-	-	7	-	-	7
II	**Financial Assets and Liabilities which are measured at Amortised Cost**		No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.					

Level 1 : Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2 : The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

3. Valuation technique used to determine Fair Value

a. LIC Investment - (Level 2)

Based on valuation report of the Scheme provided by LIC.

b. M/s Mana Effluent Treatment Plant Ltd - (Level 3)

BEL has invested in equity securities of M/s Mana which is an unlisted company. The Company's cost of investment in M/s Mana is only ₹ 5 (out of Issued Share Capital of ₹ 163). The company has opted for Net Asset Value method for fair valuation.

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 34

Financial risk management

i. **Risk Management framework and policies**

The Group is broadly exposed to credit risk, liquidity risk and market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.

Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Group's risk management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies. The Group has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization, treatment of various risks associated with different areas of finance and operations.

The parent company has a centralized Treasury function which is responsible to undertake appropriate measures to mitigate financial risk in accordance with the policies and procedures formulated by the Board. Hedging transactions are undertaken by a team with appropriate skills and experience in consultation with an external expert. The Group does not trade in derivatives for speculation.

ii. **Market Risk**

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

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar, Euro, Great Britain Pound and Swiss Franc. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR).

The Group has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 50% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the external specialist consultant retained for this purpose.

The Parent Company's export proceeds are realized mostly by remittance into an Export Earners Foreign Currency account (EEFC) which is then utilised for payments to be made in foreign currency, thereby mitigating the currency risk on exports. Imports to the extent of around 25% (30%) of annual foreign exchange outgo are not covered by the Exchange Rate Variation (ERV) clause in the related customer contract and hence are open to currency risk. These imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required.

As on 31 March 2018, there are no outstanding forwards contracts. The parent company has not entered into any forward contracts during the financial year 2017-18.

The Group's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31.03.2018				As at 31.03.2017			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Trade Payable	807	200	21	55	874	302	17	60
Trade Receivable	33	12	-	-	266	12	-	-
Net Exposure	774	188	21	55	608	290	17	60

Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below. This analysis assumes that all other variables remain constant.

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	Impact on Profit	
	31.03.2018	31.03.2017
USD – Increase by 5%	2,530	1,979
USD – Decrease by 5%	(2,530)	(1,979)
EURO – Increase by 5%	753	1,041
EURO – Decrease by 5%	(753)	(1,041)
GBP – Increase by 5%	95	72
GBP – Decrease by 5%	(95)	(72)
CHF – Increase by 5%	191	195
CHF – Decrease by 5%	(191)	(195)

Interest rate risk

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

Variable Rate Borrowing

The parent company has been sanctioned a Term loan of ₹ 10,000 on 31.03.2017 (Outstanding as on 31 March 2018 is ₹ 6,666). Interest payable on this loan is based on SBI's Minimum Commercial Lending Rate - MCLR. (SBI is eligible to reset the interest charged on yearly basis). There would be an additional outflow of cash of ₹ 67 if the interest rate goes up by 1 % and saving of ₹ 67 in cashflow if interest rate goes down by 1 %. There would however be no impact on profit as the interest component is capitalized since the borrowing is towards capital expenditure.

In addition the parent company has been sanctioned a working capital limit of ₹ 4,00,000. The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 350,000. The fund based limit of ₹ 50,000 has not been utilised during the year [Outstanding as on 31 March 2018 is Nil (31 March 2017 is Nil)]. The outstanding balance as on 31.03.2018 with respect to non fund based limit is ₹ 175,565 (₹ 165,376). The interest is payable based on SBI's 1 year MCLR rate. As the borrowing is Nil there is no impact on likely change in interest rates.

In case of subsidiary company [BELOP] has been sanctioned working capital limit of ₹ 4,600 by the consortium bankers of SBI (Lead bank) and Axis Bank. The rate of interest is 8.45% p.a. (Axis Bank) and 8.35% p.a.(SBI).

Equity Price Risk

The Group's exposure to equity price risk is negligible as its equity investment (other than in Associate) is negligible.

iii. **Liquidity Risk**

Liquidity Risk is the risk that a Group could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Group's exposure to liquidity risk is very minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The Group meets its liquidity requirement mainly through internally generated cash flows which is monitored centrally by treasury. There is an established process of rolling cash forecasts from various operating units which form the basis for mapping expected cash inflows, to meet the liabilities.

The table below analyses the Group's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undiscounted cash flows.

Consolidated Notes to Accounts

(₹ in Lakhs)

As at 31 March 2018

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	1,370	-	-	3,333	-	4,703
Trade Payables	115,838	7,509	13,460	-	5	136,812
Current Maturities of Long Term Debts	833	834	1,666	-	-	3,333
Interest accrued and due on Trade Payables	8	-	2	-	-	10
Other Financial Liabilities	75,144	2,141	7,750	91	32	85,158

As at 31 March 2017

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	1,358	-	-	1,667	-	3,025
Trade Payables	127,048	691	1,998	-	-	129,737
Current Maturities of Long Term Debts	833	834	1,666	-	-	3,333
Interest accrued and due on Trade Payables	7	-	2	-	-	9
Other Financial Liabilities	61,829	68	792	46	26	62,761

The Group does not have any outstanding derivatives as on 31 March 2018.

iv. **Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Parent Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government / Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc and other indicators.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Parent Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Parent Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department / parties.

Consolidated Notes to Accounts

(₹ in Lakhs)

v. **Capital Management**

The Group's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Group has a conservative approach for raising capital through debt but reserves the right to leverage this alternative at an appropriate time to fuel growth and maintain optimal capital structure.

As part of this overall objective, the parent company has expanded capital base by issuing bonus shares in financial year 2015-16 & 2017-18 and bought back shares in financial year 2016-17 & 2017-18 (Refer Note 16). The Company has a well defined Dividend Distribution Policy which lays the framework for payments of dividend and retention of surplus for future growth and enhancing shareholders wealth. The company has borrowed an amount ₹ 10,000 from Bank for construction of quarters. [Outstanding as on 31 March 2018 is ₹ 6,666 (₹ 5,000)] [Refer Note 18 & 20]. The parent Company has been sanctioned borrowing limits with banks to the tune of ₹ 400,000.

Gearing Ratio

PARTICULARS	As at 31 March 2018	As at 31 March 2017
Net Debt	8,036	6,358
Total Equity	801568	773577
Net Debt to Equity Ratio	0.01:1	0.0082:1

NOTE 35
Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are :

PARTICULARS	As at 31 March 2018	As at 31 March 2017
(i) Inventories	461,576	488,167
(ii) Trade Receivables	569,311	436,826
(iii) Cash & Cash Equivalents	80,440	269,971
(iv) Bank Balances [Other than (iii) above]	3,616	106,316
(v) Loans	1,458	1,204
(vi) Other Financial Assets	140,261	27,074
(vii) Other Current Assets	137,911	57,016
Total current assets pledged as security	**1,394,573**	**1,386,574**

Refer Note 18 & 20 for the details of borrowings.

NOTE 36
Critical estimates and judgments

While preparing the consolidated financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Consolidated Notes to Accounts

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and Estimates that have a significant risk of resulting in a material adjustment are as under :

i. **Research and Development Expenditure - Accounting Policy No. 10 - (Refer Note No. 5)**
Developmental expenditure incurred with respect to No Cost No Commitment (NCNC) Projects and Joint developmental projects which are not fully compensated by the development partner are carried forward till the completion of project.

ii. **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note No. 21)**

iii. **Estimation of provision for warranty claims - (Refer Note No. 21)**
Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iv. **Pay Revision Provision - (Refer Note No. 21)**
Pay Revision in respect of Non executive is due with effect from 01.01.2017. Provision in respect of revised pay has been made based on a reasonable estimate of expected liability for the period 01.04.2017 to 31.03.2018 during the financial year 2017-18.

v. **Recognition of Revenue - (Refer Note No. 23)**
Percentage-of-completion method involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

NOTE 37

Recent accounting pronouncements

A. Ind AS 115- Revenue from Contracts with Customers :

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contracts with Customers. This standard shall apply for accounting periods beginning on or after 1 April 2018. The standard permits two methods of transition.

1. Retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
2. Retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application. The Company will adopt this standard on 1 April 2018 retrospectively with the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period. The company is evaluating the effect of this amendment on the financial statements.

B. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration :

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 to Ind AS 21 (The Effects of Changes in Foreign Exchange Rates) with effect from 1 April 2018. This amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date when an entity has received or paid advance consideration in a foreign currency. The Company is evaluating the effect of this amendment on the financial statements. However, the impact is not expected to be material.

SIGNIFICANT ACCOUNTING POLICIES ON IND AS CONSOLIDATED FINANCIAL STATEMENTS

Corporate Information

The accompanying financial statements comprise the financial statements of Bharat Electronics Limited (the Holding Company). The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Bharat Electronics Limited's shares are listed on two recognised stock exchanges in India. The registered office and principal place of Business of the Company is located at Bengaluru, Karnataka, India.

The Company is a public sector enterprise under the administrative control of the Department of Defence Production, Ministry of Defence. Bharat Electronics Limited manufactures and supplies electronic equipment and systems to defence sector. Other than defence sector, the Company has also got a limited presence in the civilian market.

Significant Accounting Policies

1. Basis of Preparation

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

2. Use of Estimates

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

3. Basis of Measurement

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

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

4. Functional and Presentation Currency

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

5. Revenue Recognition

(i) **Sale of Goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. The timing of the transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

(ii) **Ex-Works Contract**

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

(iii) **FOR Contracts**

In the case of FOR contracts, revenue is recognised when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the company at the request of the customer.

(iv) **Bill and Hold Sales**

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that :

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time when the revenue is recognised;
- the buyer specifically acknowledges the deferred delivery instructions;
- the usual payment terms apply.

(v) **Construction Contracts**

Contract revenue includes initial amount agreed in the contract and any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

When it is probable that total contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

(vi) **Price Escalations and Exchange Rate Variation Claims**

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

(vii) **Bundled Contracts**

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

(viii) **Multiple Elements**

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

(ix) Sales exclude Sales Tax / Value Added Tax (VAT) and include Excise Duty till 30.06.2017.

From 01.07.2017 onwards, Sales exclude Goods and Service Tax (GST).

(x) **Revenue from Services**

Revenue relating to Maintenance contracts are recognised on accrual basis.

For other fixed-price contracts (including revenue from software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date.

Revenue in respect of other category of services is recognised on rendering of service.

(xi) **Interest Income**

Interest income is recognised using the effective interest rate method.

(xii) **Dividend Income**

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

(xiii) **Rental Income**

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

(xiv) **Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

(xv) **Other Income**

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

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

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

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

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

7. Intangible Assets, Intangible Asset under Development

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

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

Cost of Developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

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

8. Depreciation / Amortisation

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

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

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

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

9. Disposal of Property, Plant and Equipment

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

10. Research and Development Expenditure

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

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

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

Where such developmental projects do not fructify into a customer order, the total expenditure booked

in respect of such projects is charged off in the year the project is closed.

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

(iv) Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on closure of project, the amount will be either capitalised if further economic benefit is expected from its use or charged off.

11. Expenditure on Technical Know-How

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

12. Investment Property

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

13. Impairment of Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

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

14. Leases

A lease is classified at the inception date as a finance lease or an operating lease.

(i) **Company as a Lessee**

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as finance costs in the statement of profit and loss. A leased asset is amortised over the estimated useful life of the asset or lease term whichever is lower.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance to general inflation or are otherwise justified.

(ii) **Company as a Lessor**

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a Finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

15. Borrowing Costs

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

16. Government Grants

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

The amount lying in Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

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

17. Inventories

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

Cost of Work-in-progress and finished goods include Materials, Direct Labour and appropriate overheads.

Adequate provision is made for inventory which are more than five years old which may not be required for further use.

18. Income Taxes

Income tax comprises of current and deferred tax.

(i) Current Income Tax

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

(ii) Deferred Tax

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

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

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

19. Provision for Warranties

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

20. Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

21. Employee Benefits

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

(ii) Incremental liability for payment of long term compensated absences such as Annual Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

(iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

(vi) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in statement of profit and loss.

(vii) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

(viii) Defined Contribution Plan

The Company operates employee pension scheme and superannuation pension scheme for its employees that are categorised as a defined contribution plans. For defined contribution plans, the Company pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

22. Provisions

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

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

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

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

23. Cash Flow Statement

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

24. Fair Value Measurement

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

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

25. Financial Assets

(i) **Initial Recognition and Measurement**

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

(ii) **Subsequent Measurement**

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

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

(iii) **Derecognition**

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

(iv) **Trade and Other Receivables**

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

26. Forward Contracts

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

27. Embedded Derivative

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

28. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

29. Impairment of Financial Assets

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

a. Time barred dues from the government / government departments / government companies are generally

not considered as increase in credit risk of such financial asset.

b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

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

30. Financial Liabilities

(i) **Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

(ii) **Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below :

Financial Liabilities at fair value through Profit or Loss :

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

(iii) **Loans and Borrowings**

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) **Trade and Other Payables**

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

31. Reclassification of Financial Instruments

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

32. Offsetting of Financial Instruments

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

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

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

34. Errors and Estimates

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

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

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of

assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

35. Earnings Per Share

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

36. Events after the Reporting Period

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

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

37. Principles of Consolidation

The financial statements of the Holding Company together with the audited financial statements of its subsidiary companies and step down subsidiary company have been combined on a line-by-line basis by adding together all the items of assets, liabilities, income and expenses after eliminating all the intra group balances and transactions. Interest in associates are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and Other Comprehensive Income of equity accounted investees until the date on which significant influence ceases.

The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Holding Company and its share in the post - acquisition increase in the relevant increase of the subsidiary companies and step down subsidiary company.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's financial statements.

The excess of cost to the company of its investments in subsidiary companies and step down subsidiary company over its share of the equity of the subsidiary companies and step down subsidiary company at the date on which the investments are made, is recognized as "Goodwill on consolidation" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies and step down subsidiary company as on the date of the investment is in excess of cost of investment of the Holding Company, it is recognized as "Capital reserve" and shown under the head "Reserves and surplus", in the consolidated financial statements.

As per our report of even date attached.

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

Form AOC-I

Part "A" : Subsidiaries

(₹ in Lakhs)

Sl. No.	Particulars		
1.	Name of the subsidiary	BEL Optronic Devices Limited	BEL Thales Systems Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4.	Share capital	6,631	5,762
5.	Reserves & surplus	12,189	(750)
6.	Total Assets	45,909	5,820
7.	Total Liabilities	27,089	808
8.	Investments	-	-
9.	Turnover	12,164	312
10.	Profit before taxation	1,268	(249)
11.	Provision for taxation	113	10
12.	Profit after taxation	1,155	(259)
13.	Proposed Dividend	-	-
14.	% of shareholding	100%	74%
1.	Names of subsidiaries which are yet to commence operations	Nil	Nil
2.	Names of subsidiaries which have been liquidated or sold during the year.	Nil	Nil

Part "B" : Associates and Joint Ventures

Sl. No.	Name of Associates	GE BE Pvt Ltd
1.	Latest audited Balance Sheet Date	31 March 2018
2.	Shares of Associate held by the company on the year end	
	No.	2600000
	Amount of Investment in Associate	260
	Extend of Holding %	26%

(₹ in Lakhs)

Sl. No.	Name of Associates	GE BE Pvt Ltd
3.	Description of how there is significant influence	Voting Rights
4.	Reason why the Associate is not consolidated	Not applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	20,458
6.	Profit / Loss for the year	
	i. Considered in Consolidation	2,378
	ii. Not Considered in Consolidation	-
1.	Names of Associate which are yet to commence operations.	Nil
2.	Names of Associate which have been liquidated during the year.	Nil

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2018

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

S Sreenivas
Company Secretary

NOTES

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भारत इलेक्ट्रॉनिक्स
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Make in India Initiatives



Mrs Nirmala Sitharaman, Hon'ble Raksha Mantri, interacting with Mr M V Gowtama, CMD, at the BEL Stall during the Defence Industry Development Meet held at Chennai. Also seen is Mr Edappadi K Palaniswami, Hon'ble Chief Minister of Tamil Nadu



His Excellency Mr Banwarilal Purohit, Hon'ble Governor of Tamil Nadu, and Dr Subhash Bhamre, Hon'ble Raksha Rajya Mantri, being shown around the BEL stall by Mr M V Gowtama, CMD



Mr M V Gowtama, CMD, delivering his speech at the inauguration of the Defence Industry Development Meet



Mr M V Gowtama, CMD, making a presentation on the contributions made by BEL to the Indian Navy during a panel discussion at the Defence Industry Development Meet



Mr M V Gowtama, CMD, presenting the "Outstanding Vendor Awards" during the Defence Industry Development Meet



Mr Rajib Kumar Sen, Economic Adviser, DDP, MoD, speaking at the Defence Industrial Corridor (Tamil Nadu) meeting co-ordinated by Chennai Unit at Chennai



Vendors from across Tamil Nadu participating in the State Level MSME Vendor Development Meet organised by the MSME Development Institute, Chennai

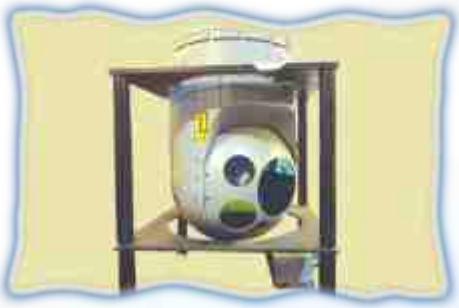


Vendors having a look at products exhibited at the Make in India display hall of BEL




EMPOWERING THE NATION'S DEFENCE FORCES
















भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

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