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

प्रति To,
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड
National Stock Exchange of India Ltd.
एक्सचेंज प्लाज़ा , प्लॉट नं/सी .1, जी ब्लॉक
Exchange Plaza, Plot No. C/1, G Block,
बांद्राकुर्ला कॉम-प्लेक्स, बांद्रा (पूर्व)
Bandra-Kurla Complex, Bandra (E)
मुंबई/Mumbai – 400 051

सं.No. 17565/6/SE/NSEC/SEC
दिनांक **/ Date: 22.08.2019**

महोदय / महोदया,
Dear Sir/Madam,

विषय: 65 वीं वार्षिक आम बैठक और वार्षिक रिपोर्ट 2018-19 की सूचना।
Sub: Notice of 65th Annual General Meeting and Annual Report 2018-19.

सेबी (एलओडीआर) विनियम, 2015 के विनियम 34 (1) के तारतम्य में, कृपया एतद्वारा 65 वीं वार्षिक आम बैठक की सूचना और वित्तीय वर्ष 2018-19 की वार्षिक रिपोर्ट (जिसमें कारोबारी उत्तरदायित्व रिपोर्ट और निर्वहनीयता रिपोर्ट शामिल है) एतद्वारा संलग्न पाएँ।

Pursuant to Regulation 34(1) of the SEBI (LODR) Regulations, 2015, please find enclosed herewith copy of Notice of 65th Annual General meeting and Annual Report for the financial year 2018-19 (Which includes Business Responsibility Report & Sustainability Report).

सूचना व अभिलेख हेतु।
This is for your information and record.

सधन्यवाद / Thanking you,

भवदीय Yours faithfully,

कृते भारत इलेक्ट्रॉनिक्स लिमिटेड
For Bharat Electronics Limited

एस श्रीनिवास **S Sreenivas**
कंपनी सचिव **Company Secretary**

संलग्न- यथा उपरोक्त।
Encls: As stated above.

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

भारत इलेक्ट्रॉनिक्स लिमिटेड
BHARAT ELECTRONICS LIMITED

(भारत सरकार का उद्यम)
(A Government of India Enterprise)

पंजीकृत व कार्पोरेट कार्यालय - आउटर रिंग रोड, नागवारा, बेंगलूरु - 560 045
Registered & Corporate Office : Outer Ring Road, Nagavara, Bengaluru - 560 045, CIN : L32309KA1954GOI000787

सूचना / N O T I C E

प्रति

भारत इलेक्ट्रॉनिक्स लिमिटेड के सभी सदस्य

एतद्द्वारा सूचना दी जाती है कि भारत इलेक्ट्रॉनिक्स लिमिटेड के सदस्यों की **65वीं** वार्षिक सामान्य बैठक सोमवार, दिनांक 16 सितंबर, 2019 को अपराह्न 03:30 बजे दि कलिंगा हॉल, होटल ललित अशोक, कुमारा कृपा हाई ग्राउंड्स, बेंगलूरु- 560 001 में निम्नलिखित कारोबार संचालित करने हेतु आयोजित की जाएगी –

सामान्य कारोबार-

1. निम्नलिखित पर विचार करने और उसे स्वीकार करने हेतु
   (क) 31 मार्च 2019 को समाप्त वित्तीय वर्ष हेतु कंपनी के लेखा परीक्षित वित्तीय विवरण और उन पर निदेशक मंडल और लेखा परीक्षकों के प्रतिवेदन ।

   (ख) 31 मार्च 2019 को समाप्त वित्तीय वर्ष हेतु कंपनी के लेखा परीक्षित समेकित वित्तीय विवरण और उन पर लेखा परीक्षकों के प्रतिवेदन ।
2. वित्तीय वर्ष 2018-19 के लिए ₹ 1.70 (170%) प्रति ईक्विटी शेयर के अंतरिम लाभांश के भुगतान की संपुष्टि करना तथा ₹ 1 प्रत्येक के प्रति ईक्विटी शेयर ₹ 1.70 (170%) के अंतिम लाभांश घोषणा करना ।
3. **श्री नटराज कृष्णप्पा** (डीआईएन-07506012) जो चक्रानुक्रम से सेवानिवृत्त होते हैं और पात्र होने पर स्वयं को पुन:नियुक्ति के लिए प्रस्तुत करते हैं, के स्थान पर निदेशक की नियुक्ति करना ।

विशेष कारोबार -

4. **श्री विनय कुमार कत्याल (डीआईएन-08281078) की निदेशक के रूप में नियुक्ति**

   निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना, **सामान्य संकल्प** के रूप में पारित करने हेतु –

   ''**संकल्प किया गया** कि कंपनी अधिनियम, 2013 की धारा 152 तथा अन्य लागू प्रावधान, यदि कोई हो, और उसके तहत बनाए गए नियमों (वर्तमान में लागू किसी सांविधिक संशोधन या उसके पुन:अधिनियमन सहित) के अनुक्रम में, श्री विनय कुमार कत्याल (डीआईएन-08281078), जिन्हें रक्षा मंत्रालय के पत्र सं. डीडीपी-ई0032/1/2018-(बीईएल) दिनांक 27 नवंबर 2018 द्वारा भारत

To

The Members of Bharat Electronics Limited

NOTICE IS HEREBY GIVEN THAT the **65th** Annual General Meeting of the Members of Bharat Electronics Limited will be held on Monday, 16 September 2019, at 03:30 p.m. at the Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru – 560 001 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
   a) the Audited Financial Statement(s) of the Company for the financial year ended 31 March 2019 and the reports of the Board of Directors and Auditors thereon.

   b) the Audited Consolidated Financial Statement(s) of the Company for the financial year ended 31 March 2019 and the reports of Auditors thereon.
2. To confirm the payment of interim dividend ₹ 1.70 (170%) per equity share and to declare final dividend of ₹ 1.70 (170%) per equity share of ₹ 1 each for the financial year 2018-19.
3. To appoint a Director in place of **Mr Nataraj Krishnappa** (DIN: 07506012), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Appointment of Mr Vinay Kumar Katyal (DIN: 08281078) as Director.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr Vinay Kumar Katyal (DIN: 08281078), who was appointed as Director (Bangalore Complex) by the Govt. of India vide Ministry

सरकार द्वारा निदेशक (बेंगलूरु कॉमप्लेक्स) नियुक्त किया गया और तदुपरांत जिन्हें कंपनी अधिनियम, 2013 की धारा 161 के अनुक्रम में इस वार्षिक सामान्य बैठक की तारीख तक पदधारित करने हेतु दिनांक 27 नवंबर 2018 से अपर निदेशक के रूप में नियुक्त किया गया और 27 नवंबर 2018 से प्रभावी करते हुए निदेशक मंडल द्वारा निदेशक (बेंगलूरु कॉम्पलेक्स) के रूप में पदनामित किया गया और जिनके संबंध में कंपनी ने कंपनी अधिनियम, 2013 की धारा 160 (1) के तहत आवश्यक राशि जमा करने के साथ एक सदस्य से लिखित में सूचना प्राप्त की है जिसमें उन्होंने श्री विनय कुमार कत्याल को कंपनी के निदेशक के पद पर नियुक्त करना के प्रस्ताव का आशय व्यक्त किया था, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा नियुक्त किया जाता है जो भारत सरकार द्वारा यथा निर्दिष्ट निबंधन व शर्तों पर चक्रानुक्रम से सेवानिवृत्त होंगे"।

5. श्री शिवकुमारन के एम (डीआईएन-08473589) की निदेशक के रूप में नियुक्ति

निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना, **सामान्य संकल्प** के रूप में पारित करने हेतु –

"संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 152 तथा अन्य लागू प्रावधान, यदि कोई हो, और उसके तहत बनाए गए नियमों (वर्तमान में लागू किसी सांविधिक संशोधन या उसके पुन:अधिनियमन सहित) के अनुक्रम में, **श्री शिवकुमारन के एम (डीआईएन-08473589)**, जिन्हें रक्षा मंत्रालय के पत्र सं. डीडीपी-ई0032/3/2018-डी(बीईएल) दिनांक 11 जून 2019 द्वारा भारत सरकार द्वारा निदेशक (मानव संसाधन) नियुक्त किया गया और तदुपरांत जिन्हें कंपनी अधिनियम, 2013 की धारा 161 के अनुक्रम में इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने हेतु दिनांक 11 जून 2019 से अपर निदेशक के रूप में नियुक्त किया गया और निदेशक (मानव संसाधन) पदनामित किया गया और जिनके संबंध में कंपनी ने कंपनी अधिनियम, 2013 की धारा 160 (1) के तहत आवश्यक राशि जमा करने के साथ एक सदस्य से लिखित में सूचना प्राप्त की है जिसमें उन्होंने श्री शिवकुमारन के एम को कंपनी के निदेशक के पद पर नियुक्त करना के प्रस्ताव का आशय व्यक्त किया था, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा नियुक्त किया जाता है जो भारत सरकार द्वारा यथा निर्दिष्ट निबंधन व शर्तों पर चक्रानुक्रम से सेवानिवृत्त होंगे"।

6. श्री सुनील कुमार कोहली (डीआईएन-05321549) की स्वतंत्र निदेशक के रूप में नियुक्ति

निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना, **सामान्य संकल्प** के रूप में पारित करने हेतु –

"संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 152 जिसे अनुसूची IV तथा अन्य लागू प्रावधान, यदि कोई हो, और उसके तहत बनाए गए नियमों (वर्तमान में लागू किसी सांविधिक संशोधन या उसके पुन:अधिनियमन सहित) के साथ पढ़ा जाना है, के अनुक्रम में, **श्री सुनील**

of Defence letter no. DDP-E0032/1/2018-(BEL) dated 27 November 2018 and subsequently appointed as an Additional Director and designated as Director (Bangalore Complex) by the Board of Directors w.e.f 27 November 2018 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member along with the deposit of the requisite amount under Section 160(1) of the Companies Act, 2013 signifying his intention to propose Mr Vinay Kumar Katyal as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation, on terms & Conditions as stipulated by the Government of India".

5. Appointment of Mr Shivakumaran K M (DIN: 08473589) as Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), **Mr Shivakumaran K M (DIN: 08473589)**, who was appointed as Director (Human Resources) by the Govt. of India vide Ministry of Defence letter no. DDP-E0032/3/2018-D(BEL) dated 11 June 2019 and subsequently appointed as an Additional Director and designated as Director (Human Resources) by the Board of Directors w.e.f 11 June 2019 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member along with the deposit of the requisite amount under Section 160 (1) of the Companies Act, 2013 signifying his intention to propose Mr Shivakumaran K M as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation, on terms & Conditions as stipulated by the Government of India".

6. Appointment of Mr Sunil Kumar Kohli (DIN: 05321549) as Independent Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force),

कुमार कोहली (डीआईएन – 05321549), जिन्हें रक्षा मंत्रालय के पत्र सं. 19/3/2015–डी(बीईएल) दिनांक 18 जुलाई, 2019 द्वारा भारत सरकार द्वारा गैर–सरकारी स्वतंत्र निदेशक नियुक्त किया गया और तदुपरांत जिन्हें कंपनी अधिनियम, 2013 की धारा 161 के अनुक्रम में इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने हेतु दिनांक 18 जुलाई, 2019 से अपर निदेशक के रूप में नियुक्त किया गया और जिनके संबंध में कंपनी ने कंपनी अधिनियम, 2013 की धारा 160(1) के तहत आवश्यक राशि जमा करने के साथ एक सदस्य से लिखित में सूचना प्राप्त की है जिसमें सदस्य ने श्री सुनील कुमार कोहली" को कंपनी के निदेशक के अभ्यर्थी के रूप में नियुक्त करने के प्रस्ताव का आशय व्यक्त किया था, को कंपनी का निदेशक नियुक्त किया जाए और एतद्द्वारा नियुक्त किया जाता है जो भारत सरकार द्वारा यथा निर्दिष्ट निबंधन व शर्तों पर चक्रानुक्रम से सेवानिवृत्त नहीं होंगे"।

7. लागत लेखा परीक्षक के पारिश्रमिक का अनुसमर्थन

निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना, **सामान्य संकल्प** के रूप में पारित करने हेतु –

"संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 148 तथा अधिनियम के अन्य लागू प्रावधान, यदि कोई हों, जिन्हें उसके तहत बनाए गए नियमों के साथ पढ़ा जाना है (वर्तमान में उसमें किए गए किसी सांविधिक संशोधन (संशोधनों) या पुन:प्रवर्तन जो वर्तमान में लागू है सहित), के तारतम्य में, 31 मार्च 2020 को समाप्त वित्तीय वर्ष के लिए कंपनी के लागत अभिलेखों की लेखा परीक्षा करने के लिए कंपनी के निदेशक मंडल द्वारा लागत लेखा परीक्षक के रूप में नियुक्त **मे. जीएनवी एंड एसोसिएट्स,** लागत लेखाकार (फर्म पंजीकरण सं. 000150) को ₹ 350,000 (रुपए तीन लाख पचास हज़ार मात्र) के पारिश्रमिक तथा लागू कर का भुगतान एवं फुटकर व्ययों की प्रतिपूर्ति हेतु कंपनी की सहमति प्रदान की जाए और एतद्द्वारा प्रदान की जाती है" ।

8. संस्था के बहिर्नियम के उद्देश्य खंड में परिवर्तन

निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना, **विशेष संकल्प** के रूप में पारित करने हेतु –

"**संकल्प किया गया** कि, कंपनी अधिनियम, 2013 की धारा 13 और अन्य लागू प्रावधान, यदि कोई हो तो, तथा उनके तहत बनाए गए नियमों (सांविधिक संशोधन (संशोधनों) या उनके पुन:प्रवर्तन, जो वर्तमान में लागू हैं, सहित) के तारतम्य में और प्रशासनिक मंत्रालय के अनुमोदन के अधीन, कंपनी के संस्था के बहिर्नियमों (एम.ओ.ए.) के खंड III में मुख्य उद्देश्य सं. 01 को कंपनी के एम.ओ.ए. के खंड सं. III के तहत क्र.सं. (जे) से क्र.सं. (एम) तक के निम्नलिखित अनुच्छेदों को शामिल करते हुए परिवर्तित किया जाए और एतद्द्वारा परिवर्तित किया जाता है –

j. भारत या अन्यत्र, विनिर्माण, असेंबलिंग, क्रय, विक्रय, आयात, निर्यात का कारोबार करना तथा प्रोसेसर, फेब्रिकेटर, मर्चेंट, कन्वर्टर, डीलर, एजेंट, स्टॉकिस्ट, वितरक और पूर्तिकर्ताओं जो अन्यथा इलेक्ट्रॉनिक उत्पाद एवं प्रणालियाँ, संबंधित सेवाएँ, विस्फोटक

Mr Sunil Kumar Kohli (DIN: 05321549), who was appointed as Non-official Independent Director by the Govt. of India vide Ministry of Defence letter no. 19/3/2015-D(BEL) dated 18 July 2019 and subsequently appointed by the Board of Directors as an Additional Director w.e.f 18 July 2019 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member along with the deposit of the requisite amount under Section 160 (1) of the Companies Act, 2013 signifying his intention to propose Mr Sunil Kumar Kohli as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company, not liable to retire by rotation, on terms & Conditions as stipulated by the Government of India".

7. Ratification of Remuneration of the Cost Auditor.

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any of the Companies Act, 2013 read with the relevant Rules made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for the payment of remuneration of ₹ 350,000 (Rupees Three Lakh Fifty Thousand only) plus applicable taxes and reimbursement of out of pocket expenses to **M/s GNV & Associates**, Cost Accountants, Bengaluru (Firm Registration No. 000150) appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records of the Company for the financial year ending on 31 March 2020."

8. Alteration of the Object Clause of the Memorandum of Association of the Company.

To consider, and if thought fit, to pass with or without modification (s) the following resolution as **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, and Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) and subject to approval of Administrative Ministry, main object no. 01 in Clause III of the Memorandum of Association (MoA) of the Company be and is hereby altered by adding the following paragraphs as Sl. No. (j) to Sl. No. (m) under the Clause No. III- 1 of MoA of the Company:

j. To carry on the business, in India or elsewhere, of manufacturing, assembling, buying, selling, importing, exporting, and to act as processors, fabricators, merchants, convertors, dealers, agents,

पदार्थों के साथ या उनके बिना शस्त्र प्रणालियाँ, गोला–बारूद तथा संबंधित उत्पाद, लेज़र आधारित उत्पाद एवं प्रणालियाँ, मानवयुक्त तथा मानव–रहित प्लेटफार्म और संबंधित प्रणालियाँ तथा रासायनिक, जैविक, रेडियोधर्मी एवं नाभिकीय संसूचना एवं संरक्षण प्रणालियों में लेनदेन करते हैं, के रूप में कार्य करना।

k. भारत या अन्यत्र, विनिर्माण, असेंबलिंग, क्रय, विक्रय, आयात, निर्यात का कारोबार करना तथा प्रोसेसर, फेब्रिकेटर, मर्चेंट, कन्वर्टर, डीलर, एजेंट, स्टॉकिस्ट, वितरक और पूर्तिकर्ताओं जो अन्यथा विभिन्न स्रोतों के माध्यम से शक्ति एवं ऊर्जा उत्पादों एवं प्रणालियों तथा लांचिग प्रणालियों, इलेक्ट्रो ऑप्टिक्स आधारित प्रणालियों एवं उत्पादों, सेन्सरों एवं संबंधित उत्पादों में लेनदेन करते हैं, के रूप में कार्य करना।

l. डिज़ाइन, निर्माण, उत्पादन, निर्यात, आयात, क्रय, विक्रय, फेब्रिकेट, आविष्कार, अनुसंधान, विकास, विपणन, प्रक्रम, भंडारण, संस्थापना, मरम्मत, अनुरक्षण, बदलाव, विनिमय, वितरण, भाड़ा, उपयोग, निपटान, फ्रेंचाइस या नियंत्रण एवं ऑटोमेशन इंजीनियरी मशीनरी, साफ्टवेयर, सामान और औजारों की फ्रेंचाइसी द्वारा कारोबार करना और साफ्टवेयर उत्पादों, संबंधित सेवाओं और सूचना प्रौद्योगिकी के उत्पादों, आई.टी. सक्षम सेवाओं, डेटा संसाधन, डेटा वेयरहाउसिंग और डेटाबेस प्रबंधन एवं प्रणालियों एवं सेवाओं में वितरक, पूर्तिकर्ता, स्टॉकिस्ट, एजेंट, मर्चेंट, डेवलपर, सलाहकार, जॉब कामगार, सहयोगकर्ता और डीलर के रूप में कार्य करना।

m. सिविल अवसंरचना सहित टर्नकी समाधन आधारित परियोजनाओं की परिकल्पना, योजना, सर्वेक्षण, डिज़ाइनिंग, मूल्यांकन, निर्माण, रचना, संस्थापना, स्थापना, उपक्रम, प्रचालन, प्रबंधन का स्वामित्व, नियंत्रण और संचालन, पट्टे पर लेने का कारोबार करना।

आगे संकल्प किया गया कि उपर्युक्त संकल्प को प्रभावी करने के उद्देश्य से, कंपनी के निदेशक मंडल को ऐसे सभी कार्य, विलेख, मामले तथा बातें जिसमें यथोचित प्राधिकारियों के साथ आवश्यक फार्म / दस्तावेज भरना शामिल है, करने के लिए तथा ऐसे सभी विलेख, दस्तावेज, प्रपत्र तथा लिखित सामग्री जिन्हें उनके एकमात्र तथा पूर्ण विवेक से आवश्यक या अत्यावश्यक समझा जाए, निष्पादित करने के लिए तथा इस संबंध में उत्पन्न होने वाले किसी प्रश्न, कठिनाई या संदेह का निराकरण करने के लिए तथा यहाँ प्रदत्त अपनी सभी या किसी एक शक्ति को अपने निदेशकों, कंपनी के कंपनी सचिव या किसी अन्य अधिकारी (अधिकारियों) को प्रत्यायोजित करने के लिए प्राधिकृत किया जाए और एतद्द्वारा प्राधिकृत किया जाता है।

मंडल के आदेशानुसार,
कृते भारत इलेक्ट्रॉनिक्स लिमिटेड,

बेंगलूरु
7 अगस्त 2019

एस श्रीनिवास
कंपनी सचिव

stockists, distributors and suppliers otherwise dealing with Electronic Products and Systems, allied services, Weapon Systems with or without Explosives, Ammunitions and related products, Laser based Products and Systems, Manned and unmanned Platforms and related Systems and Chemical, Biological, Radiological and Nuclear Detection and Protection Systems.

k. To carry on the business in India or elsewhere, of and manufacturing, assembling, buying, selling, importing, exporting, and to act as processors, fabricators, merchants, convertors, dealers, agents, stockists, distributors and suppliers otherwise dealing with in Power and Energy Products & Systems through various sources, Space Electronics including Satellites and Launching Systems Electro Optics based Systems and products, Sensors and related products.

l. To carry on the business of design, manufacture, produce, export, import, buy, sell, fabricate, discover, research, develop, marketing, process, store, install, repair, maintain, recondition, exchange, distribute, hire, use, disposal, fabricate, franchise or through franchise of control and automation engineering machineries, software, things and tools and to act as distributors, suppliers, stockiest, agents, merchants, developers, consultants, job workers, collaborators and dealers in software products, allied services and Information Technology Products, IT enabled services, data processing, data warehousing and database management and Systems & Services.

m. To carry on the business of conceiving, planning, surveying, designing, studying, evaluating, building, constructing, installing, erecting, undertaking, operating, owning, managing, controlling, and administering, leasing of Turnkey Solutions based projects including Civil Infrastructure.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things including filing of necessary forms/ documents with the appropriate authorities and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto and to delegate all or any of its powers herein conferred to its Directors, Company Secretary or any other officer(s) of the Company.

By order of the Board,
For Bharat Electronics Limited

Bengaluru
7 August 2019

S Sreenivas
Company Secretary

नोट

1. **वार्षिक सामान्य बैठक में सम्मिलित होने और मतदान करने के हकदार सदस्य उनकी ओर से सम्मिलित होने और मतदान करने के लिए परोक्षी नियुक्त करने के हकदार हैं और परोक्षी को कंपनी का सदस्य होना आवश्यक नहीं है ।**

   कंपनी अधिनियम, 2013 के प्रावधान के अनुसार, एक परोक्षी अधिकतम 50 सदस्यों का प्रतिनिधित्व कर सकते हैं तथा उनके पास कंपनी की कुल शेयर पूंजी का 10% से अधिक पूंजी नहीं होनी चाहिए। एक सदस्य जिसे मताधिकार प्राप्त है और जो कंपनी की कुल शेयर पूंजी के 10% से अधिक पूंजी धारित करते हैं, परोक्षी के रूप में एकमात्र व्यक्ति को नियुक्त कर सकते हैं बशर्ते कि ऐसा व्यक्ति किसी अन्य व्यक्ति या शेयरधारक का परोक्षी न हो ।

   परोक्षी को नियुक्त करने का विलेख विधिवत भरकर बैठक के प्रारंभ होने से 48 घंटे पहले, (14 सितंबर 2019, अपराह्न 03:30 बजे, आई.एस.टी. से पहले) कंपनी के पंजीकृत कार्यालय में प्रस्तुत किया जाना चाहिए । वार्षिक सामान्य बैठक का परोक्षी प्रारूप संलग्न है।

2. बैठक में सम्मिलित होने वाले प्राधिकृत प्रतिनिधि को भेजने का आशय रखने वाले कार्पोरेट सदस्यों से अनुरोध है कि वे बैठक में उनकी ओर से भाग लेने और मतदान करने हेतु अपने प्रतिनिधि को प्राधिकृत करते हुए मंडल के संकल्प की प्रमाणित प्रति कंपनी को भेजें या ई–मतदान पोर्टल में अपलोड करें ।

3. यथा उपरोक्त विशिष्ट कारोबार के संबंध में कंपनी अधिनियम, 2013 (अधिनियम) की धारा 102 (1) के तारतम्य में संबंधित व्याख्यात्मक विवरण यहाँ संलग्न है और इस बैठक की सूचना का भाग है । सेबी (सूचीकरण की बाध्यताएँ एवं प्रकटण की अपेक्षाएँ) विनियम, 2015 के विनियम 36 के तहत यथा अपेक्षित, वार्षिक सामान्य बैठक (एजीएम) में नियुक्ति या पुनर्नियुक्ति चाहने वाले निदेशकों का संक्षिप्त परिचय भी इस बैठक की सूचना का भाग बनते हैं।

4. इक्विटी शेयरों पर लाभांश, यदि एजीएम में घोषित किया जाए, के लिए पात्र सदस्यों के नामों को निर्धारित करने के लिए कंपनी के सदस्यों की पंजी और शेयर अंतरण बही को दिनांक 22 अगस्त 2019 से 24 अगस्त 2019 तक (दोनों दिनों सहित) बंद रखा जाएगा ।

5. निदेशक मंडल ने ₹ 1 के पूर्ण चुकता शेयर पर ₹ 0.30, ₹ 0.70 और ₹ 0.70 प्रति इक्विटी शेयर के तीन अंतरिम लाभांशों की घोषणा की है जिन्हें वित्तीय वर्ष 2018–19 के दौरान अदा किया गया। ऐसे सदस्य जिन्होंने अपने लाभांश वारंटों / डीडी का नकदीकरण नहीं किया है या प्राप्त नहीं किया है, वे कालातीत वारंटों / डीडी को दोबारा विधिमान्य करने या कालातीत वारंटों / डीडी के स्थान पर डीडी प्राप्त करने के लिए कंपनी के पंजीयक और अंतरण एजेंट से संपर्क कर सकते हैं। निदेशक मंडल ने दिनांक 29 मई, 2019 को हुई अपनी बैठक में ₹ 1 के पूर्ण चुकता शेयर प्रति ईक्विटी शेयर पर ₹ 1.70 (170%) के अंतिम लाभांश की सिफारिश की है। वर्ष

NOTE

1. **A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself, and the proxy need not be a member of the Company.**

   As per the provisions of the Companies Act, 2013, a person can act as a proxy on behalf of a maximum of 50 members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, provided that the person does not act as proxy for any other person or shareholder.

   The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before 14 September 2019, 3:30 p.m. IST). A proxy form for the AGM is enclosed.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.

3. Relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business as set out above is annexed hereto and forms part of the Notice of this meeting. Brief resume of the Directors seeking appointment or re-appointment at Annual General Meeting (AGM), as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also annexed and forms part of the Notice of this meeting.

4. The Company's Register of Members and Share Transfer Books will be closed from 22 August 2019 to 24 August 2019 (both days inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the AGM.

5. The Board of Directors has declared three interim dividends of ₹ 0.30, ₹ 0.70 & ₹ 0.70 per equity share of ₹ 1/- each fully paid-up which was paid during the financial year 2018-19. Members who have not encashed or not received their dividend warrants/DDs may approach Registrars and Transfer Agent of the Company for revalidating the expired warrants/DDs or for obtaining DDs in lieu of expired warrants/DDs. The Board of Directors, in its Meeting held on 29 May 2019, has recommended a final dividend of ₹ 1.70 (170%) per equity share of

2018–19 का अंतिम लाभांश, यदि बैठक में घोषित हो, घोषणा की तारीख से 30 दिनों के भीतर ऐसे सदस्यों को देय होगा जिनके नाम 21 अगस्त 2019 को सदस्यों की कंपनी पंजी में वास्तविक शेयरों के रूप में दर्शित होंगे। बहरहाल, डीमटीरियलीकृत रूप में धारित शेयरों के संबंध में, लाभांश का भुगतान ऐसे व्यक्तियों को किया जाएगा जिनके नाम डिपोज़िटरियों द्वारा दिए गए विवरण अनुसार 21 अगस्त, 2019 को कारोबारी घंटों की समाप्ति पर हितलाभी स्वामियों के रूप में दर्शित होंगे।

6. सदस्यों से अनुरोध है कि वे शेयर अंतरण, पारेषण, उप–विभाजन, शेयरों का समेकन, कालातीत लाभांश वारंट के विधिमान्यकरण या शेयरों से संबंधित किसी भी अन्य मामले के अपने सभी प्रश्न/पत्राचार कंपनी के पंजीयक एवं अंतरण एजेंट, मे. इन्टीग्रेटेड रजिस्ट्री मैनेजमेंट सर्विसेस प्राइवेट लिमिटेड, नं. 30, रमणा रेसीडेन्सी, भूतल, 4था क्रॉस, सम्पिगे रोड, मल्लेश्वरम, बेंगलूरु – 560003, टेली. 080–23460815/18 से करें। सदस्यों से अनुरोध है कि अपने पते में परिवर्तन की सूचना शेयरों को डिमटीरियर रूप में धारित करने पर अपने डिपोज़िटरी सहभागी (डी.पी.) को और वास्तविक रूप में शेयरों को धारित करने पर कंपनी के पंजीकृत कार्यालय को या कंपनी के आर.टी.ए. को अपना फोलियो नंबर बताते हुए तुरंत संपर्क करें।

7. कंपनी अधिनियम 2013 की धारा 101 तथा 136 और कंपनी (प्रबंधन एवं प्रशासन) नियम, 2014 (यथा संशोधित) के नियम 18 के परिप्रेक्ष्य में, वार्षिक सामान्य बैठक की यह सूचना तथा वार्षिक प्रतिवेदन 2018-19 सहित अन्य दस्तावेज ई–मेल द्वारा इलेक्ट्रॉनिक माध्यम से ऐसे शेयरधारकों को भेजे जा रहे हैं, जिन्होंने अपने डीमैट खातों में ई–मेल का पता दिया है जब तक कि किसी सदस्य ने इसकी वास्तविक प्रति का अनुरोध किया हो । ऐसे सदस्य जिन्होंने अपने ई–मेल एड्रेस पंजीकृत नहीं किया है, उनके लिए वास्तिक प्रतियाँ अनुमत माध्यम से भेजी जा रही हैं। बहरहाल, यदि कोई सदस्य वार्षिक प्रतिवेदन की कागज़ी प्रति चाहते हैं, तो वे कंपनी के पंजीकृत कार्यालय में कंपनी सचिव को या कंपनी के आरटीए को ई–मेल या डाक द्वारा लिखित अनुरोध भेज सकते हैं। कंपनी इन दस्तावेजों को कंपनी की वेबसाइट www.bel-india.in पर भी उपलब्ध कराएगा।

8. कंपनी अधिनियम, 2013 की धारा 170 के अधीन रखे गए निदेशकों एवं मुख्य प्रबंधकीय कार्मिकों और उनकी शेयरधारिता की पंजी तथा इस सूचना में संदर्भित सभी दस्तावेज तथा व्याख्यात्मक विवरणी इस सूचना की तारीख से वार्षिक सामान्य बैठक की तारीख तक, कंपनी के पंजीकृत कार्यालय में प्रात: 10 बजे से लेकर अपराह्न 4 बजे तक सदस्यों के निरीक्षणार्थ उपलब्ध कराई जाएगी।

9. शेयरों को इलेक्ट्रॉनिक रूप में धारित करने वाले सदस्य नोट करें कि कंपनी द्वारा लाभांश का भुगतान करने के लिए उनके संबंधित डिपोज़िटरी खातों में दर्ज बैंक विवरण का इस्तेमाल किया जाएगा। सदस्यों को सलाह दी जाती है कि वे अपने इलेक्ट्रॉनिक क्लियरिंग सिस्टम (ई.सी.एस.) की

₹ 1/- each fully paid. The Final Dividend for the year 2018-19, if declared at the Meeting, will be payable within 30 days from the date of declaration, to those members whose names appear on the Company's Register of Members as on 21 August 2019 in respect of physical shares. However, in respect of shares held in dematerialized form, the dividend will be payable to those persons whose names appear as beneficial owners as at the closure of the business hours on 21 August 2019 as per the details furnished by the depositories.

6. Members are requested to send all query/correspondence related to shares transfers, transmission, Sub-division, consolidation of shares, revalidation of expired dividend warrants or any other matter relating to share to the Company's RTA, M/s Integrated Registry Management Services Private Limited, No.30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bengaluru – 560003, Tel. 080-23460815/18. Members are requested to notify immediately any change in their address to their Depository Participants (DPs) in respect of shares held in dematerialized form, and to the Company at its Registered Office or Company's RTA in respect of the shares held in physical form, if any, quoting their Folio Number.

7. In terms of Section 101 and 136 of the Companies Act 2013 and Rule 18 of the Companies (Management and Administration) Rules, 2014 (as amended), this Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. However, if any member wants a physical copy of the Annual Report he/she may send a written request through e-mail or post, to the Company Secretary at the Registered Office of the Company or to Company's RTA. The Company would also make available these documents on the Company's website viz. www.bel-india.in.

8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and all the documents referred to in this Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 10.00 am and 4.00 pm on all working days from the date of this Notice upto the date of the AGM.

9. Members holding shares in electronic mode may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. Members are advised to submit

अनिवार्यताओं को पूरा करें ताकि कंपनी ईसीएस के माध्यम से विप्रेषण कर सके। जो सदस्य शेयरों को इलेक्ट्रॉनिक रूप में धारित करते हैं वे अपने डीपी से सीधे ही ईसीएस आज्ञापक सामग्री प्राप्त कर सकते हैं और उन्हें भेज सकते हैं। जिन्होंने संपूर्ण विवरणों के साथ ईसीएस आज्ञापन फार्म कंपनी / आरटीए / डीपी को पहले ही दे चुके हैं, उन्हें इसे दोबारा भेजने की ज़रूरत नहीं है।

10. कंपनी अधिनियम, 2013 के प्रावधान तथा निवेशक शिक्षा एवं सुरक्षा निधि प्राधिकारी (लेखांकन, लेखा परीक्षा, अंतरण और धन-वापसी) नियम, 2016 जिसे उसके संबंधित परिपत्रों एवं संशोधनों ('आई. ई.पी.एफ. नियम') के साथ पढ़ा जाना है, के तारतम्य में, नियत तारीख से सात वर्षों की अवधि के लिए अदत्त या दावा न की गई लाभांश की राशि को केंद्र सरकार द्वारा गठित निवेशक शिक्षा एवं सुरक्षा निधि (आई.ई.पी.एफ.) को अंतरित करना आवश्यक है। तदनुसार, कंपनी ने आई.ई.पी.एफ. को अंतरिम लाभांश 2010-11, अंतिम लाभांश 2010-11 और अंतरिम लाभांश 2011-12 से संबंधित अदत्त और दावा न की गई राशि क्रमश: ₹ 58,722.00, ₹ 1,46,312.40 और ₹ 79,230.00 अंतरित कर दिया है।

    वर्ष 2011-12 का दावा न किया गया / अदत्त अंतिम लाभांश तथा वर्ष 2012-13 का अंतरिम लाभांश वर्ष 2019-20 में आई.ई.पी.एफ. को अंतरित किया जाना है। कंपनी ने यथा 25 सितंबर, 2018 (पिछली वार्षिक सामान्य बैठक की तारीख) को कंपनी के पास मौजूद अदत्त और दावा न की गई राशियों के विवरण कंपनी की वेबसाइट (www.bel-india.in) पर और कार्पोरेट कार्य मंत्रालय (http://www.iepf.gov.in) के वेबसाइट पर भी अपलोड कर दिया है । दावा किए जाने वाले लाभांश का दावा करने के इच्छुक सदस्यों से अनुरोध है कि वे पंजीयक व शेयर अंतरण एजेंट या कंपनी के पंजीकृत कार्यालय में कंपनी सचिव के साथ पत्राचार करें।

    अधिनियम की धारा 124 के तहत यथा आवश्यक, ऐसे इक्विटी शेयर जिनके संबंध में सदस्यों द्वारा निरंतर सात वर्षों या उससे अधिक की अवधि के लिए दावा नहीं किया गया है, को वित्तीय वर्ष के दौरान कंपनी द्वारा निवेशक शिक्षा और सुरक्षा निधि प्राधिकरण (आईईपीएफ) में अंतरित किया गया है । अंतरित किए गए शेयरों का विवरण कंपनी की वेबसाइट पर अपलोड किया गया है।

11. कंपनी के लेखों के संबंध में कोई भी सूचना प्राप्त करने के इच्छुक सदस्यों से अनुरोध है कि वे अपने प्रश्न, लिखित रूप में, कंपनी के पंजीकृत कार्यालय में ऐसे भेजें कि वे बैठक से कम से कम 7 दिनों पहले पहुँच जाएँ ताकि अपेक्षित सूचना बैठक में उपलब्ध कराई जा सके ।

12. सदस्यों/ परोक्षियों/प्राधिकृत प्रतिनिधियों से अनुरोध है कि वे वार्षिक प्रतिवेदन और सूचना की अपनी प्रतियाँ बैठक में साथ लेकर लाएँ । बैठक में सम्मिलित हो रहे सदस्यों / परोक्षियों/प्राधिकृत प्रतिनिधियों से अनुरोध है कि वे संलग्न उपस्थिति पर्ची भरकर उसे बैठक के प्रवेश स्थल पर सुपुर्द करें ।

their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send ECS mandate form to RTA of the Company. Those holding shares in Electronic Form may obtain and send ECS mandate form directly to their DPs.

10. Pursuant to the provisions of Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹ 58,722.00, ₹ 1,46,312.40 and ₹ 79,230.00 being the unpaid and unclaimed dividend amount pertaining to Interim Dividend 2010-11, Final Dividend 2010-11 and Interim Dividend 2011-12 respectively, to the IEPF.

    The unclaimed/ unpaid final dividend for the year 2011-12 and interim dividend for the year 2012-13 are due for transfer to the IEPF in 2019-20. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 25 September 2018 (date of last Annual General Meeting) on the website of the Company (www.bel-india.in) and also on the website of the Ministry of Corporate Affairs (http://www.iepf.gov.in). Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents or the Company Secretary, at the Company's Registered Office.

    As required under Section 124 of the Act, 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 the Company.

11. Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries, in writing, to the Company at the Registered Office so as to reach at least 7 days before the Meeting so that the required information can be made available at the Meeting.

12. Members / Proxies / Authorised Representatives are requested to bring their copies of the Annual Report and the Notice to the Meeting. Members/Proxies/Authorised Representatives attending the Meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue.

13. सदस्यों को सूचित किया जाता है कि सेबी (एलओडीआर) (चौथा संशोधन) विनियम, 2018 दिनांक 8 जून, 2018 के तारतम्य में, कंपनी द्वारा वास्तविक रूप में धारित प्रतिभूतियों के अंतरण करने के अनुरोध पर विचार नहीं किया जाएगा जब तक कि ऐसी प्रतिभूतियाँ डिपोज़िटरी द्वारा प्रतिभूतियों के पारेषण या रूपांतरण के मामले के सिवाय, डिमटीरियलीकृत रूप में धारित की जाती हैं। इसलिए, सदस्यों से अनुरोध है कि वे अपने वास्तविक धारण का डीमटीरिलीकरण करवा लें ।

14. भारतीय प्रतिभूति एवं एक्सचेंज बोर्ड (सेबी) ने प्रतिभूति बाज़ार में प्रत्येक प्रतिभागी दवारा स्थायी खाता संख्या (पैन) प्रस्तुत करना अनिवार्य बनाया है। इसलिए, इलेक्ट्रॉनिक रूप में शेयर धारित करने वाले सदस्यों से अनुरोध किया जाता है कि वे अपने डिपोज़टरी प्रतिभागी जिनके पास उनके डीमैट खाते हैं, को अपना पैन संख्या दें। वास्तविक रूप में शेयर धारित करने वाले सदस्य अपने पैन विवरण कंपनी के आरटीए को दे सकते हैं।

15. वास्तविक रूप में शेयरों को धारित करने वाले सदस्य कंपनी (शेयर पूँजी एवं ऋणपत्र) नियम, 2014 में यथा वर्णित फार्म-एसएच 13 में किसी भी व्यक्ति को नामित करते हुए कंपनी अधिनियम, 2013 की धारा 72 के परिप्रेक्ष्य में नामांकन की सुविधा प्राप्त कर सकते हैं जिनके लिए कंपनी में उनके शेयर फार्म में वर्णित घटना के घटित होने पर निहित होते हैं। वास्तविक रूप में शेयरों को धारित करने वाले व्यक्ति कंपनी के आरटीए को दो प्रतियों में फार्म-एसएच 13 भेज सकते हैं। शेयरों को डीमटीरियलीकृत रूप में धारित करने पर, यह नामांकन संबंधित डीपी को देना होना।

16. बैठक में भाग लेने वाले संयुक्त धारकों के मामले में, केवल ऐसे संयुक्त धारक जिनका नाम, क्रम में ऊपर होगा, मतदान करने के हकदार होंगे ।

17. बैठक में शामिल होने में सदस्यों की सुविधा हेतु बैठक के स्थल का मार्ग संलग्न किया गया है।

18. कंपनी अधिनियम, 2013 की धारा 108 जिसे संबंधित नियमों तथा सेबी (सूचीकरण देयताएँ एवं प्रकटीकरण अपेक्षिताएँ) विनियमन, 2015 के विनियम 44 के साथ पढ़ा जाना है, के अनुपालन में, कंपनी ने अपने नेशनल सेक्योरिटीज़ डिपोज़िटरी लिमिटेड (एनएसडीएल) द्वारा प्रदान की गई इलेक्ट्रॉनिक मतदान (ई-मतदान) सेवा सुविधा के माध्यम से इलेक्ट्रॉनिक रूप से मतदान करने की सुविधा प्रदान की है । वार्षिक बैठक में सामान्य नेशनल सेक्योरिटीज़ डिपोज़िटरी लिमिटेड द्वारा मतपत्र के माध्यम से मतदान करने की सुविधा भी उपलब्ध कराई जाएगी और इस बैठक में भाग लेने वाले ऐसे सदस्य जिन्हें सुदूर ई-मतदान द्वारा अपने मताधिकार का प्रयोग नहीं किया है, वे इस मतपत्र द्वारा बैठक में अपने म ताधिकार का इस्तेमाल कर सकेंगे । ऐसे सदस्य जिन्होंने इस बैठक से पहले सुदूर ई-मतदान द्वारा अपने मताधिकार का प्रयोग किया है, वे इस बैठक में भाग ले सकते हैं लेकिन वे दोबारा मतदान करने के हकदार नहीं होंगे । ई-मतदान के अनुदेश इस बैठक की नोटिस के संलग्नक में दिए गए हैं ।

13. Members are informed that pursuant to SEBI (LODR) (Fourth Amendment) Regulations, 2018 dated 8 June 2018, request for effecting transfer of securities in physical form shall not be processed by the Company unless the securities are held in dematerialized form with a Depository, except in case of transmission or transposition of securities. Hence the Members are requested to dematerialize their physical holding.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's RTA.

15. Members, holding shares in physical form, may avail the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the Form-SH 13 as prescribed in the Companies (Share Capital & Debentures) Rule, 2014, any person to whom their shares in the Company shall vest on occurrence of event stated in the Form. Persons holding shares in physical form may send Form-SH 13 in duplicate to RTA of the Company. In case of shares held in dematerialized form, the nomination has to be lodged with the respective DPs.

16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

17. Route Map to the venue of the meeting is annexed for the convenience of the members to attend the meeting.

18. In compliance with Section 108 of the Companies Act, 2013 read with corresponding Rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) service facilitated by the National Securities Depository Limited (NSDL). The facility for voting through ballot paper will also be made available at the AGM and Members attending the AGM, who have not cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice of this meeting.

सुदूर ई-मतदान के लिए अनुदेश

कंपनी अधिनियम, 2013 की धारा 108, कंपनी (प्रबंधन एवं प्रशासन) नियम, 2014 के नियम 20 जिसे कंपनी (प्रबंधन एवं प्रशासन) संशोधन, नियम 2015 द्वारा स्थानापित किया गया है, और सेबी (एलओडीआर) विनियमों के विनियम 44 के अनुपालन में, कंपनी सोमवार, 16 सितंबर, 2019 को, अपराह्न 03.30 बजे आयोजित होने वाली 65वीं वार्षिक सामान्य बैठक आहूत करने की सूचना में निर्धारित सभी संकल्पों पर अपने सदस्यों को अपने मताधिकार का प्रयोग इलेक्ट्रॉनिक रूप से करने की सुविधा सहर्ष प्रदान करती है । कंपनी ने सुदूर ई-म तदान सुविधा प्रदान करने के लिए नेशनल सेक्योरिटीज़ डिपोज़िटरी लिमिटेड (एनएसडीएल) की सेवाएँ प्राप्त की हैं ।

सुदूर ई-मतदान सुविधा लिंक www.evoting.nsdl.com में उपलब्ध है ।

कृपया अपने मताधिकार का प्रयोग करने से पहले नीचे मुद्रित अनुदेशों को पढ़ें ।

ये ब्यौरे तथा अनुदेश 16 सितंबर, 2019 को होने वाली 65वीं वार्षिक सामान्य बैठक की सूचना का अभिन्न भाग हैं।

सुदूर ई-मतदान की सुविधा निम्नलिखित मतदान अवधि के दौरान उपलब्ध होगी –

सुदूर ई-मतदान का प्रारंभ	सुदूर ई-मतदान की समाप्ति
11 सितंबर 2019 को सुबह 9:00 बजे आई.एस.टी.	15 सितंबर 2019 को शाम 5:00 बजे आई.एस.टी.

सुदूर ई-मतदान के अनुदेश इस प्रकार हैं –

एनएसडीएल ई-मतदान प्रणाली का प्रयोग करते हुए इलेक्ट्रॉनिक रूप से मतदान करना

एनएसडीएल ई-मतदान प्रणाली पर इलेक्ट्रॉनिक रूप से मतदान करने की तरीके में "दो चरण" शामिल है, जो निम्नलिखित हैं-

चरण 1- https://www.evoting.nsdl.com/ में एनएसडीएल ई-मतदान प्रणाली को लॉग-इन करें ।

चरण 2- एनएसडीएल ई-मतदान प्रणाली पर इलेक्ट्रॉनिक रूप से आपका वोट डाल दे ।

चरण 1 के विवरण नीचे दिए गए हैं -

एनएसडीएल की ई-वोटिंग वेबसाइट में लॉग-इन करना

1. एनएसडीएल की ई-वोटिंग वेबसाइट पर जाएं। पर्सनल कंप्यूटर या म ोबाइल पर निम्न URL: टाइप करके वेब ब्राउजर खोलें-https://www.evoting.nsdl.com/ ।
2. एक बार ई-वोटिंग सिस्टम का होम पेज लॉन्च हो जाने पर, "Login" आइकन पर क्लिक करें जो 'शेयरधारक' सेक्शन के तहत उपलब्ध है ।
3. एक नई स्क्रीन खुल जाएगी । आपको स्क्रीन पर दिखाए गए अनुसार अपना यूज़र आईडी, अपना पासवर्ड और एक वेरिफिकेशन कोड दर्ज करना होगा।

Instructions for remote e-voting

In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment, Rules 2015, and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to offer remote e-voting facility to the Members to cast their votes electronically on all resolutions set forth in the Notice convening the 65th Annual General Meeting to be held on the Monday, 16 September 2019 at 03:30 p.m. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility.

The remote e-voting facility is available at the link www.evoting.nsdl.com

Please read the instructions printed below before exercising your vote.

These details and instructions form an integral part of the Notice for the 65th Annual General Meeting to be held on 16 September 2019.

The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting	End of remote e-voting
11 September 2019 at 9:00 A.M. IST	15 September 2019 at 5:00 P.M. IST

The instructions for remote e-voting are as under:

Voting electronically using NSDL e-Voting system

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

Log-into NSDL e-Voting website

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

वैकल्पिक रूप से, यदि आपने एनएसडीएल ई–सेवा यानी आईडीईएएस के लिए रजिस्टर किया हैं, तो आप अपने मौजूदा आईडीईएएस लॉग–इन के साथ https://eservices.nsdl.com/ पर लॉग–इन कर सकते हैं । एनएसडीएल ई–सर्विसेज में लॉग–इन क्रेडेंशियल्स डालने के बाद लॉग–इन होने के बाद ई–वोटिंग पर क्लिक करें और आप चरण 2 यानी इलेक्ट्रॉनिक रूप से अपना वोट डालें पर आगे बढ़ सकते हैं ।

4. आपके यूज़र आईडी विवरण नीचे दिए गए हैं–

शेयर धारित करने की विधि यानी डीमैट (एनएसडीएल या सीडीएसएल)या वास्तविक रूप से	आपका यूज़र आई.डी. है -
क) उन सदस्यों के लिए, जो एनएसडीएल के डीमैट खाते में शेयर धारण करते हैं।	8 कैरेक्टर डीपी आईडी के बाद 8 डिज़िट क्लाइंट आईडी उदाहरण के लिए, यदि आपका डीपी आईडी IN300*** और क्लाइंट आईडी 12****** है तो आपका यूज़र आईडी IN300***12****** होगा ।
ख) उन सदस्यों के लिए, जो सीडीएसएल के डीमैट खाते में शेयर धारण करते हैं।	16 डिज़िट का बेनेफिशरी आईडी उदाहरण के लिए, यदि आपका बेनेफिशरी आईडी 12********** है तो आपका यूज़र आईडी 12********** होगा ।
ग) वास्तविक रूप में शेयर धारण करने वाले सदस्यों के लिए	EVEN नंबर के बाद कंपनी के साथ पंजीकृत फोलियो नंबर उदाहरण के लिए, यदि फोलियो नंबर 001 *** है और EVEN 101456 है तो यूज़र आईडी 101456001 *** होगा ।

5. आपके पासवर्ड का विवरण नीचे दिया गया है–

क) यदि आप सुदूर ई–मतदान करने के लिए पहले से पंजीकृत हैं, तो लॉग–इन करने के लिए आप अपने विद्यमान यूज़र आईडी और पासवर्ड का इस्तेमाल कर सकते हैं ।

ख) यदि आप पहली बार एनएसडीएल ई–वोटिंग सिस्टम का उपयोग कर रहे हैं, तो आपको 'इनिशल पासवर्ड' रिट्रीव करना होगा, जो आपको दिया गया था। अपना 'इनिशल पासवर्ड' रिट्रीव करने के बाद, आपको 'इनिशल पासवर्ड' दर्ज करना होगा और सिस्टम आपको अपना पासवर्ड बदलने की सूचना देगा ।

ग) अपना 'इनिशल पासवर्ड' रिट्रीव करना

(i) यदि आपकी ईमेल आईडी आपके डीमैट खाते या कंपनी में दर्ज है, तो आपके ईमेल आईडी पर आपका 'इनिशल पासवर्ड' आपको दिया जाता है। अपने मेलबॉक्स से एनएसडीएल से आपको भेजे गए ईमेल का इस्तेमाल करें । ई–मेल खोलें और उसके बाद अटैचमेंट खोलें, यानी एक .pdf फाइल । .pdf फाइल खोलें । pdf फ़ाइल खोलने का पासवर्ड एनएसडीएल खाते के लिए आपकी 8 डिज़िट का क्लाइंट आईडी, सीडीएसएल खाते के लिए क्लाइंट आईडी के अंतिम 8 डिज़िट या भौतिक रूप में धारित शेयरों के लिए फोलियो नंबर है । .pdf फ़ाइल में आपका 'यूज़र आईडी' और आपका 'इनिशल पासवर्ड' होता है ।

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) Retrieval of your 'initial password'

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) यदि आपकी ईमेल आईडी रजिस्टर नहीं है, तो आपका 'इनिशल पासवर्ड' आपके डाक पते पर आपको सूचित किया जाता है।

6. यदि आप इनिशल पासवर्ड रिट्रीव नहीं कर पाते हैं या प्राप्त करने में असमर्थ हैं या अपना पासवर्ड भूल गए हैं, तो–

   क) www.evoting.nsdl.com पर उपलब्ध "**Forgot User Details/Password?**" (यदि आप एनएसडीएल या सीडीएसएल के अपने डीमैट खाते में शेयर धारण कर रहे हैं) विकल्प पर क्लिक करें।

   ख) www.evoting.nsdl.com पर उपलब्ध **Physical User Reset Password?**" (यदि आप वास्तविक रूप में शेयर धारण कर रहे हैं) विकल्प पर क्लिक करें।

   ग) यदि आप उपर्युक्त दो विकल्पों से पासवर्ड रिट्रीव करने में असमर्थ हैं, तो आप अपने डीमैट खाता संख्या / फोलियो नंबर, अपने पैन, अपना नाम और अपना पंजीकृत पता बताते हुए evoting@nsdl.co.in पर एक अनुरोध भेज सकते हैं।

   घ) सदस्य एनएसडीएल के ई–वोटिंग सिस्टम में वोट देने के लिए ओ.टी.पी. (वन टाइम पासवर्ड) आधारित लॉगिन का भी इस्तेमाल कर सकते हैं।

7. अपना पासवर्ड डालने के बाद, चेक बॉक्स पर "Terms and Conditions" पर सीशश पर सही का चिह्न लगाएँ।

8. अब, आपको "लॉगिन" बटन पर क्लिक करना होगा।

9. "लॉगिन" बटन पर क्लिक करने के बाद, ई–वोटिंग का होम पेज खुल जाएगा।

चरण 2 के विवरण नीचे दिए गए हैं –

एनएसडीएल के ई–वोटिंग सिस्टम पर इलेक्ट्रॉनिक रूप से अपना वोट कैसे डालें?

1. चरण 1 पर सफलतापूर्वक लॉग–इन करने के बाद, आप ई–वोटिंग का होम पेज देख पाएंगे । e-Voting पर क्लिक करें। उसके बाद, active Voting Cycles पर क्लिक करें ।

2. active Voting Cycles पर क्लिक करने के बाद, आप सभी कंपनियों को "EVEN" देख पाएंगे जिसमें आप शेयर धारण कर रहे हैं और जिसका वोंटिंग साइकिल सक्रिय स्थिति में है।

3. कंपनी के "EVEN" का चयन करें जिसके लिए आप अपना वोट डालना चाहते हैं।

4. वोटिंग का पेज खुलते ही आप ई–मतदान कर सकते हैं ।

5. उपयुक्त विकल्पों का चयन करके अपना वोट डालें यानी सहमत या असहमत, उन शेयरों की संख्या को सत्यापित/संशोधित करें जिनके लिए आप अपना वोट डालना चाहते हैं और सबमिट पर क्लिक करें और संकेत मिलने पर "Confirm" पर क्लिक करें।

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN,your name and your registered address.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

Casting your vote electronically on NSDL e-Voting system

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Confirm करने के बाद, "Vote cast successfully" संदेश प्रदर्शित होगा ।
7. आप कंफर्मेशन पेज के प्रिंट विकल्प पर क्लिक करके आपके द्वारा डाले गए वोटों का प्रिंटआउट भी ले सकते हैं।
8. संकल्प पर अपने वोट करने के बाद, आपको अपने वोट को संशोधित करने की अनुमति नहीं दी जाएगी।

शेयरधारकों के लिए सामान्य दिशा-निर्देश

1. संस्थागत शेयरधारकों (यानी व्यक्ति, एचयूएफ, एनआरआई आदि के अलावा) को विधिवत् प्राधिकृत हस्ताक्षरी जो मतदान करने के लिए प्राधिकृत हैं, के हस्ताक्षर के अधिप्रमाणित नमूनों के साथ-साथ मंडल के संबंधित संकल्प / प्राधिकार पत्र आदि की स्कैन की गई प्रति स्क्रूटिनाइज़र को (pdf/jpg फार्मेट) gthirupalgmail.com को तथा उसकी प्रति evotingnsdl.co.in को ई-मेल द्वारा भेजनी है ।
2. आपको किसी भी अन्य व्यक्ति के साथ अपना पासवर्ड साझा न करने और अपना पासवर्ड गोपनीय रखने के लिए अत्यधिक ध्यान देने का सख्त सुझाव दिया जाता है। ई-वोटिंग वेबसाइट पर सही पासवर्ड डालने में पांच असफल प्रयासों पर लॉगिन असमर्थ हो जएगा । ऐसी स्थिति में, आपको पासवार्ड रीसेट करने के लिए www.evoting.nsdl.com पर उपलब्ध "Forgot User Details/Password?" या "Physical User Reset Password?" विकल्प लेना होगा ।
3. यदि आपको कोई प्रश्न पूछना है तो शेयरधारकों के लिए अक्सर पूछे जाने वाले प्रश्न (एफएक्यू) तथा www.evoting.nsdl.com के डाउनलोड करने योग्य भाग में उपलब्ध शेयरधारकों के-मतदान प्रयोक्ता मैनुअल का संदर्भ लें या टोल फ्री नं.- 1800-222-990 पर कॉल करें या evotingnsdl.co.in पर अपना अनुरोध भेजे ।
4. आप फोलियो के यूज़र प्रोफाइल ब्यौरे में अपना मोबाइल नंबर और ई-मेल आईडी अद्यतन भी कर सकते हैं जिसका इस्तेमाल भावी सम्प्रेषण भेजने के लिए किया जा सकता है ।
5. सुदूर ई-मतदान की अवधि 11 सितंबर, 2019 (सुबह 9 बजे) से शुरू होगी और 15 सितंबर, 2019 (अपराह्न 5 बजे) को समाप्त होगी । इस अवधि के दौरान, कंपनी के सदस्य जो शेयरों को भौतिक रूप में या डीमटीरियलीकृत रूप में धारित करते हैं, 09 सितंबर 2019 की निर्दिष्ट तारीख को, अपने मताधिकार का प्रयोग इलेक्ट्रॉनिक रूप से कर सकते हैं । उसके बाद मतदान के लिए एनएसडीएल द्वारा सुदूर ई-मतदान का मॉड्यूल निष्क्रिय कर दिया जाएगा । सदस्य द्वारा किसी संकल्प पर मतदान का प्रयोग कर लिए जाने के बाद, सदस्यों को उसे बदलने की अनुमति नहीं होगी ।
6. सदस्यों का मताधिकार 09 सितंबर, 2019 की निर्दिष्ट तारीख को कंपनी की चुकता इक्विटी शेयर पूँजी के उनके हिस्से के अनुपात में होगा । व्यक्ति जिनका नाम निर्दिष्ट तारीख यानी 09 सितंबर, 2019 को सदस्यों की पंजी में दर्ज है या डिपोज़ीटर द्वारा रखे गए हितलाभी स्वामी की पंजी में दर्ज है, वे मतपत्रों द्वारा बैठक में मतदान करने के साथ-साथ ई-वोटिंग करने के हकदार होंगे। व्यक्ति जो इस सूचना को भेजने के बाद शेयर अर्जित करते हैं और कंपनी के शेयरधारक बनते हैं और निर्दिष्ट तारीख को शेयर धारित करते हैं, वे अपना फोलियो नं. / डीपी आईडी और क्लाइंट आईडी सं. का

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to gthirupal@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
5. The remote e-voting period commences on 11 September 2019 (9:00 A.M.) and ends on 15 September 2019 (5:00 P.M.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cutoff date of 09 September 2019, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
6. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Cutoff date of 09 September 2019. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on cut-off date i.e. 09 September 2019 only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot papers. A person, who acquires

उल्लेख करते हुए evotingnsdl.co.in या irg@integratedindia.in में या श्री प्रतीक भट्ट को टॉल फ्री नंबर 1800222990 पर संपर्क कर अनुरोध भेजते हुए अपना लॉगिन आईडी और पासवर्ड प्राप्त करने के बाद सुदूर ई-वोटिंग कर सकते हैं। बहरहाल, यदि ऐसे शेयरधारक ई-वोटिंग के लिए एनएसडीएल में पहले से पंजीकृत हैं तो वे अपने मताधिकार का प्रयोग करने के लिए अपने मौजूदा यूज़र आईडी और पासवर्ड का इस्तेमाल कर सकते हैं ।

7. कंपनी ने ई-मतदान की प्रक्रिया की उचित एवं पारदर्शी ढंग से छानबीन करने के लिए श्री तिरुपाल गोरिजे, एफसीएस 6680, पेशेवर कंपनी सचिव को स्क्रूटिनाइज़र नियुक्त किया है ।

8. वार्षिक सामान्य बैठक में, संकल्प जिन पर मतदान किया जाना है, के बारे में चर्चा की समाप्ति पर, अध्यक्ष, स्क्रूटिनाइज़र की सहायता से ऐसे सभी सदस्यों के लिए जो उपस्थित हैं लेकिन जिन्होंने सुदूर ई-मतदान सुविधा का इस्तेमाल करते हुए इलेक्ट्रॉनिक रूप से मतदान नहीं किया है, मतपत्र के माध्यम से मतदान का आदेश देंगे ।

9. स्क्रूटिनाइज़र वार्षिक सामान्य बैठक में मतदान पूरा होने के तुरंत बाद, वार्षिक सामान्य बैठक में किए गए मतदान की गणना करेंगे और तदुपरांत कम से कम दो गवाह, जो कंपनी के नियोजन में नहीं हैं, की उपस्थिति में सुदूर ई-मतदान के माध्यम से किए गए मतदान को खोलेंगे । स्क्रूटिनाइज़र वार्षिक सामान्य बैठक की समाप्त के बाद अधिकतम 48 घंटों के भीतर, पक्ष या विपक्ष या अवैध यदि कोई हो, में डाले गए कुल मतों की सं. की समेकित स्क्रूटिनाइज़र रिपोर्ट कंपनी के अध्यक्ष को पेश करेंगे । अध्यक्ष या उनके द्वारा प्राधिकृत व्यक्ति किए गए मतदान के नतीजों की घोषणा करेंगे ।

10. अध्यक्ष या उनके द्वारा प्राधिकृत व्यक्ति द्वारा नतीजों की घोषणा करने के तुरंत बाद स्क्रूटिनाइज़र की रिपोर्ट के साथ-साथ इन नतीजों को कंपनी के वेबसाइट www.bel-india.in पर तथा एनएसडीएल की वेबसाइट पर लगाए जाएँगे और इसकी सूचना बाम्बे स्टॉक एक्सचेंज लिमिटेड तथा नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड को दी जाएगी ।

सूचना का अनुलग्नक

कंपनी अधिनियम, 2013 की धारा 102 के तहत व्याख्यात्मक विवरण ।

मद सं. 4 के संबंध में -

सरकार ने अपने पत्र दिनांक 27 नवंबर 2018 द्वारा श्री विनय कुमार कत्याल को उनकी अधिवार्षिता या अगले आदेश की तारीख तक, इनमें से जो भी पहले हो, बीईएल के मंडल में निदेशक (बेंगलूर कॉम्प्लेक्स) नियुक्त किया है ।

कंपनी अधिनियम, 2013 की धारा 161(1) और संस्था के अंतर्नियमों के अनुच्छेद 71सी के तारतम्य में, निदेशक मंडल ने श्री विनय कुमार कत्याल को इस वार्षिक सामान्य बैठक की तारीख तक पदभार संभालने के लिए अपर

shares and becomes shareholder of the Company after dispatch of the notice and holding shares as of cut-off date can do remote e-voting by obtaining the login-id and password by sending a request at evoting@nsdl.co.in or irg@integratedindia.in or contact Mr Pratik Bhatt of NSDL at toll free no. 1800222990 by mentioning his Folio No./DP ID and Client ID No. However, if such shareholder is already registered with NSDL for remote e-voting then existing user-id and password can be used for casting the vote.

7. The Company has appointed Mr Thirupal Gorige, FCS 6680, Practicing Company Secretary as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

8. At the AGM, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, order voting through ballot paper for all those Members who are present but have not cast their votes electronically using the remote e-voting facility.

9. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total number of votes cast in favor of or against or invalid if any, not later than 48 hours after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting forthwith.

10. The result, along with the Scrutinizer's Report, will be placed on the Company's website, www.bel-india.in and on the website of NSDL immediately after the result is declared by the Chairman or any other person authorised by the Chairman, and the same shall be communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

In respect of item No.4:

The Government has vide its letter dated 27 November 2018 appointed Mr Vinay Kumar Katyal as Director (Bangalore Complex) on the Board of BEL till the date of his superannuation or until further orders, whichever is earlier.

Pursuant to Section 161(1) of the Companies Act, 2013 and Article 71C of the Articles of Association of the Company, the Board of Directors appointed Mr Vinay Kumar Katyal as an Additional Director, to hold office upto the date of this

निदेशक के रूप में नियुक्त किया है। तदुपरांत कंपनी ने अधिनियम, 2013 की धारा 160 के तहत एक सदस्य से श्री विनय कुमार कत्याल को कंपनी का निदेशक नियुक्त करने, जो चक्रानुक्रम से सेवानिवृत्त होंगे, के प्रस्ताव के संबंध में अपना आशय व्यक्त करते हुए लिखित में अन्य सूचना प्राप्त की है।

श्री विनय कुमार कत्याल को छोड़कर कोई भी निदेशक, कंपनी के मुख्य प्रबंधकीय कार्मिक या उनके रिश्तेदार, इस बैठक की सूचना के मद सं. 4 में निर्धारित संकल्प में, आर्थिक या अन्य किसी प्रकार से संबंधित या इच्छुक नहीं हैं।

मंडल सदस्यों के अनुमोदन के लिए इस संकल्प की सिफारिश करता है ।

मद सं. 5 के संबंध में –

सरकार ने पत्र दिनांक 11 जून 2019 द्वारा श्री शिवकुमारन के एम को उनकी अधिवार्षिता या अगले आदेश की तारीख तक, इनमें से जो भी पहले हो, बीईएल के मंडल में निदेशक (मानव संसाधन) नियुक्त किया है ।

कंपनी अधिनियम, 2013 की धारा 161(1) और संस्था के अंतर्नियमों के अनुच्छेद 71सी के तारतम्य में, निदेशक मंडल ने श्री शिवकुमारन के एम को इस वार्षिक सामान्य बैठक की तारीख तक पदभार संभालने के लिए अपर निदेशक के रूप में नियुक्त किया है। तदुपरांत कंपनी अधिनियम, 2013 की धारा 160 के तहत एक सदस्य से श्री शिवकुमारन के एम को कंपनी का निदेशक नियुक्त करने, जो चक्रानुक्रम से सेवानिवृत्त होंगे, के प्रस्ताव के संबंध में अपना आशय व्यक्त करते हुए लिखित में एक सूचना प्राप्त की है।

श्री शिवकुमारन के एम को छोड़कर कोई भी अन्य निदेशक, कंपनी के मुख्य प्रबंधकीय कार्मिक या उनके रिश्तेदार, इस बैठक की सूचना के मद सं. 5 में निर्धारित संकल्प में, आर्थिक या अन्य किसी प्रकार से संबंधित या इच्छुक नहीं हैं।

मंडल सदस्यों के अनुमोदन के लिए इस संकल्प की सिफारिश करता है ।

मद सं. 6 के संबंध में –

सरकार ने अपने पत्र दिनांक 18 जुलाई, 2019 द्वारा श्री सुनील कुमार कोहली को बीईएल के मंडल में तीन वर्षों की अवधि के लिए या आगे के आदेश जारी किए जाने तक, इनमें से जो भी पहले हो, गैर–सरकारी स्वतंत्र निदेशक नियुक्त किया है।

कंपनी अधिनियम, 2013 की धारा 161(1) और संस्था के अंतर्नियमों के अनुच्छेद 71सी के तारतम्य में, निदेशक मंडल ने श्री सुनील कुमार कोहली को इस वार्षिक सामान्य बैठक की तारीख तक पदभार संभालने के लिए अपर निदेशक के रूप में नियुक्त किया है। तदुपरांत कंपनी ने कंपनी की अधिनियम, 2013 की धारा 160 के तहत एक सदस्य से श्री सुनील कुमार कोहली को कंपनी का निदेशक नियुक्त करने, जो चक्रानुक्रम से सेवानिवृत्त नहीं होंगे, के प्रस्ताव के संबंध में अपना आशय व्यक्त करते हुए लिखित में एक सूचना प्राप्त की है ।

Annual General Meeting. Subsequently, the Company has received notice in writing under Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr Vinay Kumar Katyal as Director of the Company, liable to retire by rotation.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr Vinay Kumar Katyal, is in anyway, concerned or interested, financially or otherwise, in the resolution set out at item No.4 of the notice of this meeting.

The Board recommends the resolution for the approval of the Members.

In respect of item No.5:

The Government has vide its letter dated 11 June 2019 appointed Mr Shivakumaran K M as Director (Human Resources) on the Board of BEL till the date of his superannuation or until further orders, whichever is earlier.

Pursuant to Section 161(1) of the Companies Act, 2013 and Article 71C of the Articles of Association of the Company, the Board of Directors appointed Mr Shivakumaran K M as an Additional Director, to hold office upto the date of this Annual General Meeting. Subsequently, the Company has received notice in writing under Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr Shivakumaran K M as Director of the Company, liable to retire by rotation.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr Shivakumaran K M, is in anyway, concerned or interested, financially or otherwise, in the resolution set out at item No.5 of the notice of this meeting.

The Board recommends the resolution for the approval of the Members.

In respect of item No.6:

The Government has vide its letter dated 18 July 2019 appointed Mr Sunil Kumar Kohli as Non-official Independent Director on the Board of BEL for a period of three years or until further orders, whichever is earlier.

Pursuant to Section 161(1) of the Companies Act, 2013 and Article 71C of the Articles of Association of the Company, the Board of Directors appointed Mr Sunil Kumar Kohli as an Additional Director, to hold office upto the date of this Annual General Meeting. Subsequently, the Company has received notice in writing under Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Mr Sunil Kumar Kohli as Independent Director of the Company, not liable to retire by rotation.

श्री सुनील कुमार कोहली को छोड़कर कोई भी अन्य निदेशक, कंपनी के मुख्य प्रबंधकीय कार्मिक या उनके रिश्तेदार, इस बैठक की सूचना के मद सं. 6 में निर्धारित संकल्प में, आर्थिक या अन्य किसी प्रकार से संबंधित या इच्छुक नहीं हैं।

मंडल सदस्यों के अनुमोदन के लिए इस संकल्प की सिफारिश करता है ।

मद सं. 7 के संबंध में -

कंपनी अधिनियम, 2013 की धारा 148(3) जिसे कंपनी (लेखा परीक्षा और लेखा परीक्षक नियम) नियम 2014 (नियम) के नियम 14 के साथ पढ़ा जाना है, के अनुसार, कंपनी का निदेशक मंडल लेखा परीक्षा समिति की सिफारिश पर लागत लेखा परीक्षक की नियुक्ति करेगा और उनके पारिश्रमिक की भी सिफारिश करेगा। इस नियम में यह भी आवश्यकता बताई गई है कि लागत लेखा परीक्षक के पारिश्रमिक का अनुसमर्थन तदुपरांत सदस्यों द्वारा किया जाएगा।

लेखा परीक्षा समिति द्वारा की गई सिफारिश के अनुसार, बीईएल के निदेशक मंडल ने मेसर्स जी.एन.वी. एंड एसोसिएट्स, लागत लेखाकार, बेंगलूरु को इस संकल्प में दर्शित अनुसार कार्यकाल / पारिश्रमिक पर वित्तीय वर्ष 2019-20 के लिए कंपनी की लागत लेखा परीक्षा करने के लिए नियुक्त किया है। अधिनियम की धारा 148(3) जिसे कंपनी (लेखा परीक्षा और लेखा परीक्षक) नियम, 2014 के नियम 14 के साथ पढ़ा जाना है, के तहत यथा अपेक्षित, निदेशक मंडल द्वारा निर्धारित लागत लेखा परीक्षकों का पारिश्रमिक अनुसमर्थन के लिए सदस्यों के समक्ष रखा गया है।

कंपनी के कोई भी निदेशक एवं मुख्य प्रबंधकीय कार्मिक या उनके रिश्तेदार इस बैठक की सूचना की मद सं. 7 में उल्लिखित संकल्पों में वित्तीय रूप से या अन्यथा, किसी भी तरह से संबंधित या इच्छुक नहीं हैं।

मंडल सदस्यों के अनुमोदन के लिए इस संकल्प की सिफारिश करता है ।

मद सं. 8 के संबंध में -

बीईएल कारोबारी विकास के लिए अवसरों की तलाश करते हुए और नए रक्षा और गैर-रक्षा क्षेत्रों के साथ-साथ संबंधित क्षेत्रों में विविधीकरण करने के लिए लगातार विस्तारण करती आ रही है। बीईएल ने हाल ही में, शस्त्र प्रणाली, गोला-बारूद, मानव-रहित प्रणाली, एयरबोर्न रेडार, नेटवर्क व साइबर सुरक्षा, सॉफ्टवेयर उत्पाद एवं सेवाएं, गृहभूमि सुरक्षा एवं समार्ट सिटी कारोबार, ई- अभिशासन, सीबीआरएन सुरक्षा प्रणालियाँ, सौर सेल विनिर्माण, उपग्रह एकीकरण, अंतरिक्ष इलेक्ट्रॉनिक्स और टर्नकी समाधान के क्षेत्र में सक्रियता से प्रवेश किया है।

नव-अभिचिह्नित / संबंधित क्षेत्रों में प्रवेश करने और कारोबार/ प्रचालन संचालित करने के लिए, बीईएल के संस्था के बहिर्नियमों (एमओए) में कंपनी के मुख्य उद्देश्यों में संशोधन करने की आवश्यकता है। इससे बीईएल उपलब्ध होने पर बाजार के अवसरों का लाभ उठाने में सक्षम होगी। इसलिए, प्रशासनिक मंत्रालय के अनुमोदन की शर्त पर, इस बैठक की सूचना के विशष संकल्प सं. 08 में बताए गए अनुसार, कंपनी के बहिर्नियमों के खंड III के मुख्य उद्देश्य सं. 01 में संशोधन करने का प्रस्ताव है ।

None of the Directors, Key Managerial Personnel of the Company or their relatives except Mr Sunil Kumar Kohli, is in anyway, concerned or interested, financially or otherwise, in the resolution set out at item No.6 of the notice of this meeting.

The Board recommends the resolution for the approval of the Members.

In respect of item No.7:

As per Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors Rules), 2014 (the Rules) the Board of Directors of the Company shall appoint the Cost Auditor on the recommendation of the Audit Committee, which shall also recommend remuneration for the Cost Auditor. The Rule also requires that the remuneration of the Cost Auditor shall be ratified by the members subsequently.

As recommended by the Audit Committee, BEL Board of Directors appointed M/s GNV & Associates, Cost Accountants, Bengaluru to conduct cost audit of the Company for the financial year 2019-20 on the terms / remuneration as indicated in the resolution. As required under Section 148(3) of the Act, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the cost auditors, fixed by the Board of Directors, is placed before the members for ratification.

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the notice of this meeting.

The Board recommends the resolution for the approval of the Members.

In respect of item No.8:

BEL has been continuously expanding its businesses and operations by exploring opportunities and diversifying into allied as well as new defence and non-defence areas for business growth. In the recent past, BEL has been actively pursuing opportunities in Weapon Systems, Ammunitions, Unmanned Systems, Airborne Radars, Network & Cyber Security, Software products & Services, Homeland Security & Smart City business, e-governance, CBRN protection systems, Solar Cells manufacturing, Satellite integration, Space Electronics and Turnkey Solutions.

To facilitate entry and conduct business / operations in the newly identified / allied areas, there is a need to amend the Main Objects of the Company in the Memorandum of Association (MoA) of BEL. This will enable BEL to leverage on the market opportunities as and when it is available. Hence it is proposed to alter the main object no. 01 in Clause III of the Memorandum of Association of the Company, as per the terms setout in special resolution no.8 of the Notice of this meeting, subject to the approval of Administrative Ministry.

इन प्रस्तावित संशोधनों के साथ-साथ कंपनी के संस्था के अंतर्नियम एवं बहिर्नियमों की प्रति बैठक की तारीख तक, सभी कार्य दिवसों में सामान्य कामकाजी घंटों के दौरान कंपनी के पंजीकृत कार्यालय में कंपनी के सदस्यों के निरीक्षणार्थ उपलब्ध है।

कंपनी के कोई भी निदेशक एवं मुख्य प्रबंधकीय कार्मिक या उनके रिश्तेदार इस बैठक की सूचना की मद सं. 08 में उल्लिखित संकल्पों में वित्तीय रूप से या अन्यथा, किसी भी तरह से संबंधित या इच्छुक नहीं हैं।

मंडल सदस्यों के अनुमोदन के लिए इन विशेष संकल्पों की सिफारिश करता है ।

सेबी (सूचीकरण की बाध्यताएँ एवं प्रकटीकरण की अपेक्षाएँ) विनियम, 2015 के विनियम 36(3) में यथा अपेक्षित, पुनर्नियुक्ति/नियुक्ति के लिए संस्तुत निदेशकों की अतिरिक्त जानकारी

पुनर्नियुक्ति -

नाम और डीआईएन	श्री नटराज कृष्णप्पा (डीआईएन 07506012)
शैक्षिक योग्यता	बी.ई. (मेकेनिकल), आईसीडब्ल्यूए, पीएमपी
विशिष्ट कार्यशील क्षेत्रों में विशेषज्ञता	श्री नटराज कृष्णप्पा, ने मई 1, 2016 को निदेशक (अन्य यूनिटें) का कार्यभार संभाला । अपनी पदोन्नति से पूर्व वे बीईएल- बेंगलूरु में महाप्रबंधक (मिसाइल प्रणाली) के रूप में कार्यरत थे । उन्होंने अनेक विभागों में कार्य किया और विनिर्माण तथा खरीद संबंधी कार्यों के लिए उत्तरदायी रहे । उन्होंने उत्पाद ग्रुप-I का नेतृत्व किया और संचार उपकरणों के निर्माण में उल्लेखनीय योगदान दिया। उन्हें बीईक्यूआई में सिक्स सिग्मा प्रोग्राम के लिए नामित किया गया था और तदुपरांत उन्होंने स्टार्स रेडियो के क्रिप्टो कार्ड की रीफ्लो सोल्डरिंग प्रक्रिया के इष्टतमीकरण में परियोजना पूरी की । श्री नटराज कृष्णप्पा, जो पीएमआई, यूएसए से पीएमपी हैं, ने आकाश मिसाइल सिस्टम परियोजना को निष्पादित करते समय परियोजना प्रबंधन की अवधारणाओं का सफलतापूर्वक इस्तेमाल किया । देश में पहली बार एकीकृत आकाश मिसाइल सिस्टम विश्व स्तरीय सतह से वायु मिसाइल प्रणाली है जिसे भारतीय वायु सेना और भारतीय थलसेना दोनों में शामिल किया गया । वे सीआईआई एक्ज़िम बैंक उत्कृष्टता पुरस्कार के मूल्यांकनकर्ता और आईएसओ 9000, आईएसओ 14000 तथा एएस9100 के अग्रणी मूल्यांकनकर्ता भी हैं और तीन अंतर्राष्ट्रीय मूल्यांकनों के अलावा संगठन में अनेक लेखा परीक्षाएँ संचालित की है ।
निदेशकों में परस्पर संबंध का प्रकटण	कुछ नहीं
अन्य सूचीबद्ध कंपनियों में धारित निदेशक के पद	कोई नहीं

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office during normal business hours on all working days upto the date of the Meeting.

None of the Directors and Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at item no.8 of the notice of this meeting.

The Board recommends the special resolution for the approval of the Members.

Additional information of Directors recommended for re-appointment/appointment as required Reg. 36(3) of SEBI (Listing obligation and Disclosure Requirements) Regulations, 2015

Re-Appointment:

Name and DIN	Mr Nataraj Krishnappa (DIN 07506012)
Qualification	BE (Mechanical), ICWA, PMP
Expertise in specific function area	Mr Nataraj Krishnappa took charge as Director (Other Units) on 01 May 2016. He was GM (Missile System) in BEL before his elevation. He has worked in various departments responsible for manufacturing and procurement functions. He headed Product Group-I and has made significant contributions to the manufacture of Communication equipment. He was nominated for the Six Sigma programme in BEQI and subsequently did a project in optimising the reflow soldering process of the Crypto Card of STARS V Radio. Mr Nataraj Krishnappa, who is a PMP from PMI, USA, has successfully used project management concepts while executing the Akash Missile System project. Akash Missile System integrated in the country for the first time is a world-class Surface to Air Missile System that has been inducted into both the Indian Air Force and the Indian Army. He is also a CII EXIM Bank Excellence Award Assessor and Lead Assessor in ISO 9000, ISO 14000 & AS9100 and has carried out several audits within the organization besides three international assessments.
Discloure of relationship between Directors inter-se	Nil
Directorship held in other listed Companies	Nil

अन्य सूचीबद्ध कंपनियों में सदस्यता/ अध्यक्षता	कोई नहीं
धारित शेयरों की संख्या	1263 ईक्विटी शेयर
2018-19 के दौरान आयोजित मंडल की बैठकों में उपस्थिति	वर्ष के दौरान आयोजित 7 बैठकों में से 6 बैठकों में उपस्थित रहें ।

नियुक्ति -

नाम और डीआईएन	श्री विनय कुमार कत्याल (डीआईएन008281078)
शैक्षिक योग्यता	बी.टेक (इलेक्ट्रॉनिक्स एवं संचार)
विशिष्ट कार्यशील क्षेत्रों में विशेषज्ञता	श्री विनय कुमार कत्याल ने 27 नवंबर, 2018 को निदेशक (बेंगलूरु कॉम्पलेक्स) के रूप में कार्यभार ग्रहण किया। वे इस उच्च पद पर आने से पहले बीईएल में महाप्रबंधक (सैन्य संचार) थे । वे उच्छठ-त्त्त के विकास के लिए परियोजना प्रबंधक थे, जो भारत में बना अपनी तरह का पहला फ्रीक्वेंसी हॉपिंग टैंक रेडियो है । उन्होंने रेडियो सेट भारती, चड्ढ डीमॉड्यूलेटर, एनक्रिप्शन उत्पाद SMILE SEED और सेलफ़ोन जैमर के विकास में भी अपना योगदान दिया था । उन्होंने उत्पाद, विकास और अभियांत्रिकी, विपणन और गुणता के क्षेत्र में विभिन्न पदों पर कंपनी में अपनी सेवाएं प्रदान की थीं, बेंगलूरु में बीईएल के केंद्रीय उत्पाद अनु. व वि. केंद्र के रूप में इस नए संस्थान को स्थापित करने की ज़िम्मेदारी लेते हुए दिसंबर 2014 में उत्पाद विकास और नवोन्मेष केंद्र (पीडी एंड आईसी) के महाप्रबंधक का कार्यभार संभाला । श्री विनय कुमार कत्याल बीईएल के 'अनु. व वि. के लिए महत्वपूर्ण योगदान' पुरस्कार और कई अन्य परियोजना से संबंधित पुरस्कार से सम्मानित किए गए हैं।
निदेशकों में परस्पर संबंध का प्रकटण	कुछ नहीं
अन्य सूचीबद्ध कंपनियों में धारित निदेशक के पद	कोई नहीं
अन्य सूचीबद्ध कंपनियों में सदस्यता / अध्यक्षता	कोई नहीं
धारित शेयरों की संख्या	1263 ईक्विटी शेयर
2018-19 के दौरान आयोजित मंडल की बैठकों में उपस्थिति	अपने कार्यकाल के दौरान आयोजित 3 बैठकों में से 3 बैठकों में उपस्थित रहें ।

Memberships/ Chairmanship in other listed Companies	Nil
No. of Shares held	1263 Equity Shares
Attendence in Board Meetings held during 2018-19	Attended 6 meetings out of 7 held during the year.

Appointment:

Name and DIN	Mr Vinay Kumar Katyal (DIN 008281078)
Qualification	B.Tech (Electronics & Communication)
Expertise in specific function area	Mr Vinay Kumar Katyal took charge as Director (Bangalore Complex) with effect from 27 November 2018. He was GM (Military Communication) in BEL before his elevation. He worked as Project Manager for the development of CNR-AFV, the first-of-its-kind Frequency Hopping Tank Radio made in India. He also facilitated the development of the radio set Bharati, MSK Demodulator, encryption products SMILE & SEED and Cell Phone Jammers. He worked in the Company in various capacities in the areas of Production, Development & Engineering, Marketing and Quality, took over as General Manager of the Product Development & Innovation Center (PD&IC) in December 2014, with the responsibility of establishing this new institution envisaged to serve as a Central Product R&D Centre of BEL in Bengaluru. Mr Vinay Kumar Katyal is a recipient of BEL's 'Key Contribution to R&D' Award and many other project-related R&D awards.
Discloure of relationship between Directors inter-se	Nil
Directorship held in other listed Companies	Nil
Memberships/ Chairmanship in other listed Companies	Nil
No. of Shares held	1263 Equity Shares
Attendence in Board Meetings held during 2018-19	Attended 3 meetings out of 3 held during his tenure.

नियुक्ति –

नाम और डीआईएन	श्री शिवकुमारन के.एम., (डीआईएन–08473589)
शैक्षिक योग्यता	सामाजिक कार्य में स्नातकोत्तर
विशिष्ट कार्यशील क्षेत्रों में विशेषज्ञता	श्री शिवकुमारन के.एम. ने दिनांक 11 जून, 2019 को निदेशक (मानव संसाधन) का कार्यग्रहण किया। इस पदोन्नति से पहले वे बीईएल के बेंगलूरु कॉम्पलेक्स में महाप्रबंधक (मानव संसाधन) थे। वर्ष 1989 में उन्होंने बीईएल के कार्पोरेट कार्यालय में सहायक कार्मिक प्रबंधक के रूप में कार्यग्रहण किया । बीईएल में अपने 30 वर्षों के कार्यकाल के दौरान श्री शिवकुमारन ने बीईएल में एच.आर. में आधारभूत परिवर्तन लाने में योगदान दिया और एच.आर. को कंपनी के रणनीतिक कारोबारी साझेदार में रूपांतरित किया। वे संगठनात्मक दक्षता बढ़ाने और कंपनी की दृष्टि और विकास को आगे ले जाने के लिए एच.आर. संबंधी विभिन्न मध्यवर्तनों को बनाने और उन्हें कार्यान्वित करने के लिए उत्तरदायी रहे। एच.आर. संबंधी कार्यों में सैप–ई.आर.पी. प्रणाली कार्यान्वित करने में उनका मुख्य योगदान रहा। वे कंपनी भर में बीईएल की विभिन्न सीएसआर परियोजनाओं के कार्यान्वयन में भी सक्रिय रूप से शामिल रहे।
निदेशकों में परस्पर संबंध का प्रकटण	कुछ नहीं
अन्य सूचीबद्ध कंपनियों में धारित निदेशक के पद	कोई नहीं
अन्य सूचीबद्ध कंपनियों में सदस्यता/ अध्यक्षता	कोई नहीं
धारित शेयरों की संख्या	1263 ईक्विटी शेयर
2018-19 के दौरान आयोजित मंडल की बैठकों में उपस्थिति	लागू नहीं

Appointment:

Name and DIN	Mr Shivakumaran K M (DIN: 08473589)
Qualification	Master of Social Work
Expertise in specific function area	Mr Shivakumaran K M took charge as Director (Human Resources) with effect from 11 June 2019. He was serving as GM (HR) in BEL- Bangalore Complex before his elevation. He joined BEL in the year 1989 as Assistant Personnel Manager. During his 30-year-old stint at BEL, Mr Shivakumaran has contributed to bringing about a paradigm shift in HR at BEL, transforming it into a strategic business partner of the Company. He has been responsible for the formulation and implementation of various HR interventions directed towards improving the organisational effectiveness and advancing the Company's vision and growth. Implementation of the SAP ERP system for HR functions has been one of his key contributions. He also has been actively involved in the implementation of various CSR projects of BEL across the Company.
Discloure of relationship between Directors inter-se	Nil
Directorship held in other listed Companies	Nil
Memberships/ Chairmanship in other listed Companies	Nil
No. of Shares held	1263 Equity Shares
Attendence in Board Meetings held during 2018-19	Not Applicable

नियुक्ति –

नाम और डीआईएन	श्री सुनील कुमार कोहली (डीआईएन–05321549)
शैक्षिक योग्यता	स्नातकोत्तर
विशिष्ट कार्यशील क्षेत्रों में विशेषज्ञता	श्री सुनील कुमार कोहली प्रबंधन में स्नातकोत्तर (1992–93 में एमडीआई गुड़गांव से पीजीडीएम) और राष्ट्रीय सुरक्षा एवं रणनीति (2002 में 42वें एनडीसी) हैं और उन्हें वित्तीय प्रबंधन, लेखांकन, आंतरिक लेखा परीक्षा, मानव संसाधन प्रबंधन में तीन दशकों से अधिक समय का पेशेवर अनुभव है। उन्हें रक्षा, गृहभूमि सुरक्षा और दूरसंचार एवं जल संसाधन के क्षेत्रों का भी पेशेवर अनुभव है।

Appointment:

Name and DIN	Mr Sunil Kumar Kohli (DIN: 05321549)
Qualification	Post Graduate
Expertise in specific function area	Mr Sunil Kumar Kohli is a Post Graduate in Management (PGDM from MDI Gurgaon in 1992-93) and National Security and Strategy (42nd NDC in 2002) and has more than three decades of professional experience in Financial Management, Accounting, Internal Auditing, Human Resources Management. Professional experience in Defence, Homeland Security and Telecom and Water Resources Sectors.

	उन्होंने क्षेत्रीय थलसेना नियंत्रकों (पीसीडीए डबल्यूसी और एनसी), रक्षा पेंशन वितरण, आयुध निर्माणियों में विभिन्न पदों पर रक्षा लेखा विभागों (डीएडी) में कार्य किया है। मुख्यालय में उन्होंने संयुक्त सीजीडीए के रूप में लेखा और बजट मामलों, भारतीय वायु मुख्यालय के आईएफए के रूप में अपर सीजीडीए के रूप में कार्य किया है। दिनांक 30 सितंबर, 2016 से दिनांक 31 अगस्त, 2018 को सेवानिवृत्ति तक वित्तीय सलाहकार रक्षा सेवाएँ (एफएडीएस) का पदग्रहण करने से पहले जून 2016 से सितंबर 2016 तक वे महानियंत्रक रक्षा लेखा (सीजीडीए) रहे।
निदेशकों में परस्पर संबंध का प्रकटण	कुछ नहीं
अन्य सूचीबद्ध कंपनियों में धारित निदेशक के पद	कोई नहीं
अन्य सूचीबद्ध कंपनियों में सदस्यता / अध्यक्षता	कोई नहीं
धारित शेयरों की संख्या	कोई नहीं
2018-19 के दौरान आयोजित मंडल की बैठकों में उपस्थिति	लागू नहीं

मंडल के आदेशानुसार,
कृते भारत इलेक्ट्रॉनिक्स लिमिटेड,

बेंगलूरु
7 अगस्त 2019

एस श्रीनिवास
कंपनी सचिव

	He Worked within Defence Accounts Department (DAD) in various capacities in Regional Army Controllers (PCDA WC and NC), Defence Pension Disbursement, Ordnance factories, In HQ DAD on accounts and budget matters as Joint CGDA and on Works, Pay and Pension as ADDL. CGDA and as IFA Air HQs. He worked as Controller General Defence Accounts (CGDA) from June 2016 to September 2016 before assuming the appointment of the Financial Advisor Defence Services (FADS) 0n 30th September 2016 till retirement on 31 August 2018.
Discloure of relationship between Directors inter-se	Nil
Directorship held in other listed Companies	Nil
Memberships/ Chairmanship in other listed Companies	Nil
No. of Shares held	Nil
Attendence in Board Meetings held during 2018-19	Not Applicable

By order of the Board,
For Bharat Electronics Limited

Bengaluru
7 August 2019

S Sreenivas
Company Secretary

एजीएम स्थल के लिए बीएमटीसी बस

केम्पेगौड़ा बस स्टॉप से -

284 सीरीज़, 286 सीरीज़, 287 सीरीज़, 288 सीरीज़
(शिवानंद बस स्टॉप पर उतरें)

शिवाजीनगर बस डिपो से -

63 सीरीज़
(शिवानंद बस स्टॉप पर उतरें)

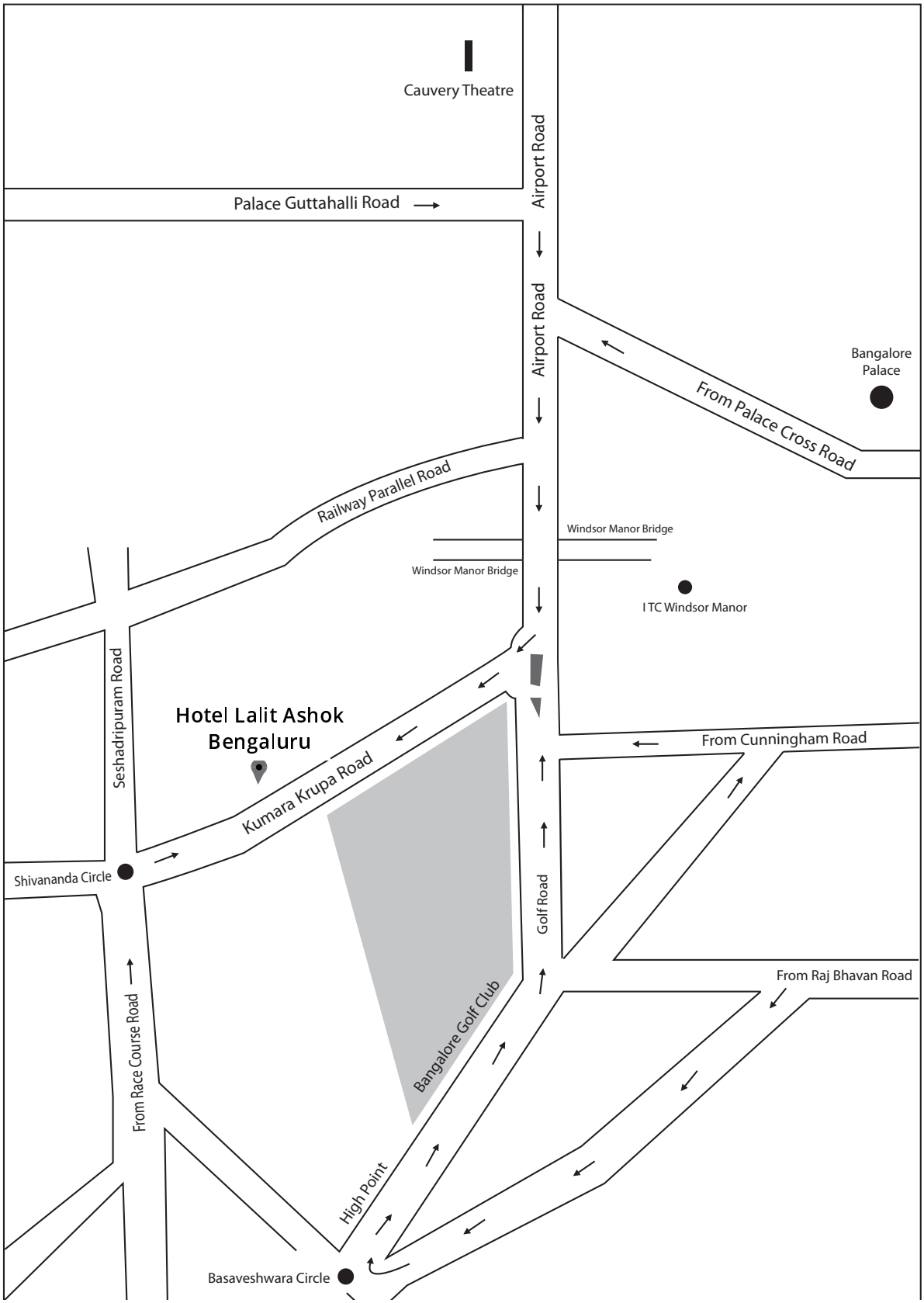
BMTC BUS TO AGM VENUE

From Kempegowda Bus Stop :

284 series, 286 series, 287 series, 288 series
(Alight at Shivananda Bus Stop)

From Shivajinagar Bus Depot

63 series
(Alight at Shivananda Bus Stop)


Cauvery Theatre
Palace Guttahalli Road
Airport Road
Airport Road
Bangalore Palace
From Palace Cross Road
Railway Parallel Road
Windsor Manor Bridge
Windsor Manor Bridge
I TC Windsor Manor
Seshadripuram Road
Hotel Lalit Ashok Bengaluru
From Cunningham Road
Kumara Krupa Road
Shivananda Circle
Golf Road
From Raj Bhavan Road
From Race Course Road
Bangalore Golf Club
High Point
Basaveshwara Circle

BHARAT ELECTRONICS LIMITED

(CIN : L32309KA1954GOI000787)
Registered & Corporate Office : Outer Ring Road, Nagavara, Bengaluru – 560 045.
e-mail : secretary@bel.co.in Website : www.bel-india.in Ph : 080-2503 9300 / 2503 9266 Fax : 080-2503 9266

भारत इलेक्ट्रॉनिक्स BHARAT ELECTRONICS QUALITY, TECHNOLOGY, INNOVATION

ATTENDANCE SLIP

65th Annual General Meeting - 16 September 2019

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the 65th Annual General Meeting of the Company, held at The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru – 560 001 on Monday, 16 September 2019, at 3.30 P.M.

Member's Folio/DP ID-Client ID No. | Member's/Proxy's name in Block Letters | Signature of the Shareholder or Proxy

REMOTE E-VOTING PARTICULARS

EVEN (Electronic Voting Number)	USER ID	PASSWORD

NOTE
1. The Meeting is for Members of the Company only. **Members are requested not to bring non-Members.**
2. The Company will accept only the Attendance Slip of a person personally attending as a Member or a valid Proxy, duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member.
3. Member/Proxy holder attending the Meeting should **bring his copy of the Annual Report and Notice of the Meeting**, for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at 2.30 P.M. on 16 September 2019.
5. Members are requested to keep their **Mobile Phones switched off** during the Meeting.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL

BHARAT ELECTRONICS LIMITED

(CIN : L32309KA1954GOI000787)
Registered & Corporate Office : Outer Ring Road, Nagavara, Bengaluru – 560 045.
e-mail : secretary@bel.co.in Website : www.bel-india.in Ph : 080-2503 9300 / 2503 9266 Fax : 080-2503 9266

भारत इलेक्ट्रॉनिक्स BHARAT ELECTRONICS QUALITY, TECHNOLOGY, INNOVATION

PROXY FORM (Form MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) : Registered address :
E-mail ID : Folio No. / DP ID No. & Client ID No.

I/We, being the member(s) holding ..... shares of the above named company, hereby appoint:

(1) Name ..... (2) Name..... (3) Name .....

Address:.....Address:.....Address:.....

E-mail ID.....E-mail ID.....E-mail ID.....

Signature ..... or failing him/her Signature ..... or failing him/her Signature ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 65th Annual General Meeting of the Company held at The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001 on Monday, 16 September 2019, at 3.30 pm and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For*	Against*
Ordinary Business			
1. (a & b)	Adoption of audited financial statements for the year ended 31 March 2019		
2.	Confirmation of interim dividend(s) and declaration of final dividend		
3.	Re-appointment of retiring Director, Mr Nataraj Krishnappa		
Special Business			
4.	Appointment of Mr Vinay Kumar Katyal as Director.		
5.	Appointment of Mr Shivakumaran K M as Director.		
6.	Appointment of Mr Sunil Kumar Kohli as Independent Director.		
7.	Ratification of Remuneration of the Cost Auditor.		
8.	Alteration of the Object Clause of the Memorandum of Association of the Company.		

Signed this ..... day of 2019

AFFIX ₹ 1/- REVENUE STAMP

Signature of Shareholder | Signature of Proxy holder(s)

NOTE
1. The proxy in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 65th Annual General Meeting
3. * It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

50 YEARS OF CELEBRATING THE MAHATMA

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

ANNUAL REPORT 2018-19

ANNUAL REPORT 2018-19

Thank you Stakeholders

BEL wins
CII Exim Bank Business Excellence Award



1st PSU to be recognised as Role Model Organisation

DIVERSIFICATION DRIVES

BEL's GROWTH

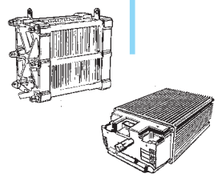
SOLAR



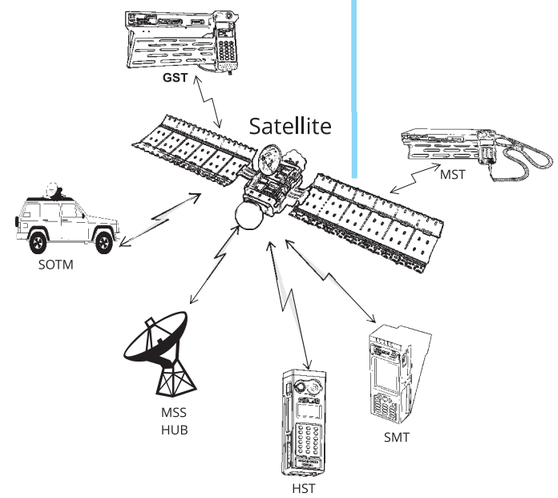
MISSILE SEEKERS



ENERGY STORAGE PRODUCTS



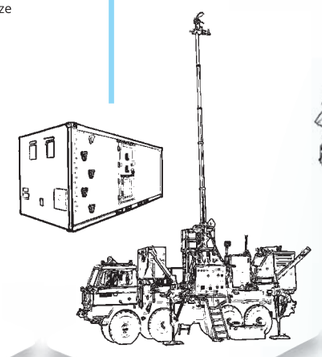
SATELLITE INTEGRATION & SPACE ELECTRONICS



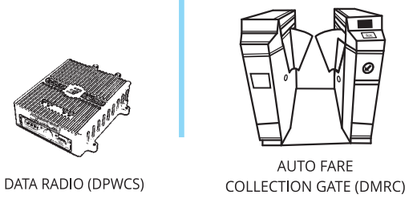
CYBER SECURITY



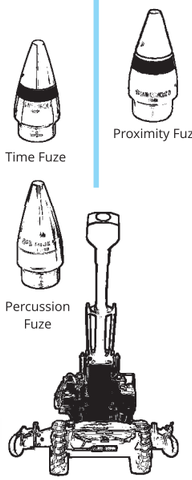
COMPOSITE SHELTER & MASTS



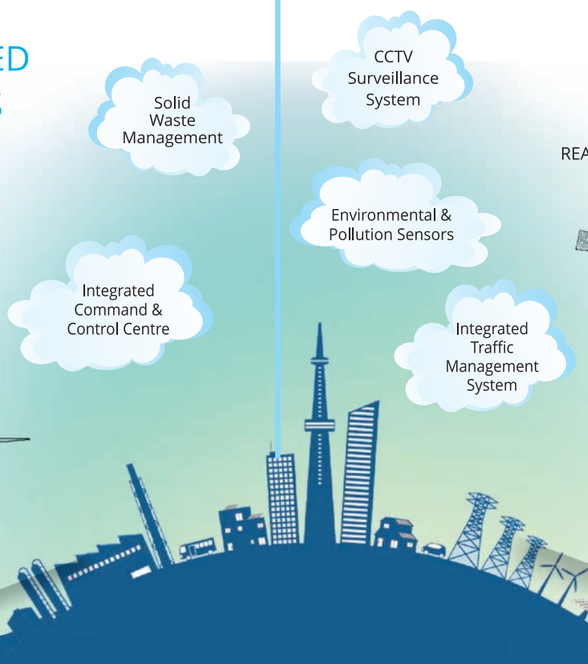
RAILWAYS



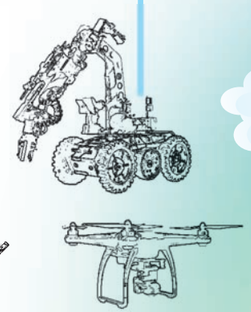
ELECTRONIC FUZES FOR ARTILLERY



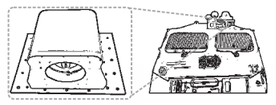
SMART CITY SOLUTIONS



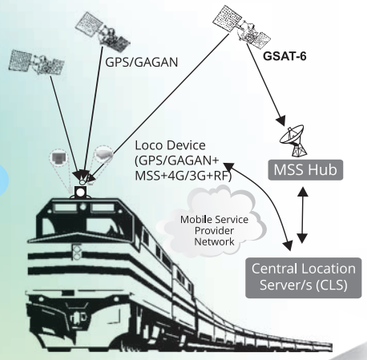
UNMANNED SYSTEMS



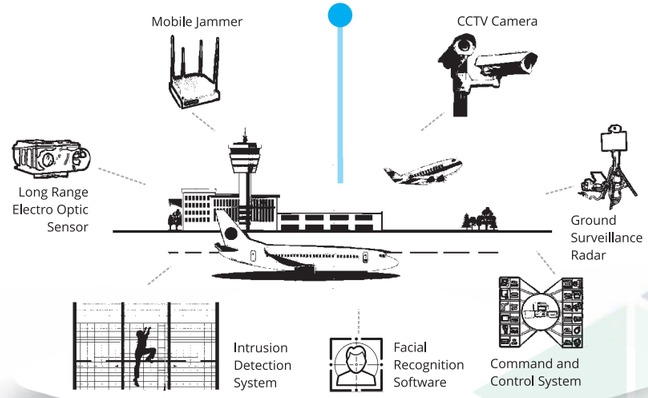
FOG VISION



REAL TIME TRAIN INFORMATION SYSTEM



HOMELAND SECURITY PROJECTS



भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Our 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.

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

The Past Decade

(₹ in Lakhs)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Sales & Services	521977	552969	570363	601190	617423	669457	754117	882470	1008484	1178922
Value of Production	524788	552080	579358	628991	612690	665854	777537	924383	966956	1192142
Other Income	37641	38933	70312	60993	42847	47795	53708	47101	20038	16954
Materials	302454	312931	366903	408463	358356	374453	406077	483222	510350	607993
Employee Benefits Expense	100958	104186	108123	111079	103043	126345	125726	154831	177233	187905
Depreciation / Amortization	11594	12204	12080	13071	14210	15396	17221	19152	25100	31622
Interest / Finance Cost	53	73	60	78	340	138	451	1178	127	1221
Other Expenses	42867	45504	55019	57174	77439	67360	123978	141733	110977	139574
Profit Before Tax	104502	116115	107485	111459	117474	146669	173212	202942	194784	270319
Provision For Tax	32415	29968	24495	22476	24312	29945	42476	48180	54855	77590
Profit After Tax	72087	86147	82990	88983	93162	116724	130736	154762	139929	192729
Dividend (Amount)	15360	17280	16640	17840	18640	23360	40800	50257	49058	82844
Dividend (%)	192	216	208	223	233	292	170	225	200	340
Equity Share Capital	8000	8000	8000	8000	8000	8000	24000	22336	24366	24366
Other Equity	424526	490571	554221	622369	693724	780503	874360	728518	751735	877525
Loan Funds	73	41	10	1	-	-	-	5000	6666	3334
Gross Block	170217	178900	190158	207323	222667	248515	114689	161699	221984	301320
Cumulative Depreciation / Amortization	121221	130529	139142	149778	157572	171405	17029	36168	61275	92880
Inventory	244871	246032	279182	327108	337014	342688	417747	490501	473912	445479
Trade Receivables	216836	289681	268686	333467	412854	378614	371193	435488	504950	536921
Working Capital	365629	430800	478994	544494	607714	690982	737289	530455	436595	537631
Capital Employed	414625	479171	530010	602039	672809	768092	834949	655986	597304	746071
Net Worth	432526	498571	562221	630369	701724	788503	898360	750854	776101	901891
Earnings Per Share (in Rupees)	2.73	3.26	3.15	3.37	3.53	4.42	4.95	6.03	5.70	7.91
Book Value Per Share (in Rupees)	18.02	20.77	23.43	26.27	29.24	32.85	37.43	33.62	31.85	37.01
No. of Employees	11545	11180	10791	10305	9952	9703	9848	9716	9726	9612

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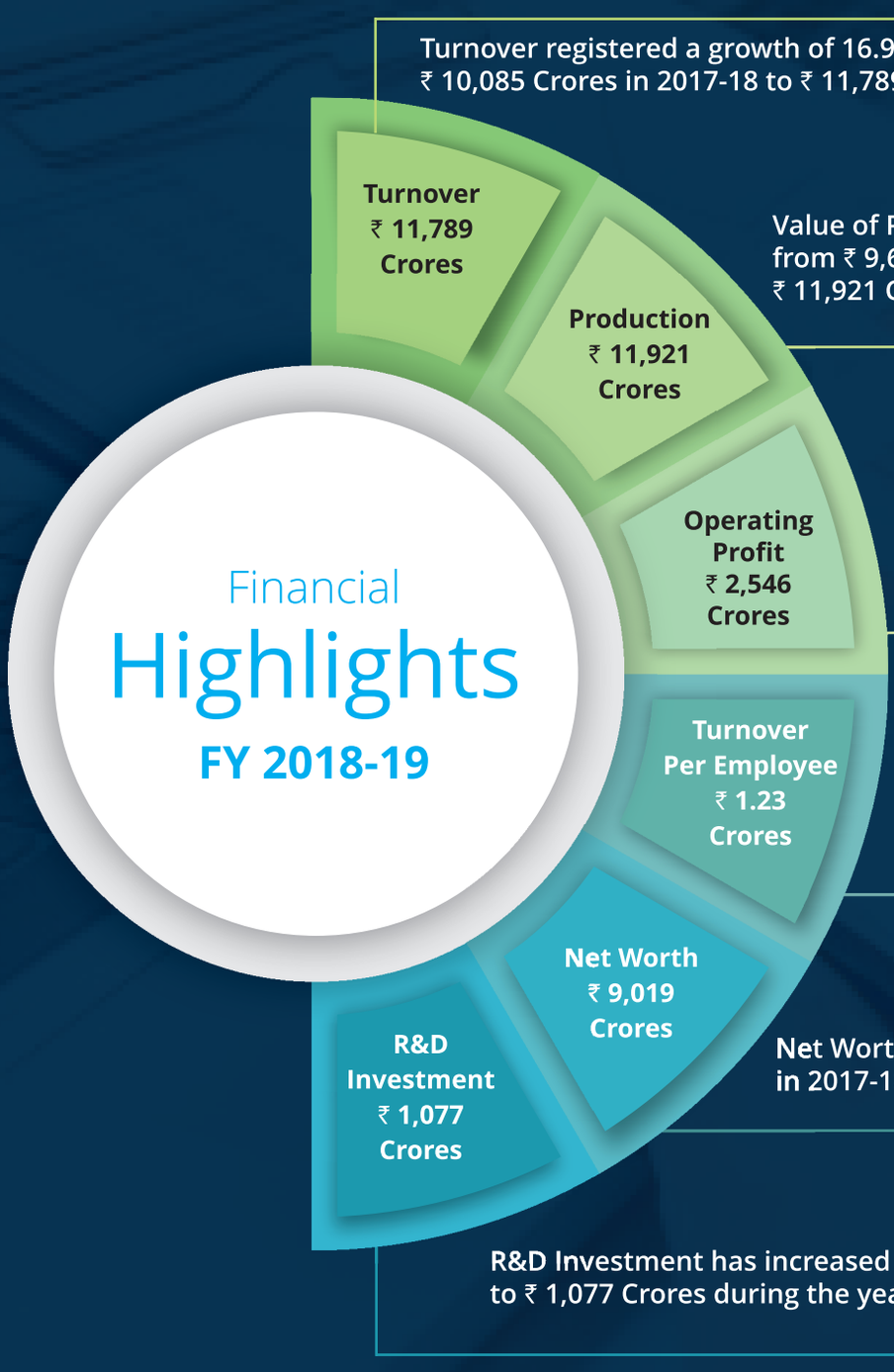
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भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Financial Highlights

FY 2018-19



Turnover registered a growth of 16.90% from ₹ 10,085 Crores in 2017-18 to ₹ 11,789 Crores in 2018-19

Value of Production has increased from ₹ 9,670 Crores in 2017-18 to ₹ 11,921 Crores in 2018-19, increase of 23.28%

Operating Profit rose by 45.57% from ₹ 1,749 Crores in 2017-18 to ₹ 2,546 Crores in 2018-19

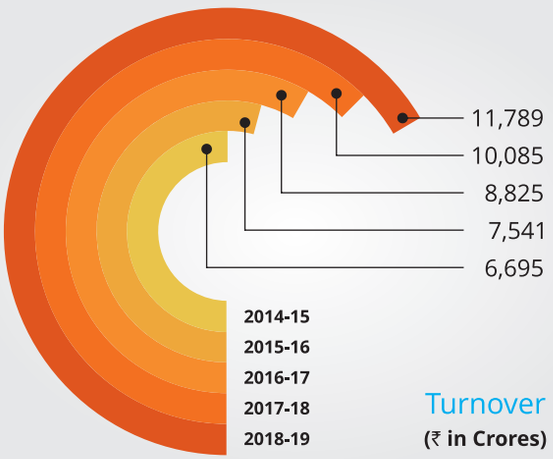
Turnover Per Employee has increased from ₹ 1.04 Crores in 2017-18 to ₹ 1.23 Crores in 2018-19

Net Worth has increased from ₹ 7,761 Crores in 2017-18 to ₹ 9,019 Crores in 2018-19

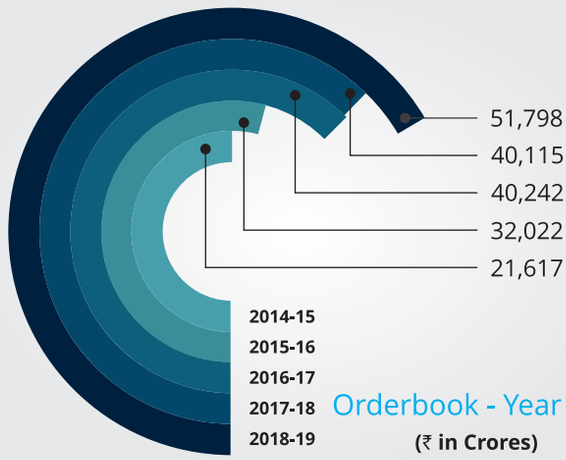
R&D Investment has increased from ₹ 988 Crores to ₹ 1,077 Crores during the year 2018-19

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

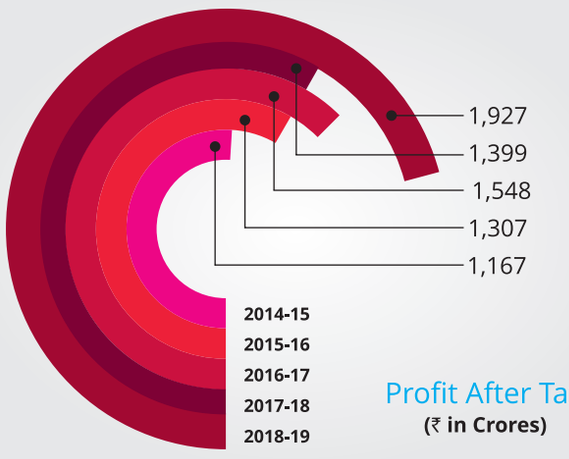
Financial Highlights



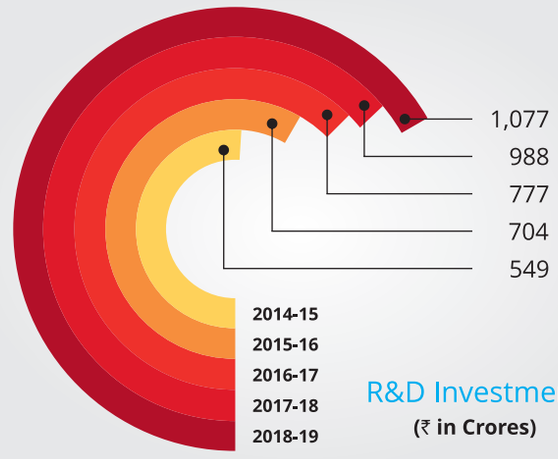
Turnover
(₹ in Crores)



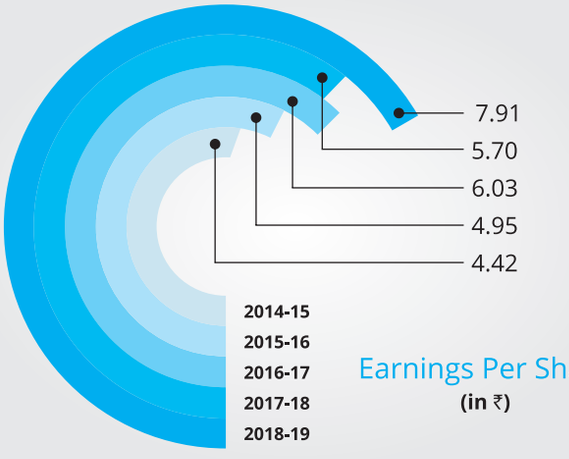
Orderbook - Year end
(₹ in Crores)



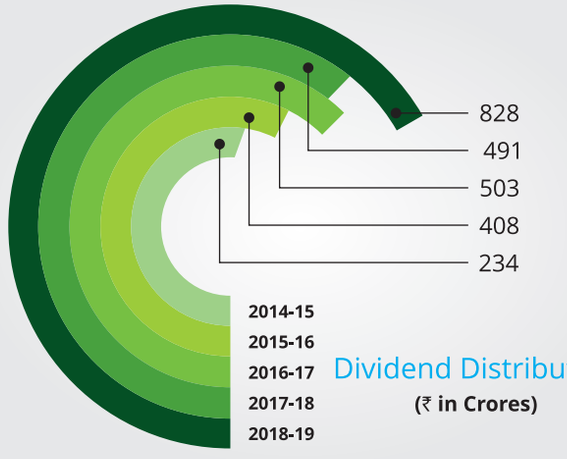
Profit After Tax
(₹ in Crores)



R&D Investment
(₹ in Crores)



Earnings Per Share
(in ₹)

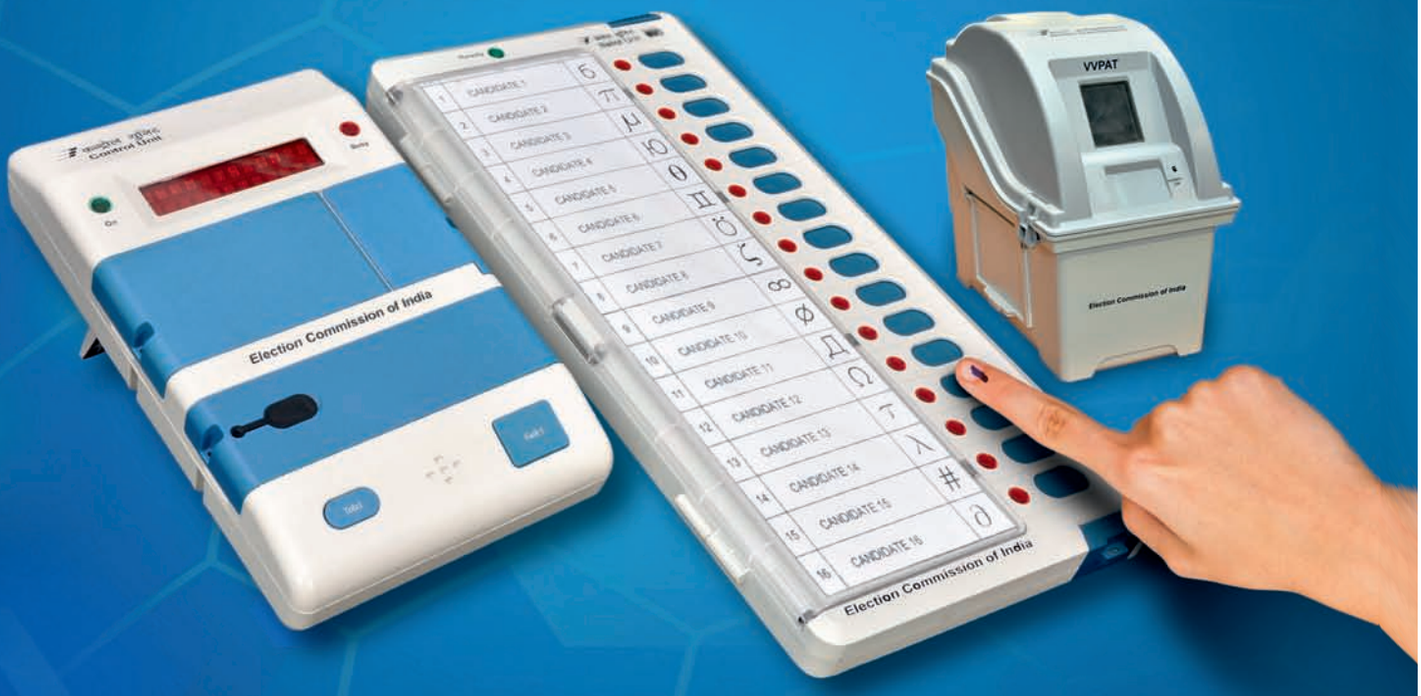


Dividend Distribution
(₹ in Crores)

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

EMPOWERING THE WORLD'S

LARGEST DEMOCRACY



Electronic Voting Machine
&
Voter Verifiable Paper Audit Trail (VVPAT)

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

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 FY 2018-19, 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 constant infrastructure modernisation to meet the fast changing business environment. Your Company has achieved significant growth in revenues. At ₹ 51,79,812 Lakhs (as on 1 April 2019) the order book continues to be healthy and also good order inflow projections 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 ₹ 11,78,922 Lakhs during 2018-19 against ₹ 10,08,484 Lakhs in 2017-18, thereby registering a significant growth of 16.9%. BEL achieved an export sale of 21.6 Million USD. Some of the countries, where your Company's products were exported are Switzerland, USA, France, Germany, Israel, Sweden, Finland, Seychelles, Mauritius, Vietnam and SEZs. The major Products / Systems exported during the year include Sub Systems of Radar and EW Systems, Data Link Aircraft, Cable Looms, Mechanical Parts, Communication Equipments, Acoustic Test Facility, Surveillance Systems, Coastal Surveillance Systems Radar, Passive Night Sight,

A Significant growth of 17% in turnover

भारत इलेक्ट्रॉनिक्स
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QUALITY, TECHNOLOGY, INNOVATION

Chairman's Letter

Shelters, Precision Parts, Transmitting tubes, Vacuum Interrupters and Radar Spares.

All the 9 manufacturing units of the Company have performed well. The Profit After Tax for 2018-19 is ₹ 1,92,729 Lakhs against ₹ 1,39,929 Lakhs last year, an increase of 37.73% over previous year. The Net Worth of the Company has increased from ₹ 7,76,101 Lakhs in year 2017-18 to ₹ 9,01,891 Lakhs in 2018-19.

R&D investment 9.14% 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 investment on R&D as a percentage of turnover during the year was 9.14% which is one of the highest among the defence PSUs. It is our constant effort towards indigenous development that has led us to achieve 96% of our turnover from indigenous products. Only 4% of our revenues came from products manufactured through ToT from foreign OEMs. Defence being the mainstay of the Company, has contributed 68% of sales revenue in 2018-19 as against 85% in 2017-18, with the balance 32% coming from the non-defence sector. This year being the exception in this trend, as EVMs & VVPATs were the major non-defence products your Company executed.

Revenue through Defence business is 68%

Some of the major products / systems introduced during 2018-19 are Drone Guard Systems, Integrated Communication System, Coastal Surveillance System for Seychelles, Fire Control System, Ku Band RF Seeker, Target Acquisition System, Battery Multi-Function Radar Vehicle and Battery Surveillance Radar Vehicle for Missile System, Image Intensifier based Passive Night Vision Devices, Indigenous Electronic upgrade for 52 Calibre Gun, Un-cooled Thermal Imager, Commander Thermal Imager Sight, IFF System, Virtual Reality Simulator, Corner Shot Weapon system, Auto Fare Collection Gate (SWAGAT), Electro-Optic System for Home land Security, Real Time Information System for Indian Railways, etc.

Your Company has received orders worth about ₹ 23,43,100 lakhs. Major Orders received during the year include Long Range Surface-to-Air Missile System, Airfield Integrated Security System, Kerala-Fibre Optics Network, Electronic Fuzes, L-70 Gun Upgrade, Weapon Repair Facility, Smart City Projects, Integrated Perimeter Security Solution, Video Surveillance System, Real-Time Information System etc.

Filed applications for 302 IPRs

I have the privilege to inform you that your Company has filed applications for 302 IPRs in 2018-19 as against 25 IPRs filed in 2017-18. As many as 71 technical papers were published by scientists and R&D engineers of BEL in various National and International journals / seminars/ conferences.

Some of the Performance Highlights of Your Company are:

- Commissioning of 33.5 MW Solar PV Power Plants in various Ordinance Factories facilities.
- BSTC (BEL Software Technology Centre) has been formed as a separate SBU.
- Inauguration of India's first Indigenously developed Metro Gate SWAGAT – an Automatic Fare Collection Gating System jointly developed by BEL & C-DAC. It is compliant with the National Common Mobility Card (NCMC) ecosystem for hassle free commute across India.
- New Marketing Offices were set up at Sri Lanka and Myanmar.
- Excellent "MoU" Rating for 2017-18 from DPE.
- Received LRSAM order worth ₹ 9,23,600 Lakhs.
- New Surface Mount Technology (SMT) Assembly Line in Network Centric System Hangar at BEL Bengaluru and BEL Panchkula Units.
- BEL secured the patent for innovation in EVM.
- Networking and Cyber Security Group formed in MilCom SBU of BEL Bengaluru Unit.
- DGQA Green Channel Status certification for Radar spares.

- Received ISO 27001 Information Security Management System Certification.
- BEL has filed 175 Patents and 127 Copyrights in the areas of Electro optics, Surveillance, Radar Technology, Communication Technology, and Software Technology.
- BEL empanelled totally 237 organizations, which includes 29 collaborative R&D partners, 145 design service providers, 30 consultants and 38 Production service providers and 5 organizations for supporting both design and production.

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

- BEL Bengaluru Unit won the twin honour of CII EXIM Bank Business Excellence Award (2018) & Commendation for Role Model Organization.
- BEL Ghaziabad, Chennai & Machilipatnam Units received the Platinum level recognition for Business Excellence from CII.
- AIMA Outstanding PSU Award
- SCOPE Award for Excellence for Digitalization
- PSE Excellence Award 2017
- 'Business Leader of the Year' Award (Aerospace & Defence) 2019
- BEL Chennai Unit secured the CII Total Cost Management (TCM) Level 3 award

Future Outlook

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

BEL is targeting a healthy growth of 12-15% during 2019-20. 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. Modernisation and 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 being opened up for private sector participation with evolutions of 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 platform 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 also responded to many of these "Make-II" projects which are in line with BEL business and also in partnership with other companies.

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 & Consultants for development of new products and systems. Your Company is planning to form Center of Excellence (CoE) in the areas of Radar & Weapon Systems, Communication, Electro Optics & Laser for giving thrust in this areas. Also, your Company has established 8 Innovation Cells in Product Development & Innovation Center. Along with this, your Company's own Central Research Labs, R&D Labs attached with business units are working on new technologies and product development. Your Company is planning to enroll engineers for PhD programs to enhance the technical competence.

Chairman's Letter

To retain the leadership position in strategic electronics, your Company has evolved various strategies and has developed action plans to face competition and maintain technological edge.

Some of the major projects planned for execution in this year are LRSAM, IACCS, Tropo Upgrade, Weapon Locating Radar, Sonars, Cdr TI Sights, HHTI Mk-II, LLTR Radar, Ground Based Mobile ELINT, Smart Cities of Agra & Imphal, Fire Control Systems, Airfield Security Systems, KFON, Repair facilities etc. On the Export front, the order book as on 1 April 2019 is US $ 116.62 Million including Offset orders of US $ 64.7 Million. To give greater thrust to exports, your Company has opened marketing offices at Sri Lanka and Myanmar. BEL has plans to work closely with other Indian Companies in other countries to increase the geo-spatial presence.

Strategic New Initiatives

Your Company is working in strategic areas like Homeland Security Solutions, Smart Cities, Cyber Security, Ammunitions, Software & Artificial Intelligence, Seekers & Missiles, Solar Projects, Unmanned Systems including Robotics, Space Electronics, Energy Storage Products, 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 ₹ 2,416.48 lakhs in key sectors like Healthcare, Rural Development, Technology Incubations, Sports Development, Sanitation, Education & Vocational Skill Development. Your Company has adopted two aspiring districts in Karnataka namely Raichur & Yadgir under CSR for various development activities.

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 Board's Report.

Your Company has received "Nil" comments certificate from the C&AG for the tenth consecutive year.

The corporate performance of BEL is 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 the 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,



Bengaluru
7 August 2019

M V Gowtama
Chairman & Managing Director

Highlights of the Year



Launch of SWAGAT
Automatic Fare Collection Gating System
by the Hon'ble Prime Minister, Mr Narendra Modi



The Hon'ble Prime Minister, Mr Narendra Modi,
inaugurating the Integrated Command and Control Centre
(ICCC) set up by BEL for Northeastern states



CII EXIM Bank Business Excellence Award and
Jury's Commendation for Role Model Organisation



Inauguration of 16 MW
Solar Power Plant at HVF Avadi, Chennai



Handing over of Final Dividend for the FY 2017-18
to the Government

Highlights of the Year



Inauguration of Secure Manufacturing Facility for EVMs at BEL - Bengaluru



Signing of contracts between BEL, MDL and GRSE for supply of LRSAM systems, a major order received in FY 2018-19



Global certification for Information Security Management



Inauguration of the new EMI/EMC Lab at BEL - Chennai



Inauguration of
Regional Product Support Centre at Bagdogra



Inauguration of EVM Manufacturing facility at BEL - Panchkula



Contribution to
Karnataka Chief Minister's Flood Relief Fund



Green Channel Status certificate from DGQA for
supply of Spares for Flycatcher Radar



Inauguration of new Naval Systems building at BEL - Hyderabad



Patent for Innovation in EVM (M3 & M1 versions)

New Business Initiatives



MoU with Saab, Sweden, for jointly marketing L-Band 3D Air Surveillance Radar, RAWL-03, co-developed by BEL and Saab



MoU with Anna University, Chennai, for co-operation in the development and manufacture of UAV systems for Defence and Non-defence applications



MoU with Mahindra Defence Systems Limited to jointly address emerging opportunities in the domestic and export markets



MoU with Bharat Forge Limited for strategic co-operation in the field of Defence and Aerospace products / systems



Export Order for USD 33 Mn from Elbit Systems Electro-Optics Elop Ltd (ELOP), Israel, for the manufacture and supply of next generation EOIR payloads



MoU with the Indian Institute of Technology Madras to conduct customised and web based M.Tech programmes for the executives of BEL



MoU with JSR Dynamics Pvt Ltd for manufacture and sale of Glide Weapons and Light Weight Cruise missiles



Teaming Agreement with Hughes India for design, development, supply, installation, integration and commissioning of Satellite Communication solutions for helicopters for the Defence forces



Technical Collaboration Agreement (TCA) with Elbit Systems Limited, Israel, for Licensed Manufacturing of Helmet Mounted Display System (HMDS) / Helmet Pointing System (HPS)



MoU with Larsen & Toubro (L&T) for sharing of expertise in design, development, engineering and manufacturing to address domestic and export market needs



MoU with Adani Defence Systems and Technologies Limited to address emerging opportunities in the domestic and export markets



MoU with Elettronica SpA (ELT), Italy, for Joint Development, Commercialisation and Production of New Generation EW Surveillance Systems

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Board of Directors

(as on 1 August 2019)



Mr M V Gowtama
Chairman &
Managing Director



Mr Nataraj Krishnappa
Director
(Other Units)



Mrs Anandi Ramalingam
Director
(Marketing)



Mr Koshy Alexander
Director
(Finance)



Mr Mahesh V
Director
(Research & Development)



Mr Vinay Kumar Katyal
Director
(Bangalore Complex)



Mr Shivakumaran K M
Director
(Human Resources)



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



Ms J Manjula
DS & DG (ECS), DRDO
Govt. Nominee Director



Dr Bhaskar Ramamurthi
Director, IIT Madras
Independent Director



Dr R K Shevgaonkar
Vice Chancellor
Bennett University
Independent Director



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



Mr Sharad Shyam 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 Sunil Kumar Kohli IDAS (Retd)
Ex-FADS-Ministry of Defence
Independent Director



Mr S Sreenivas
Company Secretary
Key Managerial Personnel

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Senior Management

(as on 1 August 2019)



Mr Shrikant Walgad, IAS
Chief Vigilance Officer



Mrs Rani Vergis
ED Finance - BG



Mr Man Mohan Pandey
GM PS - CO



Mrs Hema G Acharya
GM IA - CO



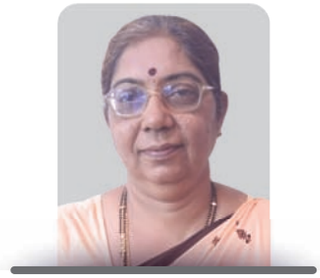
Mrs K Hemalatha
GM SP - CO



Mr N Vikraman
GM HR - CO



Mr V Muralidharan
GM Finance - CO



Mrs Padmini Balachandra
GM TP - CO



Mr Anil Pant
GM IM - CO



Mrs G K Durga
GM Software - CO



Mr R Sankarasubramanian
GM Quality - CO



Mr Charan Singh
OSD - CO



Mrs Shikha Gupta
GM EM - BG



Mr B S Ravi
GM MR - BG



Mr V Kiran
GM MilCom - BG



Mr M R Srivathsa
GM R&FCS/NS - 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 R L Sekhar
GM T&BS - BG



Mr Ranjan Banerjee
GM Radar & UH - GAD



Mr Joydeep Majumdar
GM NCS - GAD



Mrs Ruchi Garg
GM DCCS/SCCS - 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

Senior Management
(as on 1 August 2019)



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 M V Rajasekhar
CS - CRL/BG



Mr Manoj Jain
GM - PD&IC



Mr V Nanda Kumar
CTO Comm - CO



Mr P Mohan Rao
CTO R&WS - CO



Mr Amrendra Kumar Singh
CTO EO&L - CO

Auditors

Statutory Auditors
M/s Suri & Co.
Bengaluru

Branch Auditors
M/s J P Kapur & Uberai
New Delhi
M/s Tambi and Jaipurkar
Pune
M/s Tungala & Co.
Machilipatnam

Cost Auditors
M/s G N V & Associates
Bengaluru

Secretarial Auditors
M/s Thirupal Gorige & Associates LLP
Bengaluru

Visits



Vice Admiral G S Pabby, Chief of Materiel (IN)



Mr Abdeltif Loudyi, Hon'ble Minister,
Government of the Kingdom of Morocco



Lt Gen A P Singh, DG AAD



Ambassador Raychelle Awuor Omamo,
Honourable Cabinet Secretary for Defence,
Republic of Kenya



Mr Yusupov Khatamjon
Bakhramdjanovich, Deputy Chairman,
State Committee for Defence
Industries, Ministry of Defence,
Republic of Uzbekistan



Air Marshal V R Chaudhari,
Deputy Chief of Air Staff,
Air Cmde Rajesh Punj and
Gp Capt Umesh K Anand



Vice Admiral K O Thakare (Retd),
DG ATVP and
Vice Admiral S R Sarma, PD ATVP

Touching Lives Through CSR




BEL BLOCK
सरक्षण राज्य मंत्री यांच्या प्रयत्नाने CSR
निधीतुन सभा मंडपाचे बांधकाम
भारतीय जनता पार्टी
BHARAT ELECTRO
ಭಾರತ್ ಎಲೆಕ್ಟ್ರಾನಿಕ್ಸ್ ಲಿಮಿಟೆಡ್
ಭಾರತೀಯ ರೆಡ್ ಕ್ರಾಸ್ ಸಂಸ್ಥೆ

Awards Gallery



Award from
Ministry of MSME
for promotion of
SC / ST entrepreneurs



Engineering Council
of India 'Distinguished
Engineer' Award for
Mr M V Gowtama, CMD



AIMA 'Outstanding
PSU of the Year' Award



Indian Chamber
of Commerce
PSE Excellence Awards



CII Total Cost Management
(Level 3) Award for Chennai Unit



International Aerospace
'Business Leader of
the Year' Award for
Mr M V Gowtama, CMD



IEI 'Industry
Excellence' Award

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 2019 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	2018-19	2017-18
Value of Production	**11,92,142**	9,66,956
Turnover (Gross)	**11,78,922**	10,08,484
Profit Before Depreciation, Interest and Tax	**3,03,162**	2,20,011
Finance Cost	**1,221**	127
Depreciation & Amortisation	**31,622**	25,100
Profit Before Tax	**2,70,319**	1,94,784
Provision for Tax	**77,590**	54,855
Profit After Tax	**1,92,729**	1,39,929
Other Comprehensive Income / (Loss)	**(4,021)**	145
Total Comprehensive Income	**1,88,708**	1,40,074
Dividend paid	**51,168**	62,765
Tax on Dividend	**10,518**	12,777
Transfer to General Reserve	**40,000**	40,000
Other Equity (Including Reserves & Surplus)	**8,77,525**	7,51,735
Net Worth	**9,01,891**	7,76,101
Earnings Per Share (in ₹)	**7.91**	5.70
Book Value Per Share (in ₹)	**37.01**	31.85

Distribution of Value of Production for 2018-19 is given below:

Particulars	Amount (₹ in Lakhs)	Percentage
Materials	6,07,993	51%
Employee Cost	1,87,905	16%
Other Expenses (Net)	94,303	8%
Depreciation & Amortisation	31,622	3%
Provision for Tax	77,590	6%
Profit After Tax	1,92,729	16%
Total	**11,92,142**	**100%**

Company's Turnover (Gross) for the year 2018-19 has increased to ₹ 11,78,922 Lakhs from ₹ 10,08,484 Lakhs in 2017-18, registering a growth of 16.90%. Profit After Tax for the year is ₹ 1,92,729 Lakhs as against ₹ 1,39,929 Lakhs in the previous year. Turnover from indigenously developed products is 96%. Supplies to the defence contributed to 68% of turnover in 2018-19 as compare to 85% in the previous year.

Dividend

As required under Regulation 43A of the SEBI (LODR) Regulations, 2015, 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, Guidelines issued by SEBI, DPE, DIPAM, Ministry of Finance and other Guidelines to the extent applicable to the Company. The Policy is 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 ₹ 1.70 per equity share (170%), amounting to ₹ 41,422 Lakhs for the year 2018-19. Earlier Interim Dividend of ₹ 1.70 per equity share has been paid to the shareholders during 2018-19. Thus, the total dividend for the year 2018-19 is ₹ 3.40 per equity share (340%), amounting to ₹ 82,844 Lakhs (excluding dividend distribution tax).

Amount Transferred to Reserves

An amount of ₹ 40,000 Lakhs is transferred to General Reserves for the financial year 2018-19.

Share Capital

The Company's paid-up share capital as on 31 March 2019 was ₹ 24,366 Lakhs and there was no change in the paid-up share capital during the year.

The details of Directors and Key Managerial Personnel's shareholding in the Company as on 31 March 2019 are given below:

Sl. No.	Name	Designation	No. of equity shares held
1	Mr M V Gowtama	Chairman and Managing Director	1,263
2	Mr Nataraj Krishnappa	Director (Other Units)	1,263

Sl. No.	Name	Designation	No. of equity shares held
3	Mrs Anandi Ramalingam	Director (Marketing)	1,263
4	Mr R N Bagdalkar*	Director (Human Resources)	1,263
5	Mr Koshy Alexander	Director (Finance)	1,265
6	Mr Mahesh V	Director (Research & Development)	1,265
7	Mr Vinay Kumar Katyal	Director (Bangalore Complex)	1,263
8	Mr Shivakumaran K M*	Director (Human Resources)	1,263
9	Mr S Sreenivas	Company Secretary	1,263

* Mr R N Bagdalkar superannuated as Director (HR) w.e.f 31.05.2019 and Mr Shivakumaran K M was appointed as Director (HR) w.e.f 11.06.2019.

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

Major Orders Executed

Major orders executed during the year for tri services and non-defence customers include: Integrated Air Command & Control System (IACCS), Weapon Locating Radar (WLR), Cdr TI Sights, Schilka Upgrade, Tropo Upgrade, Integrated Communication System (ICS), Ground Based Mobile Elint System, Low Intensity Conflict Electronic Warfare System (LIC EWS), L-70 Gun Upgrade, Electronic Voting Machines (EVM), Voter Verifiable Paper Audit Trail (VVPAT) etc.

Exports

Your Company has been giving an increased thrust towards harnessing the export potential of Defence Electronics Products & Systems including Homeland Security Solutions, Border Protections Systems and State of the Art Systems & Solution which represent its core area of business. BEL has been exporting various products and systems to various friendly Countries. Having established a Coastal Surveillance System (CSS) for few neighbouring 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 also exploring civil market in developing & third world Countries with product like smart cities, solar power generation, etc.

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 and partnering with various major Foreign Aerospace and Defence Companies. BEL is also offering Proven Products and Systems to meet the specific requirements of customers. BEL has identified contract manufacturing (build to print and build to spec) to foreign OEM's and Partnership in form of Transfer of Technology of the latest systems and solution as few 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$ 21.6 Million during 2018-19, to various countries, viz., Switzerland, USA, France, Germany, Israel, Sweden, Finland, Vietnam, Seychelles, Mauritius and SEZ's. Major Products / Systems exported are Sub Systems of Radar & EW Systems, Data Link II, Cable looms, Mechanical Parts, Communication Equipments, Acoustic Test facility, Surveillance Systems, Coastal Surveillance Systems Radar, Passive Night Sight, Shelters, Sleevi, Transmitting tubes, Vacuum Interrupters and Radar Spares.

The decline in export sale is mainly due to the non-establishment of Letter of Credit by customer for various Naval Systems and Land Based Systems and Solutions. The transformation in political and economic scenarios in various countries such as Myanmar, Sri Lanka, and Indian SEZ's Defense establishments 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 2018-19:

❖ **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 Sri Lanka and Myanmar was established during 2018-19.
- During 2019-20, the Marketing Office in Oman is proposed to be established.

❖ **Strategic Alliance with the Foreign OEMs**

Proposed strategic alliance with foreign OEMs to address Global Markets by offering the best value proposition:

- Thales – EW & Radar Modules
- Elbit Systems Electro Optics, Israel – Electro optics

- SAAB – Marketing Agreement for Radar
- Elisra Systems – Self Protection suite

❖ **Major leads in pipe line for following Products and Systems offered to foreign Countries / Customers:**

- Coastal Surveillance System
- Gun Upgrade
- Weapon Locating Radars
- BEL COMNET system

❖ **Solar Power Projects**

BEL has explored huge export business opportunities in the field of Solar Power Projects in few of the sunshine nations. The business discussion with various foreign Ministries of the sunshine nations has been slow but steady and now the solar leads are in final stage of contract signature.

These leads were proactively proposed with working on Buyer's Credit for Solar Powered Projects Model. With huge expertise within BEL, these programs are proposed to be delivered in very short time and will cover more than 80 cities in one of the sunshine African Nations.

The following were the scope for offset business during 2018-19:

- Data Link II for Boeing USA
- Cable Harness for Pilatus Switzerland
- EoS CoMPASS for Elop Israel
- G4 A Technical platform (Shelters) for SAAB Sweden
- EW & radar Sub Assemblies for Thales, France
- Communication Radios for Boomeranger Boats, Finland.

New Initiatives Proposed for enhancing the Export Business in 2019-20 are:

- Proactive interaction with
  - o Foreign mission in India
  - o Foreign DA
  - o Indian DA (abroad)
- Proactive approach to the solution offered to customers
- Increasing customer interaction by BEL in various countries
  - o Expand customer base
  - o Open new offices
  - o Appointment of multiple agents (segment wise) in a territory
  - o Participate in exhibition & seminars
  - o Adopt various model for increase in exports (CKD, SKD, Modules, Sub-systems & Systems)
  - o Interaction with export houses.
  - o Dealership of proven products for foreign OEM's in other countries.
- Partnership with local Companies to create value to customers
  - o Multinational Indian OEMs
  - o Supply Chain
  - o Joint Bidding
- Exploration of civil market in third world countries with product like smart cities, solar power generation etc.,
- Develop customized solution to meet the specific requirements of customers.
- Inclusion of BEL products in the list of customer for LoC.
- Identification of alternate fund management model to suit customer financial constraints.
  - o Buyer's Credit
  - o Credit by other banks.

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 2017-18 has been rated as "Excellent" in terms of the MoU with the Government. The MoU rating for 2018-19 is under review by the Government.

Order Book Position

The Order Book of the Company as on 1 April, 2019 is around ₹ 51,798 Crores. The order book comprises of mainly major programs like Long Range Surface-to-Air Missile System (LRSAM), Weapon Repair Facility for Naval Ships, Kerala-Fibre Optics Network (K-FON), Smart City Projects, Integrated Perimeter Security Solution (IPSS), Naval Airfield Integrated Security System (NAISS).

Finance

During this year, your Company has declared a higher dividend of 340% as compared to 200% in the previous year. Apart from the final dividend of ₹ 9,746 Lakhs (40%) for the year 2017-18 which was paid out in 2018-19, interim dividend amounting to ₹ 41,422 lakhs (170%) has been paid during the year 2018-19.

In order to achieve the projected growth in the coming years, a focused initiative is taken up by your Company in taking up some major projects, which are progressing

well and the outcome from these projects should enable the Company to achieve the planned higher trajectory of turnover and growth. Despite some amount of budgetary constraints faced by customers, your Company has been able to meet all the incremental working capital requirements through internal accruals. Out of the term loan of ₹ 10,000 lakhs availed in previous years to fund the CAPEX requirement an amount of ₹ 3,334 lakhs is outstanding as on 31 March 2019. Your Company has retained highest rating by ICRA for both short term and long term borrowing.

The inventory position (net) of the Company as on 31 March 2019 was ₹ 445,479 Lakhs as against ₹ 473,912 Lakhs as on 31 March 2018. This works out to 136 days of value of production as on 31 March 2019 as against 180 days in the previous year. This reduction has been possible due to better inventory control.

The position of trade receivables (net) as on 31 March 2019 was ₹ 536,921 Lakhs as compared to ₹ 504,950 Lakhs in 31 March 2018. This works out to 166 days of turnover as on 31 March 2019 as against 183 days of turnover achieved during the previous year. The reduction in trade receivables has been possible due to higher collections against opening debtors and from Election Commission on sale of EVM and VVPAT.

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 2019. 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. The remaining matured deposits of ₹ 0.45 Lakh as on 31 March 2019 is unpaid due to in-sufficient documents / records produced by Depositors.

Research & Development

Your Company has three Tier R&D Structure namely CRL, Products Design & Innovation Centre (PD&IC) and D&Es attached to SBUs / Unit. Two Central Research Laboratories (CRLs) at Bengaluru and Ghaziabad are involved in conducting futuristic R&D in core technology areas of BEL and develop enabling technology modules for use by SBUs / Units. PD&IC at Bengaluru develops common technology modules, subsystems and products as required by SBUs / units like Radar Signal Procession Unit, Microwave Components, Power Amplifier, Electro-optics and Lasers Encryption Modules, Power Electrons, MMICs, Displays etc.

SBUs / Units D&E groups provide System and System of Systems solution having the required domain expertise, technical support during the complete product life cycle from concept design to post sale obsolescence management of products / system and develop sub-systems and processes as necessary from CRLs, PD&IC and Collaborative R&D.

As a Philosophy and Policy, these R&D labs work in the identified technologies and product areas, with well documented three year R&D plans based on RoP / marketing forecast / TPCR and due approval of budget / time by the competent authority.

BEL R&D policy addresses the role of R&D, Business requirements, Products / Technology requirements and market scenario prevailing at that time. Since then Defence business scenario has changed considerably in terms of Globalisation and Liberalisation due to changes in Government Policies.

In line with the new business environment, BEL has already Undergone changes with respect to the organization structure, creation of new SBUs / Units, CRL, PD&IC etc and expanded into new business areas over the period of time.

In view of these changes, R&D policy is being revised and modified in line with the current business requirements. The main areas of focus of R&D policy includes technology forecast & roadmap, R&D plans, process for initiation, execution, evaluation and reviews of projects, R&D infrastructure management, R&D manpower management and recognition and rewards.

D&E Projects Initiated in 2018-19: The major developments initiated in 2018-19 are Weapon Locating Radar (Mountain Version), Active Antenna Array for Ship Borne Radar Program, Submarine Navigation Radar, Digital Radar Warning Receiver, Indigenous Common Aerial Working (CAW) System for Navy, Ship to Shore Communication System (NTRO), Public Key Infrastructure Solution, SOTM for Ku Band, Alternate Gyro, Sight and Gimbal for BMP II, Track pedestal with lifting mechanism for Weapon System, Electric Gun and Turret Drive System for MBT, Development of Quad Copter UAV and Mini UAV for police, EW Suite for

MLH Upgrade, R118 System for HAWK MK 132 Aircraft, EO Solution for Drone Guard System, Multi Spectral Fog Vision System, Development of Uncooled Engine and Tethered UAV based EO Surveillance System, Laser Proximity Fuse for Weapon System.

D&E Projects Realised in 2018-19: Some of the major projects completed in 2018-19 are the design and development of Air Defence Fire Control Radar, Unmanned Battle Field Surveillance Radar for Border Surveillance, Combat Management System, Jammer Subsystem for Drone Guard System, UAV Data Link System (Panchi), Integrated Communication System for Navy, V/UHF Communication Network for export, CDMA based Wireless Communication Link, IAC MOD C, Costal Security Database Software, EOFCS Upgrade II, Optical Director System Upgrade II, 3D Air Surveillance Radar for Navy (Proto), Element Management System for Multi-Channel Encryptor Unit (MCEU), Secure Mil Wireless LAN for Army, Commanders Display Unit for Radars,1KW HF Transmit / Receive Radio, SATCOM Terminal for Ground Based Mobile ELINT System, Samyukta up-gradation, Fire Control System for Kavach Mod-II, Indigenisation of Rate Gyro in T-90 Gun Project, Fire Control System for reconfigured NAMICA, Electro Optic System for Radars, for Home Land Security and for Drone Guard System, Target Acquisition System for MPTGM.

The Important R&D awards / recognitions received during 2018-19 are "PSE Excellence Awards 2017", 'Company of the Year' award and 3 more awards in the Maharatna & Navratna category for 'Human Resource Management Excellence', 'R&D Technology Development & Innovation', and 'Operational Performance Excellence'.

New Products developed through in-house development efforts and collaborative development efforts in 2018-19 are as follows:

1. **Real Time Information System for Indian Railways :** This is being introduced by the Center for Railway Information System (CRIS), Indian Railways for real time tracking of train information. Some of the main constituents are the locomotive devices, transponders on G SAT-6 satellite, 4G / 3G mobile services, the loco device monitoring and configuration management server.

2. **Auto Fare Collection Gate (SWAGAT):** Indigenous Auto Fare Collection System for Metro is India's first indigenously developed payment ecosystem for transport consisting of National Common Mobility Card (NCMC), SWEEKAR (Swachalit Kriya: Auto Fare Collection) and SWAGAT (Swachalit Gate). The validation terminals and gates have been co-designed and developed by BEL and C-DAC.

3. **Drone Guard System:** The rapidly increasing popularity of drones have brought a whole assortment of new security threats to Government entities and public safety, with potential hazards of drones carrying weapons, or drones used for self destructive missions. EO System and Jamming Signal Generator for Drone Guard System (DGS) has been developed. Electro Optic System of Drone Guard is used for tracking the Drones. The jamming signal generator is used in Drone Guard System (DGS) for neutralisation of the intruding Drones.

4. **EO System for Home Land Security:** This is a mid-wave cooled detector thermal imager channel for night vision and camera channel for day vision. It offers very long range detection in all weather conditions.

5. **Integrated Communication System for Indian Navy:** It comprises of the Advanced (IP based) Composite Communication System (ACCS), Hello Deck Communication System (HDCS) and Versatile Communication System (VCS). The ACCS provides quick and reliable communication over VLF, HF, V / UHF and STCOM onboard ships, HDCS enables the control crew in handling, supervisory & logistic support during take-off, landing and docking of helicopters on the ship and the VCS which facilitates internal communication on board ships.

6. **Coastal Surveillance System for Seychelles:** This is a Coastal Surveillance System supplied by BEL in 2015 consists of six radar stations and two control stations. This is now augmented with three additional radar stations and sensors like Electro Optics, VHF Radios, X Band Radar, meteorological sensors along with microwave link and networking units. The system software has been upgraded to integrate these additional elements.

7. **Fire Control System (FCS) Kavach:** The Kavach Fire Control System creates a false target by launching a chaff rocket during enemy's surveillance and attack and this chaff will be misinterpreted as a target and hence will protect the ship.

8. **Image Intensifier based Passive Night Vision Devices:** Panoramic Night Vision / Aviation goggles is a modern binocular with wide Field of View (FoV) of 295°, effective handling, increased depth penetration and simple maintenance. It can be mounted on a bullet proof helmet for ground operations or a helicopter / plane for night surveillance.

9. **Indigenous Electronic Upgrade for 52 Calibre Gun:** Indigenous Electronic upgrade for 155mm DHANUSH Gun is the replacement of existing ELBIT electronic suite. Electronics suite consists of Gun Electronic Unit (GEU), Loader display, power distribution unit, Emergency switch unit, Encoder, MVR, and Joystick.

10. **Maintenance and Training Support Device for Indian Navy:** This has been designed and developed for the Indian Navy for training of Naval Personal by using Moodle and MDM server, MTSDs will be loaded with course materials for the trainees.

11. **Uncooled Thermal Imager:** This has been designed and developed for weapon sights for various applications like Rocket Launchers, Assault Rifles etc.

12. **Commander Thermal Imager Sight for BMP:** It has been designed to replace the existing (obsolete) night vision device in the BMP 1 / 1 / 2K tanks to enhance the range performance and reliability.

13. **IFF System for MRSAM Phase II:** This system is used for identification of targets located by the primary radar, while operating basically on the principle of secondary radar as per Annex 10 of ICAO and STANAG 4193 standard of NATO.

14. **Virtual Reality Simulator:** This is a simulator which integrates VR devices and motion platform. It is used for development of Dynamics and Panther vehicle and B vehicles used in Aerodrome and integration of firefighting procedures.

15. **Class Room Jammer:** This is a portable jammer designed for deployment at the various examination centers. It is used as a cell phone jammer for jamming signals GSM, CDMA, 3G and 4G bands within the classroom / examination centre.

16. **Corner Shot Weapon System:** These have been developed for 9mm pistol and 40mm UBGL for usage in hostile and counter insurgency operations. It allows operator to see and attack an armed target without exposing himself for a counter attack.

17. **Battery Multi-Function Radar vehicle and Battery Surveillance Radar Vehicle for Missile System:** These are constituents of the Quick Reaction Surface to Air Missile System. They are vehicles equipped with radar and shelterised electronics subsystems.

18. **Target Acquisition System for Man Portable Anti-Tank Guided Missile (MPATGM):** This is a multi-function compact system capable of surveillance, ranging, target acquisition and a provision to fire missile. It provides high quality video during day and night even under adverse weather conditions.

19. **Ku Band RF Seeker:** RF Seekers have been developed jointly with DRDO for the various missile systems including Astra Missile, QRSAM Missile and Akash-1S Missile. These operate in Ku Band.

20. **Air Defence Fire Control Radar-ATULYA:** It is a new Gen ADFCR to replace all existing FCRs like Flycatcher and USFM.

21. **CMS for MRSAM (IAF):** It is the Combat Management System for the MRSAM for the Indian Air Force.

Future Plan: BEL has taken Initiatives to form CoE (Centre of Excellence) in (a) Radar & Weapon Systems, (b) Communication and (c) Electro Optics and Laser for added focus in these areas.

To focus on Innovation, BEL has established 8 Innovation Cells in Product Innovation and Development Centre. The Broad areas of Innovation in these cells are finalised and are being progressed with.

AI and deep learning, Cloud and data analytics, cognitive concepts and super-computing are identified as areas for future focus. Competence building, infrastructure planning, technology acquisition, manpower planning and funding for projects in this area are being pursued. Around 20 projects in AI have been initiated.

To enhance technical competence, BEL is planning to enroll engineers for PhD programs. BEL has taken initiatives to further strengthen R&D by collaboration with Academia and start-ups and other industrial partners as well as consultants.

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 2018-19, Company has spent ₹ 67,359 Lakhs 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.

- A shock Test Facility.
- High Temperature Test facility.
- Surface Mount Technology (SMT) Assembly Line.

SAP Implementation in BEL and other IT Initiatives

BEL has adopted a centralized approach to manage critical IT infrastructure on which all business processes are dependent. It includes ERP infrastructure, mail servers, WAN, LAN, network security components, Antivirus and Patch management.

During year 2018-19, RFID implementation was done in SAP for real-time tracking of capital asset management. The RFID system is integrated with SAP.

IS / CO has received the ISO 27001 certificates for Information Security Management Systems. To enable organization to manage regulations & Compliances, Governance, Risk & Compliance (GRC) is implemented. Estimation of Civil contract is automated in SAP for generating SOQR. SMS alerts is activated for various business transactions. Pay revision for non-executive is implemented through SAP. Online Inventory Monitoring System is developed for COD (Agra) and Coast Guard. Lead Management System is implemented for marketing in CRM. Customer service maintenance portal is developed for MAG1 and Indian Air Force. Simplified process for Depot based sales and material management is implemented.

BEL has well defined organizational structure for Cyber Security Management. Director (R&D) is nominated as CISO for BEL at Corporate Level. At each unit / SBU, Information Security Officers are nominated. Following major activities are done in cyber security front:

- Five Divisions dealing with IT related projects or handling internal IT infrastructure and ERP were certified with ISO27001.
- BEL conducted VAPT on the entire ISCO infrastructure and all the vulnerabilities have been fixed.

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, Customer Service etc.

The Company is committed for improvement of its activities through process approach in line with World-Class Quality Systems. All Units are accredited to ISO 9001 Quality Management System (QMS) since early nineties. 11 Units/ SBUs, viz. Ghaziabad, Panchkula, Kotdwara, Hyderabad, Chennai, Military Radars, Military Communications, Electronics Warfare & Avionics, Naval System (S&CS), Missile System and Export Manufacturing have upgraded their QMS to Aerospace Standard, AS 9100D.

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 Certification. Five Units and SBUs are accredited for Information Security Management System, ISO-27001.

Test Equipments Calibration departments of Bangalore Complex, Ghaziabad and Panchkula Units are certified by 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 an another approach for overall strategic and operational excellence to meet and exceed the needs & expectations of stakeholders and enhancement in competitiveness. During 2018-19, Bangalore Complex received the prestigious Award from CII-EXIM Bank Award for Business Excellence 2018 and highest recognition of Role model organisation status. BEL is the first PSU to

receive such a recognition. Ghaziabad, Machilipatnam and Chennai Units received Platinum Award showcasing their maturity in the Business Excellence journey.

To bring in a culture of improvement through analytical approach, selected senior executives were periodically trained as 'Black Belt' by Indian Statistical Institute, Bangalore. These Black Belts guide other executives (Green Belts) in their Six Sigma Projects. Out of 495 Projects completed in 2018-19, 33 Six Sigma Projects were nominated for Regional / National level competitions. BEL has received 15 regional and 18 National Level Championships awards.

The organization has facilitated involvement of Non-executives in the Quality Movement through Quality Control Circles (QCC). In the year 2018-19, 717 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 2018, held at Singapore 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 4124 suggestions were given by employees this year. Selected BEL employees participated at 29th National Level Convention conducted by Indian National Suggestion Schemes' Association during Jan 2019 at Pune and won 10 individual awards under various categories. Ghaziabad Unit and Bangalore Complex were awarded first and Second Prize for "Excellence in Implementation of Suggestion Scheme 2018" under Engineering Industry Category at the National Level respectively.

37 D&E engineers were trained for ASQ Certified Reliability Engineers (CRE) during the year. taking cumulative CREs in the Company to 266. 43 operating level Quality engineers were certified for Certified Quality Engineers (CQE) program resulting cumulative CQEs in the Company to 219. Similarly, company has 81 senior level executives certified to next higher level program Certified Manager for Quality and Organisation Excellence (CMQ&OE).

A revised Quality Recognition Award (QRA) was introduced in 2017 to award best performing Unit/SBU in 7 key business processes namely, Design, Procurement, Quality Management, Material Management, People Management, Manufacturing and Customer Service. Panchkula Unit, MR SBU, EW&A SBU, Hyderabad Unit, Ghaziabad Radar SBU, Antenna and NCS SBUs and Chennai Unit awarded QRA 2018.

Project Management training programs for Project Management Professionals (PMP) were conducted. Post training, 35 PMPs (Cumulative 489 from the year 2007-08 onwards) was certified by Project Management Institute (PMI) in year 2018-19.

An independent Customer Satisfaction Survey (CSS) was done through an external agency to capture the Customers' Perceptions on BEL's Products and Services. Results for the same is awaited. Customer Satisfaction Index for the previous year 2017-18 was 82%.

Human Resources

Your Company employed 9,612 persons as on 31 March 2019 as compared to 9,726 persons as on 31 March 2018. Out of these employees, 5,021 were engineers / scientists and 2,049 were women employees as on 31 March 2019. A total of 235 executives and 16 non-executives were inducted during the year. 35 employees belonging to SC, 14 employees belonging to ST, 79 employees belonging to OBC and 10 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 2019 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	1043	31	618	40
Scheduled Tribe	351	11	137	22
OBC	1302	38	819	44
Ex-Servicemen	86	5	261	72
Physically Challenged	97	4	123	3

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 Women at Workplace (Prevention, prohibition and Redressal) Act, 2013 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. 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. The details of complaints filed, disposed of and pending during the year pertaining to sexual harassment is provided in the Business Responsibility Report Annexed to Boards' Report.

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 include:

- AIMA Outstanding PSU Award
- SCOPE Award for Excellence for Digitalization
- PSE Excellence Award 2017
- 'Business Leader of the Year' Award (Aerospace & Defence) 2019
- BEL Bengaluru Unit won the twin honour of CII EXIM Bank Business Excellence Award (2018) & Commendation for Role Model Organization.
- BEL Ghaziabad, Chennai & Machilipatnam Units received the Platinum level recognition for Business Excellence from CII.
- BEL Chennai Unit secured the CII Total Cost Management (TCM) Level 3 award.
- Raksha Mantri Award for Excellence in Performance, Export, Import substitution and Design effort.
- Vigilance Excellence Award - 2017 for "Best Institutional Practice to fight Corruption".

Other significant achievements during the year:

- Company registered a growth of 16.90%.
- Company has achieved an Export turnover of 21.60 million USD.
- Set up new Marketing offices at Vietnam, Myanmar, Sri Lanka and Oman.
- BEL acquired ₹ 23,431 Crores of Order during the year 2018-19.
- Receipt of LRSAM order worth ₹ 9,236 Crores.
- BEL Inaugurated 16 MW Solar Power Plant at HVF, Avadi near Chennai.
- India's first indigenously developed Metro Gate SWAGAT - an Automatic Fare Collection Gating System jointly developed by BEL & C-DAC inaugurated.
- Flycatcher Radar Spares got DGQA Green Channel Status certification.
- Strategic partnership with Global OEMs like SAAB (Sweden), Elettronica SpA (Italy), Elbit Systems (Israel) etc., and Mahindras in domestic segment.
- Launched the New Product-Atmospheric Water Generator, an innovative solution to meet the ever-increasing need for drinking water.
- BEL received ISO 27001 Information Security Management System Certification.

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 ₹ 1,449.37 Lakhs (589,176 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 ₹ 10,325 Lakhs for the year as against ₹ 12,164 Lakhs in the previous year. The profit after tax (PAT) for the year was ₹ 1,418 Lakhs as compared to ₹ 1,155 Lakhs in the previous year. BELOP has proposed a dividend of ₹ 5.89 per share for financial year 2018-19.

The Associate Company GE BE Private Limited [26% shareholding by BEL] 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 ₹ 105,851 Lakhs for the year as compared to ₹ 80,691 Lakhs in the previous year. The profit after tax (PAT) was ₹ 14,862 Lakhs for the year as compared to ₹ 9,146 Lakhs in the previous year. BEL has received a dividend of ₹ 9,100 Lakhs for the financial year 2018-19.

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 BTSL has recorded a turnover of ₹ 672 Lakhs as compared to ₹ 312 Lakhs in the previous year. The profit after tax (PAT) was ₹ 104 Lakhs as aginst a loss of ₹ 259 Lakhs in previous year.

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. The equity participation is 50% from BEL and 50% from HAL. The Company has been formed with an objective of funding innovation in defence sector.

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 financial statements 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

At present, Company's Vigilance Organisation is headed by a Chief Vigilance Officer (CVO), an IAS Officer from Haryana cadre (1991 batch). During 2018-19, an IAS Officer from Bihar cadre was heading the vigilance setup. 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, 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-contracts and processes on continual basis, conducts regular and surprise inspections and investigates instances of any suspected transactions referred to it. Employees 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 website.

During the year 1603 Purchase Orders / Contracts have been reviewed. CTE Type intensive examination has been restructured with the formation of five IE teams. CTE Type of Intensive Examination of 60 High value Procurement 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, 44 Complaints including Complaints referred by CVC / MOD / CBI were received. A total of 41 Complaints including 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 are pending with CBI, Ghaziabad and one complaint is pending with CBI, Bangalore for detailed investigation.

During the year, 110 Probationary Engineers at the induction level, 1029 Executives and 378 Non Executives were given basic awareness program on Vigilance. 31 Executives & 17 Non-executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 86%.

Vigilance Department is continued to be certified for ISO 9001 / 2015 Certification for the Vigilance function of BEL.

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 in the Company's website:

- E Procurement - about 92% 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, 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 web site.
- Vendors' Directory, after flagging removing defunct vendors, have been posted in the 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 and Quarterly 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 2018 was observed during October / November 2018. The observance of the week was marked with special address by eminent personalities. Gram Sabhas were organized as part of the outreach activities in Yentaganahalli Village in Bengaluru District and at Mandhana near Panchkula. Skit plays and Video films portraying national integration and anti-corruption messages were shown to School and College Students located near the 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. 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 Bangalore 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.

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 ₹ 300 Lakhs.

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 Girish Chandra Chaturvedi, IAS (Retd.) and Mr Suresh N Patel for monitoring implementation of Integrity Pact in

the Company. During the financial year 2018-19 the IEMs reviewed 278 contracts and held structured meetings with the Chairman & Managing Director.

Procurement from MSEs

Your Company has been providing increased thrust on enhancing procurement from Micro & Small Enterprises (MSE) and is implementing Public Procurement Policy for MSEs as per the guidelines / notification issued by the Ministry of MSMEs. During 2018-19, BEL has complied with the mandate of Government's Public Procurement Policy for MSEs.

BEL has on-boarded on TReDS Platform and MSME Sambandh & MSME Samadhaan Portals complying with Government guidelines.

The Company actively participated in various Vendor Development Programs held across the country including National MSME Defence Conclave at Belagavi (Karnataka), Exhibition-cum-Vendor Development Program-SUBCON 2018 at CODISSIA (Coimbatore, Tamil Nadu), Seminar-cum-Workshop on Skills for Indigenization (BSDU, Jaipur, Rajasthan), Defence Industrial Corridor Meets held at various locations in Uttar Pradesh and Tamil Nadu. BEL showcased various items for indigenization for domestic vendors including MSEs.

It is pertinent to mention here that BEL has been awarded Second Runner-up (Navratna Category) for the Exemplary Work done under Public Procurement Policy for Promotion of SC / ST Entrepreneurs.

Implementation of Official Language Policy

Your company is committed to adhere to the OL policy of the Government of India. During 2018-19, company has achieved the various targets prescribed in the Annual Program 2018-19 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 Chennai Unit on 08.10.2018. MoD officials conducted OL inspections of RO Delhi, Kotdwara, Corporate Office, Hyderabad Unit and RO Kolkata. Corporate OL Audit team conducted OL audits at Ghaziabad Unit, CRL-Ghaziabad, RO Delhi, Pune, Navi Mumbai, RO Vizag, RO Mumbai and Milcom SBU of BC.

Bilingualisation: All Units and Offices including Corporate Office of the Company are issuing Section 3(3) documents in bilingual, usage of Hindi is being encouraged in correspondence, Rule 11 items (stationary, codes and manuals, procedural literature), on computers and registers in accordance with OL rules.

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.

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 are propagated among all employees and number of Executives / Employees took part in these schemes.

Awards and Recognitions: During the year, our Ghaziabad Unit, CRL-Ghaziabad, RO New Delhi and Bengaluru Complex were awarded by the respective TOLICs. Higher officials participated in TOLIC meetings and officers / employees were awarded in TOLIC competitions.

At Corporate level, various OL activities were conducted during FY 2018-19 which include: Initiation of Defence Electronic Terminology - in coordination with CSTT, New Delhi; 665 Bilingual Standard Email phrases prepared; Initiation of tracking percentage of work done in Hindi and bilingual standard notings in SAP; Initiated to prepare Standard Bilingual Correspondence across CO Depts.; Vishwa Hindi Diwas on 10th January 2019: Hindi books donated to Govt. School; Hindi site of BAE portal was introduced; In order to make the OL Audit Questionnaire more meaningful and factual, the questionnaire was revisited and revised; TOLIC: Sr. Officials participated in meetings and staff members were awarded in inter PSU Competitions; Incentive Schemes: 63 Ex. / NEs of CO (incl. ROs) awarded for FY 2018-19; Two issues of Corporate Hindi Magazine 'NavaPrabha' were published and 4 Hindi Workshops and 2 Technical Talks were organized.

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 2018-19 the Company had received and attended to 308 requests for information under RTI Act. Most of the requests were for information related to recruitment, service, policy(ies) and commercial matters.

Board Meetings / Change in Directors and Key Managerial Personnel

During the year seven 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 of your Company during the financial year:

Sl. No.	Name of the Director	Designation	Date of Appoint-ment	Date of Cessation
1	Ms J Manjula	Govt. Nominee Director	23.04.2018	Not Applicable
2	Dr Ajit T Kalghatgi	Director (Research & Development)	-	31.05.2018
3	Mr Mahesh V	Director (Research & Development)	01.06.2018	Not Applicable
4	Mr Vinay Kumar Katyal	Director (Bangalore Complex)	27.11.2018	Not Applicable

During the year there was no change in the Key Managerial Personnel (KMP) 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.

Mr Vinay Kumar Katyal, Director (Bangalore Complex) was appointed as Additional Director w.e.f 27 November 2018 and Mr Shivakumaran K M, Director (HR) was appointed as Additional Director w.e.f 11 June 2019 in place of Mr R N Bagdalkar who retired from his services on 31 May 2019 on attaining the age of superannuation. Mr Sunil Kumar Kohli was appointed as Additional Director w.e.f. 18 July 2019.

Mr Vinay Kumar Katyal, Mr Shivakumaran K M and Mr Sunil Kumar Kohli, Additional Directors are being appointed as Directors on terms as set-out in the Notice of the 65th Annual General Meeting:

Mr Nataraj Krishnappa, Director (Other Units), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 2019 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

There are no material changes and commitments affecting the financial position of the company which have occurred between 31 March 2019 and date of signing of this Report.

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 are 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 1".**

Corporate Social Responsibility

Your Company has formulated a CSR & Sustainability Policy 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 (MCA) & Department of Public Enterprises (DPE). The CSR Programmes / Initiatives / Projects are taken up in line with the Schedule-VII of the Companies Act, 2013, which is duly incorporated in the CSR & Sustainability Policy and forms the guiding principle for all our programmes. The CSR & Sustainability Policy of BEL is posted on the Company's website, www.bel-india.in.

The objective of CSR is to contribute towards inclusive growth, sustained and equitable development in society through capacity building measures, empowerment of the marginalised and underprivileged sections / communities. Focused interventions are undertaken in the sectors of Education, Healthcare & Sanitation, Rural Development, Vocational Skill Development, Environmental Sustainability, Contribution to Technology Incubators and Promotion of Nationally recognised Sports.

During the FY 2018-19, DPE guidelines for CSR Expenditure stipulate CPSEs to take up focussed CSR interventions on the common theme of School Education and Healthcare with preference being given to Aspirational Districts identified by NITI Aayog. Accordingly, the Company has undertaken thematic CSR programmes in the Aspirational districts of Yadgir & Raichur in Karnataka. Further, CSR Projects that support skilling of youth are being implemented under Skill India.

Pursuant to the requirement under the Companies (Corporate Social Responsibility) Rules, 2014, as amended, a report on CSR activities for FY 2018-19 is annexed herewith as **"Annexure 2"**.

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 2018-19 for audit of accounts of Bangalore Complex, Hyderabad Unit, Chennai Unit and Corporate Office. M/s Tambi & Jaipurkar, Chartered Accountants, Pune were appointed as Branch Auditors of Pune & Navi Mumbai Units for the financial year 2018-19. M/s J P Kapur & Uberai, Chartered Accountants, New Delhi, were appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for the financial year 2018-19. M/s Tungala & Co., Chartered Accountants, Machilipatnam were appointed as Branch Auditors for Machilipatnam Unit for financial year 2018-19.

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 2018-19 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 (as amended), the Company has appointed M/s Thirupal Gorige & Associates LLP, Practicing Company Secretaries for the financial year 2018-19 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as **"Annexure 3".**

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 2018-19 and "Nil" Comments 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.

Reporting of Frauds by Auditors

During the year under review, neither the Statutory Auditor nor Secretarial Auditor has reported to the Audit committee under Section 143(2) of the Companies Act, 2013, any instance of fraud committed against the Company by its officer or employees, the details of which need to be mentioned in the Board's 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 4".**

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 recommendation 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 5".**

Particulars of Loans, Guarantees & Investments

Details of loans, guarantees and investments covered under the provision of Section 186 of the Companies Act, 2013, 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., Mr Mukka Harish Babu, Chairman of the Committee,

Mrs Usha Mathur, Dr R K Shevgaonkar and Mr Surendra Singh Sirohi 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 2017-18. 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 6".**

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 7".**

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 8".**

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 & Development Organisation and the various Research Laboratories under DRDO for the support received by the Company, 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, 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
7 August 2019

M V Gowtama
Chairman & Managing Director

Annexure 1

Form AOC-II

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

Form for disclosure of particulars of contracts/agreements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 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
7 August 2019

M V Gowtama
Chairman & Managing Director

Annexure 2

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

2. **The Composition of the CSR Committee as on 31 March 2019:**

   Mr M V Gowtama (Chairman & Managing Director), Chairman
   Mr Nataraj Krishnappa (Director, Other Units), Member
   Mr R N Bagdalkar (Director, Human Resources), Member
   Mr Koshy Alexander (Director, Finance), Member
   Mr Surendra S Sirohi (Independent Director), Member
   Mrs Usha Mathur (Independent Director), Member

3. **Average net profit of the Company for last three financial years: ₹ 177,137.37 Lakhs.**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 3,542.75 Lakhs.**

5. **Details of CSR spent during the financial year 2018-19:**

   (a) Total amount spent for the financial year: ₹ 2,416.48 Lakhs.
   (b) Amount unspent , if any: ₹ 1,324.83 Lakhs (carried forward)*.
   (c) Manner in which the amount spent in respect of projects taken up during the financial year 2018-19 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**	**Project 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	(i) Providing Solar Power Plant, Solar Street Lights, Electronic Equipments and Solar Modules to Educational Institutions (ii) Augmentation of Infrastructure & Facility Maintenance in Educational Institutions **Status: Ongoing**	School Education	(i) Other: Kuppam, AP (ii) Local: Bengaluru, Karnataka	437.40	366.92	366.92	Direct

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or Activity identified**	**Sector in which the project is covered**	**Project 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	Providing aids and assistive devices to Persons With Disabilities in collaboration with ALIMCO **Status: Completed**	Healthcare	Other: Chikkamagalur, Bellary, Koppal districts of Karnataka	59.40	54.45	54.45	Direct
3	Upgradation of Anganwadis in Aspirational district Raichur, Karnataka **Status: Ongoing**	School Education and Healthcare	Other: Raichur, Karnataka	556.58	0.00	0.00	Direct
4	Providing Solar based Digital Classrooms in 122 Govt High Schools & Handwash platforms in 100 Govt Primary Schools of Aspirational district Yadgir, Karnataka **Status: Ongoing**	School Education and Healthcare	Other: Yadgir, Karnataka	560.00	0.00	0.00	Direct
5	(i) Upgradation of infrastructure in adopted Govt. ITI, Kollegal (ii) Training of Apprentices **Status: Ongoing**	Skill India	(i) Other: Chamarajanagar Karnataka (ii) Local: Pune & Navi Mumbai, Maharashtra; Machilipatnam, AP; Bengaluru, Karnataka; Chennai, TN; Hyderabad, Telangana; Ghaziabad; UP; Kotdwara, Uttarakhand; Panchkula, Haryana.	1721.67	1720.29	1720.29	Direct
6	Vocational Skill Development Training at BEL-BG in collaboration with Electronic Sector Skill Council of India (ESSCI) **Status: Ongoing**	Skill India	Local: Bangalore, Karnataka	39.00	0.00	0.00	Direct
7	CSR Administrative Overheads	-	-	168.70	168.70	168.70	-

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or Activity identified**	**Sector in which the project is covered**	**Project 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**
8	Contribution to National Sports Development Fund (NSDF) **Status: Completed**	Promote Nationally recognized Sports	Other: New Delhi	50.00	50.00	50.00	Direct
9	Segregation of Household Waste for Waste Management & Fabrication of Agroshade Net Greenhouse Nursery at INS Valsura **Status: Ongoing**	Environ-mental Sustain-ability	Other: Jamnagar, Gujarat.	19.38	0.00	0.00	Direct
10	Construction of community halls in 5 Villages of Dhule **Status: Ongoing**	Rural Develop-ment	Others: Dhule district, Maharashtra	60.00	56.12	56.12	Direct
11	Contribution to IITM Incubation Cell, Chennai **Status: Ongoing**	Contribut-ion to Technology Incubator	Other: Chennai	40.00	0.00	0.00	Direct
12	Inclusive & Sustainable Development of Puching Village **Status: Ongoing**	Rural Develop-ment	Others: Tamenglong district, Manipur	29.18	0.00	0.00	Direct
	TOTAL			**3741.31***	**2416.48**	**2416.48#**	

* Includes ₹ 198.56 Lakhs earned as interest on CSR funds.
# ₹ 106.12 Lakhs has been adjusted against opening provision.

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's 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.

   Against carried forward amount of ₹ 4,161.48 lakhs of earlier financial years upto 2017-18 (earmarked against specific CSR projects), an amount of ₹ 1,269.35 lakhs has been spent in FY 2018-19. The balance amount is expected to be spent over the next two to three years.

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
7 August 2019

M V Gowtama
Chairman & Managing Director

Annexure 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

[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, BANGALORE- 560045, KARNATAKA

We 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 us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under and the relevant provisions of the Companies Act, 1956;

(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 / 2018;

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 / Securities and Exchange Board of India (Shares Based Employee Benefits) Regulations, 2014; **(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 .

We 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.

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

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

(i) Guidelines issued by Department of Public Enterprises;
(ii) Guidelines 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;

We 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 as per the Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015, as the Chairman of Board of the Company is not a regular Non- executive Director, at least half of the Board of Directors shall comprise of Independent Directors. As there are two vacancies of Independent Directors, the Company does not comply with the same. For this non-compliance Stock Exchanges have imposed fine on the Company from time to time. No fine has been paid by the Company to Stock Exchanges. It is 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, 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, if any are captured and recorded as part of the minutes.

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

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

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

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

Bengaluru
22 May 2019

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

Annexure A

To

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

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

(1) Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.

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

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

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

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

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

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

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

Bengaluru
22 May 2019

Annexure 4

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31 March 2019
[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 -560045 Tel. No. 080 25039300
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	Communication & C4I systems	26303	(Supplies to the Defence for 2018-19 contributed to 68% of turnover)
2	Radar	26515	
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	U32100PN1990GOI058096	Subsidiary (wholly owned)	100	2(87)
3	**BEL-Thales Systems Limited** CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru-5600013	U32106KA2014GOI076102	Subsidiary	74	2(87)
4	**Defence Innovation Organisation** Centre for Learning and Development Bharat Electronics Limited, Jalahalli, Bengaluru – 560013.	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.	1627374928	-	1627374928	66.79	1433326432	-	1433326432	58.83	(7.96)
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	**1627374928**	**-**	**1627374928**	**66.79**	**1433326432**	**-**	**1433326432**	**58.83**	**(7.96)**
(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)	**1627374928**	**-**	**1627374928**	**66.79**	**1433326432**	**-**	**1433326432**	**58.83**	**(7.96)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	317854095	69,600	317923695	13.05	446737355	69,600	446806955	18.34	5.29
b) Banks / FI	8336028	-	8336028	0.34	10106655	-	10106655	0.41	0.07
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Alternate Investment Funds	1114563	-	1114563	0.05	117604	-	117604	0.00	(0.05)
g) Insurance Companies	107590489	-	107590489	4.42	100357764	-	100357764	4.12	(0.30)
h) FIIs	156860836	-	156860836	6.44	182605873	-	182605873	7.49	1.05
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	**591756011**	**69600**	**591825611**	**24.29**	**739925251**	**69600**	**739994851**	**30.37**	**6.08**
(2) Non-Institutions									
a) Bodies Corporate	82114665	9933	82124598	3.37	66879812	9900	66889712	2.75	(0.62)
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	102203653	280314	102483967	4.21	151000430	241407	151241837	6.21	2.00
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	10753884	-	10753884	0.44	13167054	-	13167054	0.54	0.10

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	10999957	-	10999957	0.45	6230817	-	6230817	0.26	(0.19)
ii) NRI	7668544	-	7668544	0.31	14130290	225	14130515	0.58	0.27
iii) Clearing Members	3352811	-	3352811	0.14	11601892	-	11601892	0.48	0.34
iv) LLP	927	-	927	0.00	7	-	7	0.00	0.00
v) IEPF Account	7210	-	7210	0.00	9320	-	9320	0.00	0.00
vi) Foreign National	506	-	506	0.00	506	-	506	0.00	0.00
Sub-Total (B)(2):	**217102157**	290247	**217392404**	**8.92**	**263020128**	**251532**	**263271660**	**10.80**	**1.88**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**808858168**	**359847**	**809218015**	**33.21**	**1002945379**	**321132**	**1003266511**	**41.17**	**7.96**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2436233096**	**359847**	**2436592943**	**100.00**	**2436271811**	**321132**	**2436592943**	**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	1627371628	66.79	0.00	1433323132	58.82	0.00	(7.97)
Prem Kumar Kataria	3300	0.00	0.00	3300	0.00	0.00	0.00
Total	**1627374928**	**66.79**	**0.00**	**1433326432**	**58.83**	**0.00**	**(7.96)**

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

SL. No.	Shareholders Name	Shareholding at the beginning of the year		Date	Increase / decrease in Share holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the Company
1	President of India	1627371628	66.79	**01.04.2018**	**-**	**-**	**1627371628**	**66.79**
				15.06.2018	(13994485)	TRANSFER	1613377143	66.21
				22.06.2018	(4939231)	TRANSFER	1608437912	66.01
				06.07.2018	(1963921)	TRANSFER	1610401833	66.09
				30.11.2018	(321630268)	TRANSFER	1288771565	52.89
				14.12.2018	220285392	TRANSFER	1509056957	61.93
				22.02.2019	(28841057)	TRANSFER	1480215900	60.75
				22.03.2019	(55152188)	TRANSFER	1425063712	58.49
				31.03.2019	**8259420**	**TRANSFER**	**1433323132**	**58.82**
2	Prem Kumar Kataria	3300	0.00	**01.04.2018**	**-**	**-**	**3300**	**0.00**
				31.03.2019	**-**	**-**	**3300**	**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 - 01.04.2018		Cumulative Shareholding During the Year - 31.03.2019	
		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	87,916,268	3.61	87,916,268	3.61
	Transfer / Sale / Buyback / Bonus issue of shares during the year	-	-	-	-
	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	52,975,802	2.17	52,975,802	2.17
	Transfer / Sale / Buyback / Bonus issue of shares during the year	16,341,753	0.67	69,317,555	2.84
	At the end of the Year	-	-	**69,317,555**	**2.84**
3	**ICICI Prudential Value Discovery Fund**				
	At the beginning of the Year	42,218,811	1.73	42,218,811	1.73
	Transfer / Sale / Buyback / Bonus issue of shares during the year	452,906	0.02	4,2671,717	1.75
	At the end of the Year	-	-	**42,671,717**	**1.75**
4	**HDFC Trustee Co Ltd A/C HDFC Focused Equity Fund**				
	At the beginning of the Year	41,174,788	1.69	41,174,788	1.69
	Transfer / Sale / Buyback / Bonus issue of shares during the year	16,672,370	0.68	57,847,158	2.37
	At the end of the Year	-	-	**57,847,158**	**2.37**
5	**Reliance Capital Trustee Co. Ltd A/c Reliance Capital**				
	At the beginning of the Year	32,175,308	1.32	32,175,308	1.32
	Transfer / Sale / Buyback / Bonus issue of shares during the year	72,992,335	3.00	105,167,643	4.32
	At the end of the Year	-	-	**105,167,643**	**4.32**
6	**SBI Arbitrage Opportunities Fund**				
	At the beginning of the Year	30,362,776	1.25	30,362,776	1.25
	Transfer / Sale / Buyback / Bonus issue of shares during the year	1,497,790	0.06	31,860,566	1.31
	At the end of the Year	-	-	**31,860,566**	**1.31**
7	**L&T Mutual Fund Trustee Limited-L&T Business Cycle**				
	At the beginning of the Year	21,443,174	0.88	21,443,174	0.88
	Transfer / Sale / Buyback / Bonus issue of shares during the year	8,344,991	0.34	29,788,165	1.22
	At the end of the Year	-	-	**29,788,165**	**1.22**
8	**Kotak Infrastructure & Economic Reform Fund**				
	At the beginning of the Year	21,141,526	0.87	21,141,526	0.87
	Transfer / Sale / Buyback / Bonus issue of shares during the year	26,819,920	1.10	47,961,446	1.97
	At the end of the Year	-	-	**47,961,446**	**1.97**
9	**DSP Blackrock Equity Savings Fund**				
	At the beginning of the Year	20,533,509	0.84	20,533,509	0.84
	Transfer / Sale / Buyback / Bonus issue of shares during the year	(19,655,809)	(0.80)	877,700	0.04
	At the end of the Year	-	-	**877,700**	**0.04**
10	**HDFCSL Shareholders Solvency Margin Account**				
	At the beginning of the Year	15,060,878	0.62	15,060,878	0.62
	Transfer / Sale / Buyback / Bonus issue of shares during the year	(251,479)	(0.01)	14,809,399	0.61
	At the end of the Year	-	-	**14,809,399**	**0.61**

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	1,263	0.00	1,263	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1263**	**0.00**
Mr Nataraj Krishnappa				
At the beginning of the year	1,263	0.00	1,263	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1,263**	**0.00**
Mrs Anandi Ramalingam				
At the beginning of the year	1,263	0.00	1,263	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1,263**	**0.00**
Mr R N Bagdalkar				
At the beginning of the year	1,263	0.00	1,263	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1,263**	**0.00**
Mr Koshy Alexander				
At the beginning of the year	1265	0.00	1265	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1265**	**0.00**
Mr Mahesh V				
At the beginning of the year	1,265	0.00	1,265	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1,265**	**0.00**
Mr Vinay Kumar Katyal				
At the beginning of the year	1,263	0.00	1,263	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
At the end of the year	**-**	**-**	**1,263**	**0.00**
Mr S Sreenivas				
At the beginning of the year	1,263	0.00	1,263	0.00
Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease:	-	-	-	-
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	6,667	-	37	6,704
ii) Interest due but not paid	Nil	-	2	2
iii) Interest accrued but not due	Nil	-	-	0
Total (i+ii+iii)	**6,667**	**-**	**39**	**6,706**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	(3,333)	-	-	(3,333)
Net Change	3,333	-	-	3,333
Indebtedness at the end of the financial year				
i) Principal Amount	3,334	-	37	3,371
ii) Interest due but not paid	29	-	2	31
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3,363**	**-**	**39**	**3,402**

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 (upto 31.05.2018)	R N Bagdalkar	Nataraj Krishnappa	Anandi Ramalingam	Koshy Alexander*
1.	Gross Salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	55,01,871	18,79,297	41,06,119	44,45,536	43,93,061	50,73,915
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	39,600	1,15,875	4,79,231	5,06,748	5,09,068	32,400
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission						
	- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil
	- others	Nil	Nil	Nil	Nil	Nil	Nil
5.	Lease accommodation, retirement & other benefits	10,86,335	1,58,030	11,74,407	12,30,685	12,73,200	3,99,550
	Total	**66,27,806**	**21,53,202**	**57,59,757**	**61,82,969**	**61,75,329**	**55,05,865**

Sl. No.	Particulars of Remuneration	Mahesh V (w.e.f. 01.06.2018)	Vinay Kumar Katyal (w.e.f. 27.11.2018)	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	33,95,994	13,37,994	**3,01,33,787**
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	9,550	2,09,955	**19,02,427**
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	**Nil**
2.	Stock Options	Nil	Nil	**Nil**
3.	Sweat Equity	Nil	Nil	**Nil**
4.	Commission			
	- as % of profit	Nil	Nil	**Nil**
	- others, specify....	Nil	Nil	**Nil**
5.	Lease accommodation, retirement & other benefits	10,80,279	11,30,770	**75,33,256**
	Total	**44,85,823**	**26,78,719**	**3,95,69,470**

* Mr Koshy Alexander is Director (Finance) and CFO.

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 Shyam Sanghi	Mr Surendra S Sirohi	Mr Mukka Harishbabu	Dr Vijay S Madan	
1.	- Fee for attending Board / Committee Meetings	2,00,000	2,80,000	2,80,000	1,20,000	2,40,000	2,60,000	1,20,000	15,00,000
2.	- Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	- Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (B)(1)	**2,00,000**	**2,80,000**	**2,80,000**	**1,20,000**	**2,40,000**	**2,60,000**	**1,20,000**	**15,00,000**

2. Other Non Executive Directors				
Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr Amit Sahai	Ms J Manjula	
1.	- Fee for attending Board / Committee Meetings	Nil	Nil	Nil
2.	- Commission	Nil	Nil	Nil
3.	- Others, please specify	Nil	Nil	Nil
	Total (B)(2)	Nil	Nil	Nil
	Total (B)= (B)(1)+ (B)(2)	**Nil**	**Nil**	**15,00,000**

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	-	-	16,65,902	**16,65,902**
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	2,21,925	**2,21,925**
	(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.	Lease accommodation, retirement & other benefits	-	-	7,62,656	**7,62,656**
	Total	-	-	**26,50,483**	**26,50,483**

** 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
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Bengaluru
7 August 2019

M V Gowtama
Chairman & Managing Director

Annexure 5

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 Second Advance Estimates released by Central Statistics Office (CSO) in Feb 2019, the Indian economy growth is estimated to be 7.0% in 2018-19, after registering a GDP growth of about 7.2% in 2017-18. With this growth for 2017-18, GDP growth of India is highest among the major economies of the world. The Indian economy remains as one of the fastest growing and least affected economies by global turmoil. The effects of external shocks were contained by strong macroeconomics fundamentals and policy changes (including policy related to insolvency and bankruptcy, bank recapitalization and foreign direct investment). The projections of GDP growth in 2018-19 are attributed to sustained rise in consumption and global revival in investment especially with greater focus on infrastructure development.

Though, concerns have been expressed about growing non tariff barriers in some countries, it remains to be seen as to how the situation changes in near future. With world growth likely to witness moderate improvement in 2019, 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 2019-20.

Manufacturing being the key driver for economic growth and employment generation, the Indian Government aims to increase the share of manufacturing sector from 16% to 25% of GDP by 2022 and create about 100 million new jobs.

Defence

As per SIPRI Report released in April, 2019, the total World Military spending rose to USD 1.822 trillion in 2018 which is an increase of 2.6% compared to the previous year. This is expected to increase in the coming years as the economic conditions have shown improvement and continuing instability and tensions in key regions around the world. This increase is attributed to the substantial growth in spending in China, India, Saudi Arabia and other countries. The United States continues to be the highest military spender in the world.

In this changed global scenario, the interim Indian Union Budget in February, 2019 has allocated ₹ 3,01,866 Crores for 2019-20 for Defence, with an increase of 8.1% over the previous year. The budget for Capital Expenditure has increased from ₹ 93,982 Crores in 2018-19 to ₹ 1,03,380 Crores in 2019-20, which is about 10% hike over the previous year. Given the large scale procurement plans of the MoD, there is no significant increase in Capital Expenditure. There has been also near full utilization of budget allocation which shows that more projects are being planned and completed.

Defence & Aerospace has been identified as one of the ten 'Champion Sectors' under the Make-In-India initiative of GoI.

Non-Defence:

Apart from its core Defence Business, BEL has ventured into opportunities in non-defence areas like Homeland Security, Smart City, Space Electronics, Network & Cyber Security, Railways, Weather Radars, VVPAT, etc.

Homeland Security and Smart City

Homeland Security : The Homeland Security market in India is spread across Central / State Governments, Government Entities and Private Sectors. A significant market opportunity exists in Police Modernisation, Critical Infrastructure Protection, Border Management, Counter Terrorism Activities, Urban Area Security, Ground Transportation, Port & Maritime Security, etc. Prevailing internal security concerns due to terrorist activities & crime, data thefts, remote monitoring needs for centralized command & control, growth in public infrastructure, increased IT spending, various Government initiatives and increase in security spending are boosting demand for the Homeland Security market in India.

The total budget allocation for Union Home ministry for 2019-20 is ₹ 103,927 Crores with a

hike of over 11% in comparison to the previous year. Substantial budget allocation has been made for modernisation of Police Forces and Border Security.

Smart City: Under the Smart City mission launched by GoI in June 2015, 100 Smart Cities have been selected and all the 100 cities have incorporated Special Purpose Vehicles (SPVs) for implementation of the Smart City Projects in the respective Cities. Major opportunities for BEL in this segment include Smart Security, Smart Governance, Smart Mobility, Smart Energy, Smart Healthcare, Smart Infrastructures & Buildings etc. According to research report, the Smart Cities market in India will experience significant growth and is expected to grow at a CAGR of 18.5% during 2017–2023 to touch an aggregate of ₹ 3 Lakh Crores by year 2023. For the year 2019-20, the Government has allocated ₹ 6,600 Crores for the Smart Cities Mission with a 7% hike over the previous year budget.

Since the launch of the Smart Cities Mission, more than 5,000 projects have been identified and are in various stages of implementation in the identified 100 cities.

BEL has formed a dedicated Strategic Business Unit headed by a General Manager to address the Homeland Security and Smart city business. The SBU has made significant achievement by bagging several orders through competitive route in the Homeland Security and 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. In the interim Budget for year 2019-20, ₹ 3005 Crores has been earmarked for development of solar power.

BEL has upgraded its PV solar facilities to 10 MW Mono Crystalline solar cells and 10 MW automated Solar Module manufacturing. The new automated Module plant has capacity to manufacture 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. In year 2018-19, BEL manufactured 4 MW mono-crystalline based Cells and Modules which were used for setting up power plants for internal and external customers. The total capacity of power plants installed by BEL in 2018-19 is about 75 MW for OFs, Cochin Shipyard, Airport Authority of India, etc. In near future this sector is expected to contribute to BEL's business on a continuous basis.

BEL has also been shortlisted by ISRO for manufacturing of Multi Junction Solar Cells for space application. The plant with a capacity of about 60,000 multi junction Cells per annum will be setup by ISRO and complete manufacturing will be operated by BEL.

Space Electronics

ISRO has opened up opportunities for manufacturing of small 'Polar Space Launch Vehicles' (PSLVs) and Small & Micro Satellites for the Indian Industry. The small satellite requirement is expected to touch around 500 numbers per annum in international arena. ISRO has ambitious plans to increase the number of satellite launches at an average of about 18 satellites per annum from year 2019-20 onwards. In commensurate with the plans of ISRO, the Department of Space (DoS) has been allocated an interim budget of ₹ 11,538 Crores for year 2019-20 in comparison to ₹ 10,873 Crores in the previous year.

BEL has established itself as a major player in ground segment of Satellite Communication and desires to enter into Space Electronic Products, Small & Micro Satellite manufacturing and jointly addressing Launch Vehicle segment with Indian private industry. BEL has long term objective of becoming a prominent player in Space Based Assets and Payloads.

BEL has qualified as an industry partner of ISRO for assembly, integration and testing of satellites. BEL has collaborated with ISRO and has come out with new products like next generation Indigenous Receivers for Positioning and Navigation (IRNSS), GSAT Terminals, LTTC based Substrates and High power TWTs, which have usage in Defence, Government Services and Paramilitary Applications. BEL is jointly working with ISRO for supply and commissioning of various types of HUBs for SatCom Applications.

Network and Cyber Security

With the advancement of digital technologies and their use in almost all areas, businesses like e-Governance, defence, banking, etc have become vulnerable from cyber attacks. To address the above issues, Cyber Security solution

requirements range from Cyber Warfare, Espionage, National Defence, Protection of Intellectual Property, Data Security for employee / customer / personal information are being developed.

The global Cyber Security market is expected to reach about USD 190 billion by year 2025 and Cyber Security market in India is estimated to be about ₹ 30,000 Crores for next 3 years.

BEL has formed a new business vertical in year 2017-18 to address Network & Cyber Security business opportunities in the domain area of Network Elements, Computing Elements, Encryption, Security Management, Data Analytics and Services. The Network & Cyber Security vertical has won a few orders during the year, which are under execution.

Industry Structure and Developments

Presently, India is the second largest importer of defence equipment with majority of its defence needs being met through imports. Government of India aims 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 like "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, Indian 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. The model aims to progressively build indigenous capabilities in the private sector to design develop and manufacture complex weapon systems and platforms.

To promote indigenous defence manufacturing, Government has undertaken initiatives like increase in FDI Limits, liberalisation of Industrial Licensing, development of Defence Corridors, funding for Innovation in Defence and Aerospace through iDEX / DIO, changes in DPP, thrust on exports, etc. 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 sector against payment of ToT and Royalty fees.

Defence Innovation Organization (DIO): BEL and HAL have jointly formed DIO (50:50), a 'Not for Profit' Section-8 Company.

Formation of DIO is an initiative of Ministry of Defence (MoD), GoI. The aim of DIO is to create an ecosystem to foster innovation and technology development in Defence, by engaging with Individual Innovators, Start-ups, R&D Institutes, Academia and Industries, including MSMEs.

DIO through iDEX scheme has launched Defence India Startup Challenge (DISC), for identified Problem Statements of Defence Services. The winners of the challenge will be eligible for receipt of milestone based grants for feasibility study and prototyping.

Defence Corridors: Two defence industrial corridors in Uttar Pradesh and Tamil Nadu is being established by the Government. An investment plan of about ₹ 3,100 Crores and ₹ 4,000 Crores has been announced for Tamil Nadu and UP corridors respectively by Ordinance Factories, DPSUs and Private Companies.

Defence Procurement Procedure: The procedure of 'Make-I' has been simplified and a new 'Make-II' program has been introduced by Government that will help MSME and Startup companies to integrate into defence production. BEL is also participating in many of the "Make II" programs of defence services. Government has promulgated a draft defence production policy that aims at increasing defence production to ₹ 1,70,000 Crores by 2025.

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
- Defence PSU with a good Image, reputation and work ethics culture
- Strong multi layered in-house R&D for technology and new product development
- Committed work force with good infrastructure for manufacturing and quality assurance

- Well established systems and procedures including Company-wide 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
- Agility in diversification initiatives
- Active learning from collaborators
- Expertise and experience in executing large & complex System Integration Projects & Turnkey Solutions
- Consistently profit making
- Long term commitment to customers

Weaknesses

- Gaps in some of the critical technology areas
- Dependence on defence market
- Time to Market – High
- Dependence on DRDO for technology in certain segments
- Depleting reserves

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
- 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, Space Electronics, Network & Cyber Security, Composites etc.

Threats

- Rapid changes in technology in defence
- Difficulty in sourcing of few critical and denied technologies
- 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 of the Company:

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

The Company is working in many strategic areas of importance such as Weapon systems, 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 Radio, C4I Systems, Passive Night Vision Devices, Multi-sensor Stabilisation Systems, Systems for Railways and Metro, Composite Products for Land, Marine & Avionics segments, Artificial Intelligence, etc.

Many strategic alliances have already been formed and some more partnerships are being pursued with Defence laboratories, Ordnance Factory Board, DPSUs, Academia and other reputed global and Indian companies / agencies for addressing the emerging requirements of Indian Defence forces.

The various products & systems identified for alliance include Surface-to-Air Missile (SAM) Systems, RF / IIR Seeker, Air Defence Radars (Land and Naval based), Sonar Systems, Next Generation Night Vision Devices, Gun Upgrades / New Gun Programs, Inertial Navigation Systems, High Power Lasers, Tethered Unmanned Aerial Vehicles, Remotely Operated Vehicle (RoV), Electronics Systems for Futuristic Infantry Combat Vehicle (FICV), Satcom Terminals, Composite products etc.

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

BEL-THALES Systems Limited (BTSL), a Joint Venture between Bharat Electronics Limited (BEL) and Thales Group, France is presently engaged in the co-development of a Multi-Target Tracking Radar with Thales Netherlands to address the Indian Weapon System projects as well as the global requirements. BTSL has successfully customised and deployed

a FM based Passive Radar Demonstrator in Bengaluru. A well-equipped Integration and Verification facility for high end Avionics Systems setup is geared to fulfill the offset sourcing in the defense market. The Company is also involved in providing technical product support for Air Traffic Management radar.

BEL 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. BEL has taken several steps to augment in-house R&D with focused engagement with DRDO, National Labs, Academia, Foreign Design Houses, Industry including MSME and Startups. BEL is continuously investing 8-10% of its turnover in R&D year-on-year basis. BEL has created Product Development and Innovation Centre (PD&IC) for realizing the production ready subsystems / products to be used in equipments / systems by SBU / Units. PDIC is recognized by DSIR and has become operational in new premises this year.

A Business Model for Software Services has also been created to generate revenue through sale of SW Products for both domestic & export opportunities. A dedicated General Manager has been appointed to bring in focus for the Business Vertical for Software Services.

The company has taken initiatives in areas of strategic importance like designing of System on Chip (SoC), Monolithic Microwave Integrated Circuits (MMIC) and fabrication of GaN based RF devices. This will help in miniaturization of circuits / subsystems required for Radar, Satcom, Missile System and Communication application. BEL is also in the process of acquiring niche technologies from ISRO, DRDO, National R&D Labs, Academia and foreign OEMs for the development of technology and manufacturing of Products/ Systems required for Defence and Aerospace.

Enhanced thrust has been given this year towards generation of in-house Intellectual Property Rights (IPR), supported by Mission Raksha Gyan Shakti, an initiative of MoD. BEL achieved filing of 302 IPR applications this year in the areas of Electro Optics, Surveillance, Radar technology, Communication technology and Software.

The Chief Technology Officers in the area of Communication, Radar & Weapon System and EO& Lasers are driving the technology / product development efforts in their respective segments. BEL has been focusing in past few years on collaborative R&D, with more partners being roped in for development of technology modules / products.

BEL has adopted a multi pronged strategy to engage with Startups, which include partnership with Incubation Centers of Academia, Accelerators of Industry, engagement through Collaborative R&D route and direct engagement for Joint Development, Transfer of Technology, Manufacturing and Marketing activities.

(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 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' and 'Build to Spec' based Equipments. 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 has entered into MoU / Collaboration with DPSUs and Indian private companies for jointly addressing the export opportunities. BEL has operationalised new marketing offices at Vietnam, Myanmar, and Sri Lanka and

expanded the office at Singapore to handle marketing activities. Operationalisation of marketing office in Oman and expansion of Office at New York to handle marketing activities shall be done shortly.

(v) Modernisation & Expansion of Infrastructure and Facilities:

The Company has been investing continuously towards modernisation and expansion of its infrastructure to meet its growing business needs. In the next 2-3 years, BEL has planned to invest around ₹ 3000 Crores as part of capacity expansion and modernisation of its facilities in line with growth plans.

The major expansion programs include 'Defence Systems Integration Complex' at Palasamudram, EO and IIR seeker manufacturing facility at Nimmaluru and Land based EW Systems at Ibrahimpatnam. The Company is also in the process of acquiring land near Devenahalli, Bangalore and Nagpur to pursue new business opportunities and land for setting up product Support centres at various locations. The Product Support network is being expanded with necessary infrastructure on pan-India basis.

The 'Defence Systems Integration Complex' at Palasamudram, in Anantapur district of Andhra Pradesh, covering an area of over 900 acres, will be the largest facility in the country for manufacturing and integration of big systems for defence and paramilitary, once it is commissioned. The facility will enable BEL to expand its Weapon Systems business and to carry out manufacturing & integration of systems and sub-systems for upcoming projects.

The facility will be built in 3 to 4 phases, as various projects mature. An investment of about ₹ 385 Crores is planned for the first phase of the facility. Master plan of DSIC has been finalised and civil work will commence in FY 2019-20.

The Company is also setting up a plant at Nimmaluru in Krishna District of Andhra Pradesh to augment the manufacturing facility for IIR seekers, Night Vision devices and Thermal Imaging cameras with an investment of about ₹ 310 Crores. The plant is expected to be operational in next 2 years.

BEL has upgraded the Image Intensifier Tubes fabrication facility at BELOP-Pune based on XR-5 technology successfully with an investment of about ₹ 165 Crores. The production of XR-5 II Tubes from the facility has commenced with an annual capacity of about 12500 tubes.

(vi) Focus on Product Support Business:

In order to provide excellent product services to defence customers, BEL is expanding its product support network by setting up 10 (Ten) Regional Product Support Centres (RPSCs) across India. These Product Support Centres has been planned to be located near the customer base locations. The infrastructures for the RPSCs are being progressed with an investment of about ₹ 365 Crores.

Technology updation and R&D

Challenges

Core Technologies of BEL's business involve application of rapidly changing technological fields like electronics, IT and Software. Some of the most challenging tasks of R&D engineers of BEL are to keep abreast with the latest technologies in various fields of BEL's business areas, quickly master the emerging technologies and apply them during the development of new product and have competitive edge in the market. The products so developed must be reliable, survivable and sustainable as they are meant for defence application. Customizing the latest technologies introduced for the civilian market and adopting them for defence is a challenge that is faced by BEL. Further these products have to be maintained for long period by overcoming obsolescence issues. BEL being a multi product company needs to work at component product level, system level and system of system level. At the component level, R&D needs to work at the newer requirements of SoCs, MMICs, Microwave super components etc, at product level, R&D needs to create configurable multifunction and fault tolerant products. At system level and system of system level, needs expertise in project management with integration expertise. BEL needs to be current in the world class technologies but also to be innovative in finding means to tackle obsolescence of legacy products and systems.

Measures

BEL has responded to the above challenges with a positive note and has identified various measures to meet them. The measures include strengthening the technology development process through well defined short, midterm and long term goals and roadmaps, increased investment in R&D. A three year Roll on R&D plan is drawn every year based on the areas of developments foreseen across the Company. BEL trains its engineers in the areas of development on basic, core and futuristic technologies, BEL is setting up Centre of Excellence in various areas to bring out new innovation.

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 2018-19:

- Formation of Technology committees in areas of Radar, Sonar, C4I, Communication, EW and EO&L to identify worldwide trends technology development. The committee will identify the BEL's technology gaps, formulate a systematic approach for acquisition of Technology, and prepare a 5-year technology, roadmap. The roadmap will include short term, medium term and long term development project. This will ensure Timely initiation of Technology development / sources through identified lab, D&E, collaborator and ToT provider. This will also avoid duplication of R&D programs across various R&D centre in SBUs / units.
- R&D Division across all the SBUs and Units of BEL, supported by PD&IC and two Central Research Laboratories located at Bengaluru and Ghaziabad, have continued to contribute significantly to the generation of new business through the development of state-of-the-art Products with cutting edge technologies.
- BEL Invested 9.14% of its turnover in R&D during 2018-19.
- More than 71 technical Papers were published by Scientist and R&D engineers of BEL in various national and International Journals / seminars / Conferences.
- R&D engineers are motivated by suitably awarding the individuals / team for excellence in In-house R&D efforts.
- R&D Engineers are encouraged to take up higher Studies (M. Tech program) In addition to full time M.Tech by DIAT, Pune, M.Tech Off- campus program is conducted by IIT –Madras every year in specific areas.
- Thrust is given for Collaborative R&D effort through Private industries, MSMEs and Start-ups. BEL Website is open throughout the year for inviting applications from firms for empanelment. 22 new empanelments were done in the year 2018-19.
- BEL has signed LAToT agreements in its areas of business with various DRDO Labs.
- BSTC (BEL Software Technology Centre) has been formed as an SBU.
- Significant funding has been done for development of BEL Indigenous SOC program being pursued.
- R&D Engineers across the units had participated around 30 different seminars and conference of importance to BEL, this includes Aero India, EW workshop, Radar Symposium, Microwave Symposium, Defcom etc.
- BEL secured the patent for innovation in EVM.
- BEL along with CDAC developed SWAGAT (Automatic Fare Collection Gating System) which is compliant with the National Common Mobility Card (NCMC) ecosystem for hassle free commute across India.
- IAF TEC qualified the Integrated PSS (Perimeter Security System).
- Completed user evaluation trials of SDR-TAC / Indian Navy and user assisted developer trials of SDR-AR / NAVY. BEL deployed the Navy SDR form factors (SDR-NC, SDR-TAC, SDR-MP & SDR-HH) in TROPEX 2019 of Indian Navy.
- Among the many initiatives, BEL developed and delivered the Coastal Surveillance System to Seychelles.
- BEL developed and successfully test fired the Laser based Receiver modules and EDU (Electronic Delay Unit) for the INVAR Missile. It has been developed with latest thin film technology. BDL had integrated these modules in INVAR Missile & test fired successfully, meeting all the parameters.

- BEL successfully delivered MTSD (Maintenance and Training Support Device) tablets to Indian Navy.
- BEL developed the ITMS algorithm and application software for optimisation of signal timings and traffic congestion management, which is first of its kind in India.
- BEL developed algorithms for IP encryptors and Radios received the highest grading.

(d) Diversification / Expansion plans:

As a diversification strategy, the Company has been exploring opportunities in allied defence and non-defence areas for growth, leveraging its strengths and capabilities acquired in the defence electronics domain. In the past 4-5 years, the non-defence portion in company's business is about 15-20% of total turnover on an average. This year company has been able to make significant jump in business from non-defence segment, which is about 32% of turnover due to EVM / VVPAT orders. The company has plans to maintain the non-defence business share at about 20-25% level of turnover in coming years.

The Company is putting efforts to enter into the new areas in defence and non-defence for further expanding its business. There is continuous efforts and focus to address Next Generation indigenous SAM Systems, Airborne Radars, Unmanned Systems, RF Seekers, IIR Seekers, Thermal Imaging Detectors for Night Vision Devices, IRNSS based Inertial Navigation Systems, Laser based DEW, Helmet mounted Display Systems, Direct Infrared Counter Measures for Aircrafts and Helicopters, Air Traffic Controller Radars, Space grade Solar Cell, Satellite Assembly & Integration in defence and non-defence area, Atmospheric Water Generator, etc.

Company has successfully diversified into Electronic Ammunition Fuses, Light weight Composite Shelters & Masts, Homeland Security & Smart Cities, Network & Cyber Security, Real time Train Information System, Automatic fare Collection and Gating system for metro, Intelligent Traffic Management Systems, Solar Power Plants.

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

1. <u>Risk Management:</u>

   BEL has an established Enterprise Risk Management (ERM), deployed across the company. ERM is carried out through an established Risk Management Policy, released in the year 2015 with due approval of the Board of Directors.

   The Risk Management Policy outlines Risk Management Structure, Scope & Objectives, Focus areas, Roles and Responsibilities of Risk champions and other concerned personnel in the company. A comprehensive framework for Risk Identification, Evaluation, Prioritization and Mitigation of various risks associated with different areas such as Technology, Market, Operations, Finance, Human Resources, Security, etc are also defined in the Policy.

   In accordance with the Policy, a three tier Risk Management Structure, first at the Board of Directors (BoD) level, second at the Corporate level and third at each of the Units / SBU level has been established in BEL for effective management of risks. The Company level Risks are monitored by Corporate Risk Management Committee (CRMC), headed by General Manager (Strategic Planning / CO) and coordinated by General Manager (Quality / CO), who is the Risk Champion of CRMC. The Unit Risk Management Committees (URMCs) are headed by the respective SBU / Unit Heads and coordinated by respective Unit Risk Champions. URMCs focus on Unit-specific areas of risks.

   Risk Management Committee (RMC) comprises of a Committee of Directors and General Manager (Strategic Planning / CO) as its member.

   URMCs conduct review meetings for Risk Management at the Unit / SBU level and forward the Risk Register to CRMC for every quarter. CRMC analyses the Risk Register received from the URMCs and also Company Level Risks. The risks having Company-wide impact and need Management's advice are placed before RMC. After review and based on RMC recommendations, these risks are addressed by introducing suitable policies and processes.

   In addition to this, risks having high potential of impact, for major projects; which require detailed analysis are referred to CRMC for analysis and mitigation measures. Similarly, for obtaining approval of major project proposals and those having strategic importance, risk

analysis report is mandatorily presented to the approving authority, to take informed decisions.

Risk Mitigation measures implemented at BEL include hedging to overcome any unforeseen FE variations, focus on in-house R&D to develop critical technologies, partnerships for co-development & addressing new business opportunities, a comprehensive vendor evaluation process, etc.

During the year 2018-19, new members of the CRMC, URMCs and other Senior Executives were trained in ERM. The ERM training programs are periodically organized and till date about 725 executives have been trained in ERM. Training program on ERM is included in the calendar program of BEL Academy of Excellence (BAE), Bengaluru, to make it a continuous activity.

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 / SBUs with members from Cross Functional Areas. The Task Forces identify & take up projects and set target for achieving cost reduction. Cost reduction activities concentrate on both manufacturing & non-manufacturing areas and encompass all facets of business.

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, Academic institutions etc. To give further thrust on indigenization, the Company has set up an integrated state-of-the-art (Product Development Innovation Centre) at Bengaluru. With all these efforts, around 96% of turnover was generated from indigenous technology during the year 2018-19 marching towards attaining self reliance in strategic electronics.

(B) Internal Control System and its Adequacy

BEL has a robust system of internal controls in place. It has documented policies and procedures on Purchase, Sub-contract, Works contract, Accounting, HR, IT and Security, Sub-delegation of Powers, etc. covering all financial and operating functions, and revised in tune with the changing times. 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 with Ind AS and Companies Act, 2013.

BEL has its own Internal Audit Department commensurate with the size of its operations, with 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 submits 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 with the legal and regulatory requirements, 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 Independent Directors, regularly reviews the audit plans,

significant audit findings, adequacy of internal controls, and compliance with accounting standards and policies from time to time and issues directives for compliance to further strengthen the internal control system keeping in view the fast-changing business environment in which the Company is operating.

The Company continues its efforts to align all its processes and controls with global best practices, to assure the highest level of Corporate Governance.

(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 2019	Year ended 31 March 2018
Revenue from Operations (Net)	12,08,460	10,32,233
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	2,86,208	1,99,973
EBITDA Margin (EBITSA / Revenue from operations [Net])	23.68%	19.37%
Profit After Tax	1,92,729	1,39,929
No. of Days Inventory / Value of Production	136	180
No. of Days Trade Receivables / Turnover	166	183
Current Ratio	1.52	1.44
Debt Equity Ratio	0.004	0.009

3. Analysis of Financial Performance of 2018-19

- Turnover registered a growth of around 16.90 % from ₹ 10,08,484 Lakhs in 2017-18 to ₹ 11,78,922 Lakhs in 2018-19.
- Value of production has increased from ₹ 9,66,956 Lakhs in 2017-18 to ₹ 11,92,142 Lakhs in 2018-19. Increase of around 23%.
- Turnover per employee has increased from ₹ 103.69 Lakhs in 2017-18 to ₹ 122.65 Lakhs in 2018-19.
- Profit After Tax has increased from ₹ 1,39,929 Lakhs in 2017-18 to ₹ 1,92,729 Lakhs in 2018-19. Increase of around 38%.
- PAT to Turnover Ratio is 16.35% in 2018-19 as against 13.88% in 2017-18.
- Net Worth has increased from ₹ 7,76,101 Lakhs in 2017-18 to ₹ 9,01,891 Lakhs in 2017-18.
- The return on Net worth has increased to 21.37% during 2018-19 as compared to 18.03% in the previous year. The main reason for increase is due to increase in value of production by 23% during the year.
- Earnings per share is ₹ 7.91 in 2018-19 as compared to ₹ 5.70 in 2017-18.
- Book value per share is ₹ 37.01 in 2018-19 as against ₹ 31.85 in 2017-18.

(D) Development in Human Resources

Your Company employed 9,612 persons as on 31 March 2019. 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. 569 executives attended these programs.

a. **Reorientation for Promotee Executives (ROPE)** for executives in E-I / II grades, 37

b. **TC Orientation Program (TOP)** for Technical Cadre, 28

c. **General Management Program for Young Executives (GEN Y)** for executives in E-II / III grades, 190

d. **Deputy Managers Executive Education Program (DEEP)** for executives in E-IV grade,181

e. **Leadership Acceleration Program (LEAP)** for executives in E-V grade, 133

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: 91 senior executives have undergone 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 : 29 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: 87 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: 76 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: 165 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: 48 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: 23 AGMs attended 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.

Young Women Leaders Program (DEEPSHIKHA) : A exclusive women leaders program to develop the leadership skills for women executives – 67 Executives.

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: 55 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: 54 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: 114 executives attended the program.

Dedicated Initiative for Wellness through Yoga and Meditation (DIWYAM): Program was conducted utilizing Yoga, Meditation for well-being and stress management.
Target audience: Executives across grades.
Coverage: 66 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: 44 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: 57 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: 55 executives attended the program.

Dedicated Industrial Engineering Program (DIEP): The program was conducted to help our executives to understand and bring in improvements in their work area by developing manufacturing methods, labour utilization standards, accuracy in labour cost estimation and cost estimation, methods engineering and process analysis.
Target Audience: Executives from IED, Sub-Contracts, MM & Purchase
Coverage: 21 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, Met materials 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, we have nominated 4 Engineers for M.Tech Program at DIAT, Pune, in the fields of Radar & Communication and Cyber Security.

NALANDA, BEL Academy for Excellence: The major training programs organized at the Academy during 2018-19 customized WEB based M.Tech from IIT-Madras on Communication & Signal Processing, WEB based and customized certification program (4 months duration) from DIAT, Pune on "VHDL-FPGA Design", EVM –FLC program, On Quality front ASQ certifications were done covering 37 executives in CRE, 19 executives in CMQ / OE , 43 executives in CQE, 26 executives in CSQE courses and 35 executives have obtained PMP, PMI, USA Certifications.

Induction Program for New Engineers / Accounts Officers: Around 163 Probationary Engineers and 39 Probationary Accounts Officers joined BEL during 2018-19 and have undergone Induction Program at CLD, Bangalore.

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.

Retirement Planning: A retirement planning program was conducted for 27 Senior Executives in the grade of GMs & Above.

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

Annexure 6

CORPORATE GOVERNANCE REPORT

Philosophy and Code of Governance

Bharat Electronics Limited's (BEL) 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 the Companies Act, BEL is a 'Government Company' as 58.83 % of the total paid-up share capital of the Company is held by the President of India as on 31 March 2019.

In line with the provisions of Regulations 17 of SEBI (LODR) Regulations, 2015, (hereinafter called 'the Listing Regulations') 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, 2019, BEL Board of Directors comprises of seven Whole-time Executive (Functional) Directors including CMD, two Part-time Government (Non-executive) Directors and seven Part-time Independent (Non-executive) Directors.

There are two vacancies of Independent Director as on 31 March 2019. All the vacancies were timely notified to Govt. for filling up and 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 2019, seven Board Meetings were held and the maximum interval between any two meetings was not more than 120 days. The Board Meetings were held on 23 April 2018, 29 May 2018, 31 July 2018, 26 October 2018, 27 December 2018, 30 January 2019 and 9 March 2019. 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 2019 are given below:

Sl. No.	Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 25 Sept. 2018	No. of Directorship(s) held*	No. of Committee Membership across all Companies#	
						As Chairman	As Member
Whole-Time Functional (Executive) Directors							
1	Mr M V Gowtama	07	07	Yes	02	Nil	Nil
2	Dr Ajit T Kalghatgi (ceased to be Director w.e.f 31.05.2018)	02	02	NA	-	-	-
3	Mr Nataraj Krishnappa	07	06	Yes	02	Nil	02
4	Mrs Anandi Ramalingam	07	07	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 25 Sept. 2018	No. of Directorship(s) held*	No. of Committee Membership across all Companies#	
						As Chairman	As Member
5	Mr R N Bagdalkar	07	07	Yes	02	Nil	02
6	Mr Koshy Alexander	07	07	Yes	03	02	02
7	Mr Mahesh V (appointed as Director w.e.f. 01.06.2018)	05	05	Yes	02	Nil	01
8	Mr Vinay Kumar Katyal (appointed as Director w.e.f. 27.11.2018)	03	03	NA	01	Nil	Nil
Part-time Government (Non-executive) Directors							
9	Dr Amit Sahai	07	06	No	01	Nil	Nil
10	Ms J Manjula (appointed as Director w.e.f. 23.04.2018)	06	02	Yes	02	Nil	01
Part-time Independent (Non-executive) Directors							
11	Dr Bhaskar Ramamurthi	07	06	No	01	Nil	Nil
12	Dr R K Shevgaonkar	07	04	Yes	01	Nil	01
13	Mrs Usha Mathur	07	04	No	01	Nil	01
14	Mr Sharad Shyam Sanghi	07	04	Yes	01	01	01
15	Mr Mukka Harish Babu	07	06	No	01	01	01
16	Mr Surendra Singh Sirohi	07	07	Yes	02	Nil	02
17	Dr Vijay Shankar Madan	07	05	Yes	01	Nil	01

None of the Non-executive Directors held any Equity shares or convertible instruments during the year 2018-19. None of the Directors had any relationship inter-se during the year 2018-19.

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 the Listing Regulations, 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 ten Committees or acted as Chairman of more than five Committees across all Companies in which he / she is a Director. None of the Independent Directors of the Company serves as an Independent Director in more than seven listed Companies and holds Directorship in more than eight listed Companies. None of the Whole Time Director / Managing Director of the Company holds Directorship in more than three 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.

Based on the declarations received from the Independent Directors, the Board of Directors confirms that the Independent Directors fulfill the criteria of independence specified in the Listing Regulations and that they are Independent of the Management and no Independent Director resigned before expiry of his / her tenure.

Name of other listed entities where Directors of the Company are Directors and category of their Directorship as on 31 March 2019.

Sl. No.	Name of Directors	Name of listed entities in which the concerned Director is a Director	Category of Directorship
1	Mr M V Gowtama (DIN: 07628039)	Nil	Not Applicable
2	Mr Nataraj Krishnappa (DIN: 07506012)	Nil	Not Applicable
3	Mrs Anandi Ramalingam (DIN: 07616518)	Nil	Not Applicable
4	Mr R N Bagdalkar (DIN: 07715648)	Nil	Not Applicable
5	Mr Koshy Alexander (DIN: 07896084)	Nil	Not Applicable
6	Mr Mahesh V (DIN: 08130292)	Nil	Not Applicable
7	Mr Vinay Kumar Katyal (DIN: 08281078)	Nil	Not Applicable
8	Dr Amit Sahai (DIN: 02188330)	Nil	Not Applicable
9	Ms J Manjula (DIN: 07684528)	Nil	Not Applicable
10	Dr Bhaskar Ramamurthi (DIN: 01914155)	Nil	Not Applicable
11	Dr R K Shevgaonkar (DIN: 01500448)	Nil	Not Applicable
12	Mrs Usha Mathur (DIN: 07382132)	Nil	Not Applicable
13	Mr Sharad Shyam Sanghi (DIN: 00265977)	Nil	Not Applicable
14	Mr Mukka Harish Babu (DIN: 07937907)	Nil	Not Applicable
15	Mr Surendra Singh Sirohi (DIN: 07595264)	Himachal Futuristic Communications Ltd.	Independent Director
16	Dr Vijay Shankar Madan (DIN: 00806142)	Nil	Not Applicable

Skills / Expertise / Competencies of the Board of Directors

BEL is a Government Company and Directors are appointed / re-appointed by the President of India, through the Administrative Ministry. The skills / expertise / competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government as per its own process.

The desirable qualification and experience of the incumbents are as per the requirements of functional areas i.e. Finance, Operations, Technical, Human Resource and Marketing. At the time of recruitment of the Functional Directors, job description, desirable qualification & experience of candidates are sent to the Public Enterprise Selection Board through the administrative Ministry for announcement of vacancy and recruitment of candidates.

Familiarisation Programme for Independent Directors

At the time of induction of a new Independent 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, the Listing Regulations and other applicable Regulations. Relevant Disclosures are taken from the Directors and the Management of the Company familiarises the new Directors 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 practices and orientation programmes etc. conducted by various institutes of repute. Details of training imparted to Directors are disclosed on the website of the Company at the weblink: http://www.bel-india.in/ContentPage.aspx?MId=17&CId= 2505&LId=1&link=2505.

Certificate from Company Secretary in Practice

M/s Thirupal Gorige & Associates LLP, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations confirming that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Companies by the SEBI / Ministry of Corporate Affairs or any such Statutory Authority.

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 the Listing Regulations, and DPE Guidelines. The Company's Audit Committee consists of four (4) Independent Directors. In addition, the Company's Statutory Auditors, Director (Finance), Director (Bangalore Complex), Director (Other Units) and Head of Internal Audit are also regularly invited to attend the Audit Committee meetings. Chairman of the Audit Committee is an Independent Director. Mrs Usha Mathur, Chairman of the Audit Committee had nominated Mr. R K Shevgaonkar, Member of the Audit Committee to attend the Annual General Meeting of the Company held on 25 September 2018 on her behalf. The terms of reference of the

Audit Committee are as specified in Section 177 of the Companies Act, 2013, Regulation 18 of Listing Regulations and DPE Guidelines. The Audit Committee met 5 times during 2018-19 and the gap between any two meetings did not exceed 120 days. All the recommendations of the Audit Committee have been accepted by the Board of Directors.

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 (A) (4) of the Listing Regulations;
- 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);
- Review the functioning of the Whistle Blower Mechanism;
- Review the Code of conduct for Prevention of Insider Trading;
- Review the Management Discussion and Analysis of financial condition and results of operations;
- Review the statement of significant related party transactions (as defined by the audit committee), submitted by Management;
- Review management letters / letters of internal control weaknesses issued by the statutory auditors;
- Review the internal audit reports relating to internal control weaknesses;
- Carrying out any other function as may be referred to the Committee by the Board.

The Composition of the Audit Committee during the year 2018-19 and details of the Members participation at the Meetings are as under:

Name of the Member	Category	Attendance at the Audit Committee Meetings				
		29 May 2018	30 July 2018	25 October 2018	24 November 2018	30 January 2019
Mrs Usha Mathur (ceased to be Chairperson w.e.f 24.12.2018)	Independent Director	✓	✓	Leave of Absence	✓	✓
Mr Mukka Harish Babu (appointed as Chairman w.e.f 24.12.2018)	Independent Director	✓	✓	✓	✓	✓
Dr Amit Sahai (ceased to be Member w.e.f 31.07.2018)	Government Nominee Director	✓	Leave of Absence	Not Applicable	Not Applicable	Not Applicable

Name of the Member	Category	Attendance at the Audit Committee Meetings				
		29 May 2018	30 July 2018	25 October 2018	24 November 2018	30 January 2019
Dr R K Shevgaonkar	Independent Director	✓	Leave of Absence	✓	✓	✓
Mr Surendra Singh Sirohi (appointed as Member w.e.f 24.12.2018)	Independent Director	Not Applicable	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 the Listing Regulations.

The Composition of the Committee during the year 2018-19 and details of the Members participation at the Meetings of said Committee are as under:

Name of the Member	Category	Attendance at the Nomination and Remuneration Committee Meetings held on:		
		24 & 25 May 2018	26 October 2018	18 & 19 January 2019
Mrs Usha Mathur (ceased to be Chairperson w.e.f 24.12.2018)	Independent Director	✓	Leave of Absence	Not Applicable
Dr Amit Sahai (ceased to be Member w.e.f 24.12.2018)	Government Nominee Director	✓	✓	Not Applicable
Mr Sharad Shyam Sanghi	Independent Director	✓	✓	Leave of Absence
Mr M V Gowtama	Chairman & Managing Director	✓	✓	✓
Dr R K Shevgaonkar (Appointed as a Chairman w.e.f. 24.12.2018)	Independent Director	Not Applicable	Not Applicable	✓
Mr Surendra S Sirohi (Appointed as Member w.e.f. 24.12.2018)	Independent Director	Not Applicable	Not Applicable	✓

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 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 23 November 2018. An exercise was carried out to evaluate the performance of the Individual Directors including CMD on 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 2018-19 is as under:

(Amount in ₹)

Name of Directors	Salaries & Allowances	Performance Linked Incentive	Other benefits and Perquisites	Total Remuneration
Mr M V Gowtama	41,73,302	13,28,569	11,25,935	66,27,806
Dr Ajit T Kalghatgi (Upto 31.05.2018)	7,16,230	11,63,067	2,73,905	21,53,202
Mr R N Bagdalkar	31,44,189	9,61,930	16,53,638	57,59,757
Mr Nataraj Krishnappa	34,02,119	10,43,417	17,37,433	61,82,969
Mrs Anandi Ramalingam	33,61,069	10,31,992	17,82,268	61,75,329
Mr Koshy Alexander	42,90,128	7,83,787	4,31,950	55,05,865
Mr Mahesh V (w.e.f. 01.06.2018)	28,34,425	5,61,569	10,89,829	44,85,823
Mr Vinay Kumar Katyal (w.e.f. 27.11.2018)	8,08,683	5,29,311	13,40,725	26,78,719

Part-time Official (Government / Non-executive) Directors are not paid any remuneration or sitting fees for attending Board / Committee meetings. Part-time 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 for attending Board and Committee meetings during the year 2018-19 are given below:

Name of the Independent Directors	Amount (₹)
Mrs Usha Mathur	2,80,000
Dr Bhaskar Ramamurthi	2,00,000
Dr R K Shevgaonkar	2,80,000
Mr Sharad Shyam Shanghi	1,20,000
Mr Mukka Harish Babu	2,60,000
Mr Surendra Singh Sirohi	2,40,000
Dr Vijay Shankar Madan	1,20,000

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. Apart from receiving sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2018-19.

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 the Listing Regulations. The Stakeholders' Relationship Committee is comprised of Mr Sharad Shyam 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 the Listing Regulations.

The Committee met once during the year on 30 January 2019 and it was chaired by Dr Vijay S Madan. All the members of the Committee were present except Mr Sharad Shyam Sanghi for whom leave of absence was granted.

Transfer requests and complaints from the shareholders are attended 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 2019. Following are the details of investors' complaints during 2018-19:

No. complaints received	No. complaints resolved	No. complaints pending
04	04	Nil

Compliance Officer

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

Mr S Sreenivas,
Company Secretary
Bharat Electronics Limited
Regd. & Corp. Office, Outer Ring Road,
Nagavara, Bengaluru – 560 045
Telephone: 080-25039266, Tel 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, Rules made thereunder 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 2019 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	
		3 July 2018	30 January 2019
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	✓	✓
Dr R K Shevgaonkar (Ceased to be Member w.e.f 02.12.2018)	Independent Director	✓	Not Applicable
Mr Surendra Singh Sirohi	Independent Director	✓	✓
Mrs Usha Mathur (Appointed as member w.e.f. 02.12.2018)	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

Pursuant to the requirements of Regulation 21 of the Listing Regulations, a Board level Committee has been constituted comprising the Director (Other Units) as Chairman, Director (Bangalore Complex), Director (Finance), Director (Marketing) and General Manager (Strategic Marketing) as Members. 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 and Analysis Report.

The composition of the Risk Management Committee as at 31 March 2019 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	
		18 December 2018	11 March 2019
Mr Nataraj Krishnappa, Chairman (appointed as Chairman w.e.f 01.02.2019)	Executive Director	✓	✓
Mr M V Gowtama (ceased to be Member & Chairman w.e.f 01.02.2019)	Chairman and Managing Director	✓	Not Applicable
Mrs Anandi Ramalingam	Executive Director	Leave of Absence	✓
Mr Koshy Alexander	Executive Director	✓	✓
Mr Vinay Kumar Katyal	Executive Director	Not Applicable	✓
Mrs K Hemalatha	GM (Strategic Planning)	✓	✓

Independent Directors' Meeting

During the year under review, the Independent Directors met on 23 November 2018, inter alia, to:

(i) review the performance of Non-independent Directors and the Board as whole;

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

(iii) assess the quality, contents 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 of the Company except Dr Bhaskar Ramamurthi, Mr Sharad Shyam Sanghi and Dr Vijay S Madan were present at the said meeting.

Other Non-Mandatory Committees

The following Sub Committees of the Board have been constituted:

Research & Development 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 two Independent Directors, Director (Bangalore Complex), Director (Other Units) and Director (Finance) has been constituted to consider and approve major capital investment proposals.

Share Transfer Committee

Share Transfer Committee comprising of CMD, Director (Other Units) and Director (Finance) has been constituted to consider and approved share transfer, transmission, duplicate certificates etc.

The Company Secretary is the Secretary to all the Committees of the Board referred to above.

Code of Conduct

The 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 pursuant to Regulation 17(5) of the Listing Regulations 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 2019. A declaration to this effect signed by the Chairman & Managing Director is attached to this Report.

Code for Prevention of Insider Trading and Fair Disclosure

In accordance with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 notified on 31 December 2018 and subsequent amendment to SEBI (Prohibition of Insider Trading) Regulations notified on 21 January 2019, the Company has put in place a revised Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insider and Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the Code) approved by the Board in its meeting held on 9 March 2019. This Code is applicable to all the designated persons including their immediate relatives who are privy to price sensitive information and any other connected as defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company Secretary is responsible for implementation of the code. The Code has been posted in the Company's website www.bel-india.in.

Subsidiary Companies

The Company does not have any material unlisted Indian subsidiary Company. The Company's Audit Committee reviews the Consolidated Financial Statements of the Company as well as the Audited Annual Financial Statements of the Subsidiaries, including the investments made by the Subsidiaries. The Minutes of the Board Meetings, along with a report of the significant transactions

and arrangements of the unlisted subsidiaries of the Company are placed before the Board of Directors of the Company. A policy on Material Subsidiaries has been formulated and has been posted in the Company's website at http://www.bel-india.in/Content_Page.aspx?MId=17&CId=527&LId=1&link=527.

CEO / CFO Certification

As required under the Listing Regulations and DPE Guidelines, the CEO and CFO certificate is provided in this Annual Report.

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 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.

Wage revision of Non-Executives was due w.e.f. 01.01.2017. Based on the DPE guidelines, Joint Wage Negotiation Committee (JWNC) was constituted comprising representatives of Management and Negotiation Trade Unions (NTU's). The negotiations concluded during December 2018 and a MoU was entered into on 08.12.2018 between Management and NTU's. Consequent to the Board approval, the MoU was implemented and the wages of Non-Executives were revised w.e.f. 01.01.2017.

Reconciliation of Share Capital Audit

In pursuant to Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, the Company obtains a Reconciliation of Share Capital Audit Report (RSCAR) 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. The RSCAR 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. The RSCAR is forwarded to the Stock Exchanges (BSE & NSE).

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 2017-18.

Transfer to Investor Education and Protection Fund Account

Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') as amended, mandates that Companies transfer dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the IEPF. Further, the Rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more be transferred to IEPF.

During the year 2018-19, the Company transferred to IEPF an amount of ₹ 2,29,472.40 from the Unpaid Dividend Account. The unclaimed / unpaid final dividend for the year 2011-12 and interim dividend for the year 2012-13 are due for transfer to IEPF during 2019-20. The amount transferred during the year to IEPF also includes bank credits received due to cancellation of expired warrants /DDs in accordance with the SEBI circular dated 20 April 2018 on "Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue". 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.

During the year 2018-19, the Company has transferred 2110 equity shares, in respect of which dividend has not been claimed by the Shareholders for seven consecutive years or more to Investor Education and Protection Fund Authority (IEPF). Details of shares transferred have been uploaded on the website of IEPF as well as the Company.

General Body Meetings

(a) Location and time, where last three AGMs were held: The details of last three Annual General Meetings are as follows:

Year	Venue	Date & Time
2015-16	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	22 September 2016 at 02:00 pm
2016-17	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	20 September 2017 at 03:30 pm
2017-18	The Kalinga Hall, Hotel Lalit Ashok, Kumar Krupa High Grounds, Bengaluru - 560001	25 September 2018 at 03:30 pm

(b) Whether any special resolutions passed in the previous three AGMs: Special resolution for alteration of the Object Clause in the Memorandum of Association was passed in the 64th Annual General Meeting held on 25 September 2018.

(c) Whether any Special Resolution passed last year through postal ballot- details of voting pattern: No special resolution was passed through postal ballot in the last year.

(d) Person who conducted the postal ballot exercise: Not Applicable.

(e) Whether any special resolution is proposed to be conducted through postal ballot: At present, there is no proposal to pass any special resolution through Postal Ballot.

(f) Procedure for Postal Ballot: Not Applicable.

Means of Communication

The quarterly and annual financial results of the Company are uploaded on NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre in accordance with the requirements of Listing Regulations. The financial results are displayed on BSE and NSE websites. The financial results are also published in the Business Line, Business Standard, Economic Times, Financial Express (English) and Vishwavani, Prajavani and Vijay (Kannada) newspapers and posted on the Company's website at www.bel-india.in. In terms of the Listing Regulations, the Company has a designated email ID for dealing with Investors' complaints viz., secretary@bel.co.in.

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 read with 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. The official media releases and presentations made to Institutional Investors / Analysts are posted on the Company's website.

General Information for Shareholders

Annual General Meeting

Date : 16 September 2019
Time : 3.30 P.M.
Venue : The Kalinga Hall, Hotel Lalit Ashok Kumar Krupa High Grounds Bengaluru - 560 001.

Financial Calendar 2019-20

Financial Year	:	1 April 2019 to 31 March 2020
First quarter results	:	By end of July 2019
Second quarter results	:	By end of October 2019
Third quarter results	:	By end of January 2020
Annual Audited results	:	By end of May 2020
Annual General Meeting	:	August / September 2020

Book Closure

From 22 August 2019 to 24 August 2019 (both days inclusive).

Dividend Payment Date

Dividend will be paid within 30 days from the date of declaration.

Listing on Stock Exchanges

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

(1) Bombay Stock Exchange 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 year 2018-19 and 2019-20 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 2018-19 & 2019-20 to both the Depositories, viz, NSDL and CDSL.

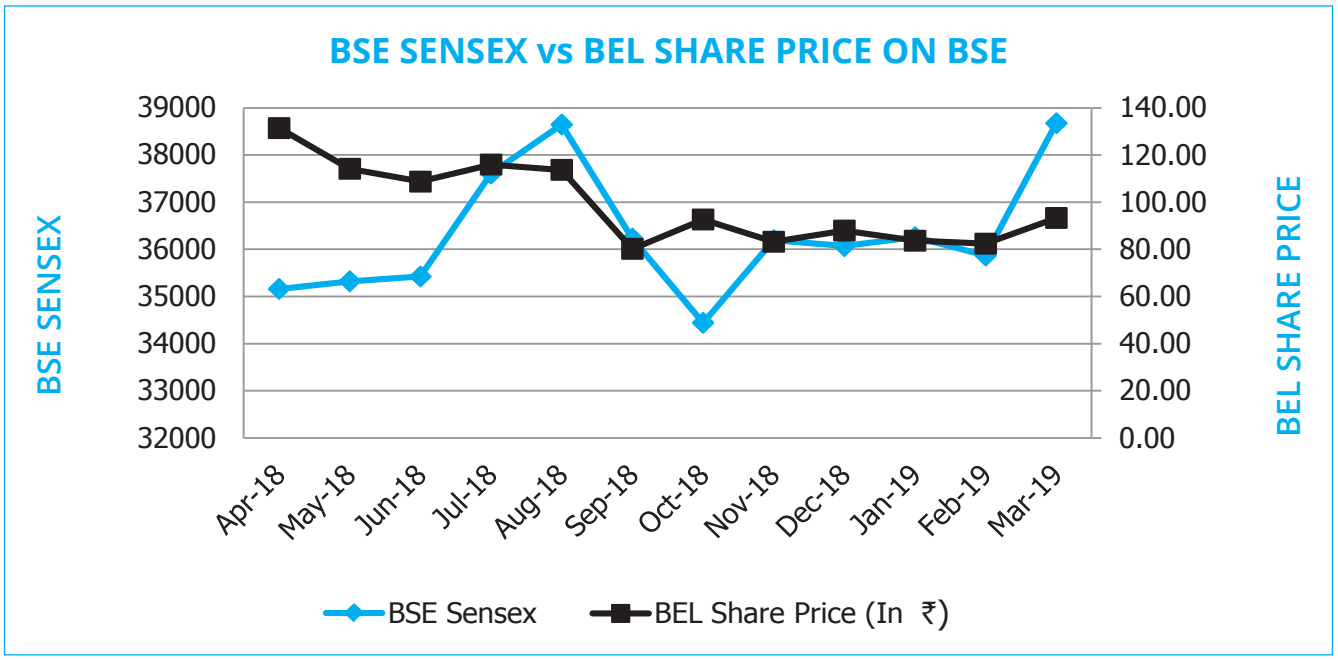
Market Price Data

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, 2018 to March, 2019.

Month	BSE Sensex Close	BEL Share Price			No of Shares Traded	Turnover (₹ in Lakhs)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
April 2018	35160	149.00	130.40	131.40	7464972	10332.47
May 2018	35322	133.00	112.55	114.15	8083851	9821.50
June 2018	35423	122.00	101.35	108.70	7816471	8721.86
July 2018	37607	119.65	96.75	115.95	16320773	17442.66
August 2018	38645	124.20	113.30	113.70	13395233	15790.68
September 2018	36227	115.45	74.30	80.20	36097883	32385.07
October 2018	34442	93.05	74.80	92.65	27061688	22623.07
November 2018	36194	99.30	82.85	83.20	9687680	9031.09
December 2018	36068	95.00	74.95	87.95	16194019	13870.77
January 2019	36257	93.15	79.00	83.65	10348982	9055.32
February 2019	35867	86.15	72.55	82.40	9870202	7786.90
March 2019	38673	97.65	82.85	93.30	16462597	15171.17

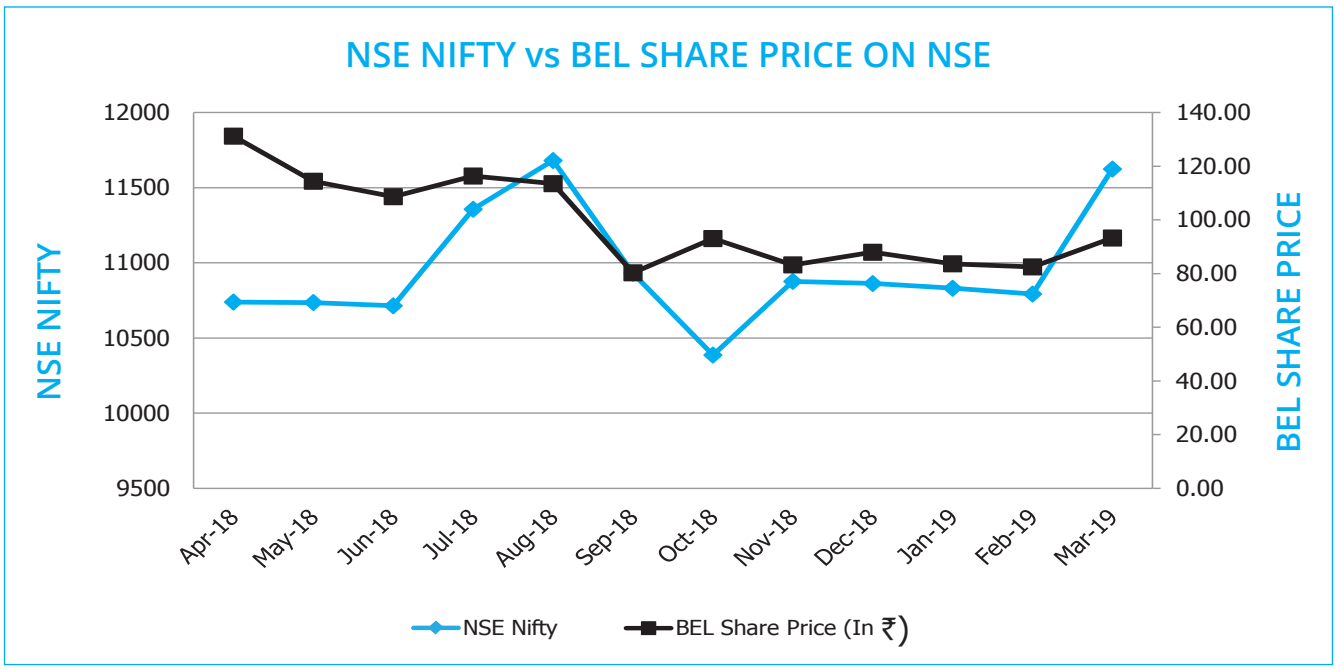
A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX during the year 2018-19 is presented in the following graph:



BEL Share Price on NSE vis-a-vis NSE Nifty from April, 2018 to March, 2019.

Month	NSE Nifty Close	BEL Share Price			No of Shares Traded	Turnover (₹ in Lakhs)
		High	Low	Close		
		(In ₹)	(In ₹)	(In ₹)		
April 2018	10739	149.15	130.50	131.20	87487632	121503.58
May 2018	10736	132.85	112.40	114.40	104959313	128499.62
June 2018	10714	122.25	101.30	108.65	118841612	133374.09
July 2018	11357	119.65	96.70	116.35	191844386	203481.83
August 2018	11681	124.40	113.05	113.50	163298640	193121.64
September 2018	10930	115.50	74.25	80.30	407848005	369799.45
October 2018	10387	93.40	74.80	93.05	203043660	172189.09
November 2018	10877	99.30	82.75	83.25	144164470	133171.60
December 2018	10863	94.80	75.00	87.95	260954173	222298.57
January 2019	10831	93.20	79.05	83.65	174766030	152832.68
February 2019	10793	86.20	72.50	82.50	200786785	158518.34
March 2019	11624	97.65	83.00	93.25	286102523	263636.16

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2018-19 is presented in the following graph:



Registrar and Share Transfer Agent

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

Share transactions are simpler and faster in electronics form. After a confirmation of sale / purchase transaction from the broker, shareholders should approach the Depository Participant with a request to debit or credit the account for the transaction. The depository participants will immediately arrange to complete the transaction by updating the account. There is no need for separate communication to the Company or Company's RTA to register the transfer.

As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form. Effective 1 April 2019, transfer of shares in physical form has ceased. Request for transmission of shares and dematerialization of shares will continue to be accepted. However, shareholders are not barred from holding shares in physical form.

Category-wise Shareholders as on 31 March 2019

Sr.	Category	No. of shareholders	No. of shares	% Holding
1	Central Government	2	1433326432	58.83
2	Mutual Funds / UTI	107	446806955	18.34
3	Financial Institutions / Banks	9	10106655	0.41
4	Alternative Investments Funds	2	117604	0.00
5	Insurance Companies	22	100357764	4.12
6	Foreign Portfolio Investors	155	182605873	7.49
7	Bodies Corporate	1647	66889712	2.75
8	Individuals	286507	164408891	6.75
9	Trusts	52	6230817	0.26
10	NRIs	7794	14130515	0.58
11	Foreign Individuals	1	506	0.00
12	Clearing Members	599	11601892	0.48
13	LLP	1	7	0.00
14	Investor Education and Protection Fund Authority Ministry of Corporate	1	9320	0.00
	Total	**296899**	**2436592943**	**100.00**

Top 10 Shareholders as on 31 March 2019

Sr.	Name of the shareholder	No. of Shares	% Holding
1	Reliance Capital Trustee Co. Ltd-A/c Reliance Small Cap Fund	105167643	4.32
2	Life Insurance Corporation of India	87916268	3.61
3	Aditya Birla Sun Life Trustee Private Limited	69317555	2.84
4	HDFC Trustee Company Ltd – A/c HDFC Hybrid Equity	57847158	2.37
5	Kotak Balanced Advantage Fund	47961446	1.97
6	ICICI Prudential Manufacture in India Fund	42671717	1.75
7	SBI Capital Protection Oriented Fund – Series A (Plan 1)	31860566	1.31
8	L&T Mutual Fund Trustee Limited -L&T Business Cycle	29788165	1.22
9	Mirae Asset Tax Saver Fund	23921480	0.98
10	HDFC Life Insurance Company Limited – Shareholders Solvency Margin Account	14809399	0.61

Distribution of Shareholding as on 31 March 2019

No. of Equity Shares held	No. of Shareholders	%	No. of Shares	%
Upto 500	231745	78.06	32404021	1.33
501 - 1000	29940	10.08	23178550	0.95
1001 - 2000	20841	7.02	29356655	1.2
2001 - 3000	5114	1.72	12776218	0.52
3001 - 4000	2847	0.96	9933504	0.41
4001 - 5000	1572	0.53	7261714	0.3
5001 - 10000	2680	0.9	19131671	0.79
10001 and Above	2160	0.73	2302550610	94.5
Total	**296899**	**100**	**2436592943**	**100**

Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. As on 31 March 2019, 99.99% of total equity shares of the Company are held by the investors in dematerialized form with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE263A01024.

The Company's shares are very liquid and are actively traded in BSE Ltd. and National Stock exchange of

India Ltd. Relevant data of turnover for the financial year 2018-19 is given below:

Particulars	BSE	NSE	Total
No. of shares traded	17,88,04,351	234,40,97,229	252,29,01,580
Value (₹ in lakhs)	1,72,033	22,52,427	24,24,460

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity: Nil.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: The details are disclosed in Note No. 34 of Notes to Accounts in the Annual Report.

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 – 201010 (Uttar Pradesh)
Phone: (0120) 2777707, 2813500, 2814000
Fax: (0120) 2776730, 2776733, 2770923

(3) Plot No.405, Industrial Area, Phase III,
Panchkula – 134113 (Haryana)
Phone: (0172) 3937252, 2591528, 3937400
Fax: (0172) 2594548, 2591463

(4) Balbhadrapur, Dist. Pauri Garhwal,
Kotdwara – 246149, (Uttarakhand)
Phone: (01382) 231171 to 231178
Fax: (01382) 231132, 231135

(5) Plot No.L-1, M.I.D.C. Industrial Area,
Navi Mumbai – 410208
(Maharashtra) Phone: (022) 27412701
Fax: (022) 27412888, 27412887

(6) N.D.A. Road, Pashan, Pune – 411021 (Maharashtra)
Phone: (020) 25865400, 22903000
Fax: (020) 25865577, 22903313

(7) Industrial Estate, Nacharam,
Hyderabad – 500076 (Telangana)
Phone: (040) 27194700
Fax: (040) 27171406

(8) Post Box No.26, Ravindranath Tagore Road,
Machilipatnam – 521001 (Andhra Pradesh)
Phone: (08672) 223581, 223582
Fax: (08672) 222640

(9) Post Box No. 981, Nandambakkam,
Chennai – 600089 (Tamil Nadu)
Phone: (044) 22326906
Fax: (044) 22326905

Address for Correspondence

Bharat Electronics Ltd
CIN: L32309KA1954GOI000787
Registered Office and Corporate 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

Credit Rating

ICRA has reaffirmed the following credit ratings of the Company for 2019-20:

(i) Long-term rating of [ICRA]AAA (pronounced ICRA triple A) to ₹ 500 Crores fund based limits of credit, fund based limit (term Loan) of ₹ 100 Crores and for additional fund based limit of ₹ 200 Crores (Unallocated).

(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 11 February 2020.

Other 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. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. Nonetheless, transactions with related parties have been disclosed in Note No.31 of Notes to Accounts in the Annual Report. The Board's approved policy for related party transactions has been placed on the Company's website and can be accessed through http://www.bel-india.in/ContentPage.aspx?MId=17&CId=527&L Id= &link=527

(b) Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;

NSE & BSE have imposed fine of ₹ 531,000 (including GST) for non-appointment of adequate number of Independent Directors as per the requirements of the

Listing Regulations and the same was placed before the Board. The Board suggested that NSE & BSE should be informed about the procedure for appointment of Directors followed by BEL as per DPE Guidelines, being BEL as a Government company the Independent Directors are appointed by the administrative Ministry. Hence, the penalty levied to BEL by NSE & BSE can be excused. Accordingly reply was sent to BSE & NSE and no fine was paid.

(c) 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.

(d) During the year 2018-19, the Board of Directors has accepted all the recommendations of its Committees which were mandatorily required.

(e) The Company has not raised any funds through preferential allotment or qualified institutions placement as specified in the Regulation 32 (7A) of the Listing Regulations.

(f) Details of total fees for all services paid by the Company and its Subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm / network entity of which the statutory auditor is a part during the year are given below:

Particulars	Amount (₹ in Lakhs)
Audit Fees	18
Tax Audit Fees	4
Other Services	5
Reimbursement of expenses	6
Total	**33**

(g) The details of complaints filed, disposed off and pending during the financial year pertaining to sexual harassment is provided in the Business Responsibility Report Annexed to Boards' Report.

(h) 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.

(i) 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.

(j) Administrative and office expenses as a percentage of total expenses and reasons for increase, if any:

Administrative and office expenses were 3.60% of the total expenses for the year 2018-19 as against 3.68% in the previous year.

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 involve various Ministries and approval by the ACC and is beyond the control of the Company.

Compliance with Discretionary Non-Mandatory Provisions

The status on the compliance with the non-mandatory recommendation in the Listing Regulations is as under:

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

Compliance

The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations and DPE Guidelines except Composition of Board of Directors. The Company has also been submitting to the Stock Exchanges and to the Government, quarterly compliance report on Corporate Governance. As required under the Listing Regulations with the Stock Exchanges, the Auditors' Certificate on compliance of conditions of Corporate Governance by the Company is attached.

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 2019.

For and on behalf of the Board

Bengaluru
29 May 2019

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 31.03.2019 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)

M V Gowtama
Chairman & Managing Director

Bengaluru
29 May 2019

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 ('the Company'), for the year ended on 31 March 2019, 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, implementation 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. However the Company is yet to appoint the adequate number of Independent/non-executive directors which results in non-compliance of Regulation 17(1)(b) towards optimum combination of executive and non executive directors. 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

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2019

Annexure 7

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). 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:

Environment Management

Bharat Electronics Ltd has been integrating sustainability into its operations systematically with best practices aiming at long term clean and green environment. All BEL Units are committed for maintaining environmentally friendly processes and firmly believe that environmental sustainability results in the design of economically viable and reliable products. BEL sets objectives in accordance with the DPE guidelines, additional approaches to adopt state-of-the-art technology to improve the environmental performance of products from design to disposal. In all the units of BEL, the practice of conserving natural resources such as rainwater harvesting, energy conservation and reduction in the generation of waste is the approach taken towards environmental sustainability. BEL looks beyond the obvious opportunities available to improvise performance against environmental commitments.

Cleaner Technology

The concepts of cleaner technology are practiced in the manufacturing process for prevention of pollution. The search for continuous improvement in the introduction of cleaner technologies in electronic manufacturing processes is always underway. These efforts result in the reduction of pollutant generation to a large extent on site and off site also. Our research and development departments always look for components and processes that are environmentally friendly to a large extent. Our Corporate Standards have issued several process guidelines related to environmentally friendly manufacturing materials, components and processes that go into the design process which are used across the Company. Corporate standards continuously strive for the standardization and introduction of many Restriction of Certain Hazardous Substances (RoHS) compliant component that comply with European directives and other international directives. Continuing with the efforts from the previous years, 11 new standards that comply with RoHS have been introduced and 16 existing standards have been revised to cover areas such as electronic / mechanical components and raw materials. A cumulative total of 562 RoHS compliant standards have been introduced in the areas of electronic/ electrical / mechanical components and raw materials.

BEL always pays more attention towards prevention of pollution at source itself. In such endeavour several improvements and modifications have been incorporated in the existing processes. Many of the Restriction of Certain Hazardous Substances (RoHS) compliant processes have been introduced in PCB manufacturing and metal finishing processes. Further environmentally friendly material such as low smoke halogen cables, low VOC metal finishing operation (Poly urethane), Trivalent Chromium based Chromate Conversion coating have been practiced. Technical series document has been released on RoHS compliant Cadmium Plating alternates for fasteners and screws. This aids in spreading awareness and adherence on RoHS compliant alternatives among various D&E and Quality engineers across BEL. Similarly PNG has been used in place of LPG for other industrial applications like cooking.

Emissions to Air

The air emissions from the process are controlled by appropriate air pollution control equipment. Paint booths and plating baths are operated at negative pressure to suck the emission from these processes. Wet scrubbers are used to treat the process emission before releasing the gaseous process emission. Wet paint booths and dry filter based paint booths are used for avoiding emission

from paint booth. The emission results are well within the discharge regulations of the Pollution Control Board. These results are supported by the ambient air quality measured in different locations within the factory. Further suction filters are also provided at the work station for extracting welding fumes. All operations are efficiently maintained to avoid air pollution.

Water Pollution

Waste water generated during the manufacturing process are segregated at source itself and appropriate treatment is given to meet Pollution Control Board norms. This isolated treatment is very specific to the nature of wastewater generated and this results in effective detoxification with lesser chemical consumption. 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 1 MLD tertiary treated sewage from Bangalore Water Supply and Sewerage Board (BWSSB) for horticulture application by which 1 MLD fresh water usage has been avoided. Another noble project of treating public sewage on 10 MLD and rejuvenating the local lake of Bangalore has commenced 2 MLD of which will be used for BEL horticulture and other applications which results in huge natural resource saving and recharging of ground water.

Hazardous Waste Management System

The principle of reduction, reuse and recycling in the management and handling of hazardous waste are practiced. The generation of hazardous wastes has been reduced in the process itself, either by following cleaner technology or by using appropriate chemicals and processes that generate less hazardous sludge in the wastewater detoxification process. Some of these initiatives to name a few are sodium hydrides, sodium hypochlorite and sodium metabisulphate instead of lime, bleaching powder and ferrous sulfate helps reduce the large volume of hazardous sludge. In addition, the introduction of cyanide-free silver, zinc and copper processes into the naval system aided in reduction of generation of hazardous waste. Further introduction of acrylic compound to reduce hazardous waste during humisealing spray was the additional new initiative during last year. The generated hazardous wastes are handled with utmost care in a scientific manner. Bharat Electronics has established a system for the protection / management of hazardous waste by building an exclusive and well protected place for the protection of hazardous waste. BEL has tied up with the approved operators of the State Pollution Control Board "Waste Treatment, Storage and Disposal Facilities" for the disposal of solid hazardous waste. The recyclable wastes are handed over to the agencies authorized by the Pollution Control Board for scientific processing and recycling. This system effectively prevents pollution caused by hazardous waste.

E- Waste Management

BEL as a manufacturer of electronics products, segregates the E-waste generated during the manufacturing of products at the source itself. Such E- wastes are handed over to Pollution Control Board authorized agencies for scientific processing, recovery and recycling. BEL also provides extended support to the customer for End of life Electronic products by the way of providing guidelines for handling and also support for disposal of such products. E wastes like computer and other electronics items are handed over to Pollution Control Board authorized agencies for scientific processing, recovery and recycling. 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 of scientifically as per regulatory guidelines.

Solid Waste Management

Solid waste generated are segregated in to recyclable and biodegradable waste. Solid wastes are segregated at the source itself for facilitating scientific treatment and disposal. Biodegradable wastes are composted through Organic waste converter to convert waste to manure. Leaf shredding machine has been introduced for accelerated decomposition of leaf waste. In addition Bio-methanisation is also followed to generate energy from waste. Up flow Anaerobic based bio-gas plant of 2.0 Tons is available for handling food waste which resulted in saving of 45 Kg/Day equivalent PNG in cooking application.

Water Management

Considering water as a precious commodity, many water conservation measures are introduced as an outcome of water audit. Road map has been drawn to achieve water neutral status by the way of water recycling and recharging the ground water. 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 Bangalore unit has a capacity of 170 million liters with expected an annual yield of around 234 million liters. Roof top rainwater harvesting had collected 735 m^3 of rainwater in the last year which was directly used for the generation of RO water. BEL has taken a major initiative for reusing rainwater, reservoirs of cumulative capacity of 480KL has been created for collection and reuse of rainwater.

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. Firefighting 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 stock taking meeting are implemented as corrective action measures for improvement.

Sustainable development Initiatives

BEL has established a systematic approach for conservation of natural resources. Major focus revolves around saving power, water and enhancing greenery and other several initiatives have been taken in this regard. Wind generation power plants of total capacity 13.9 MW are installed at Davanagere and Hassan, Karnataka state for captive consumption, along with 2800 kWp Grid connect solar PV power plants at roof top of various buildings of all BEL Units. The solar power plant contributed about 8% of energy consumption of all Units of BEL. Over all renewable energy contribution for the entire company is about 49%. Generation of renewable energy (Green Energy) through wind and solar reduces the release of Green House Gases into the atmosphere.

In addition energy conservation measures have been taken up like implementation of energy efficient VRV AC systems & screw chiller for meeting variable cooling load demand. BEE Star rated equipment Viz., Air Conditioners, Motors & Pumps, Variable frequency drives (VFD) for motors, blowers and centrifugal fans of cooling towers.

During the year 2018-19, about 24.7 million KW hrs of electrical energy was wheeled from wind energy power plants installed at Davanagare and Hassan, Karnataka state for captive consumption. BEL has taken up sustainable development projects in the areas of Energy efficient retrofit LED lights, DALI (Digitally Addressable Lighting Interface) Lighting control system, Sky Light pipe for day light harvesting, reducing carbon footprint and water footprint. Incorporation of Green building concept has been introduced in all new buildings and, all future buildings are going to meet Green Rating for Integrated Habitat Assessment (GRIHA) rating compliance.

The BEL Academy for Excellence, Bengaluru has been certified “Five Star” rating under GRIHA. BEL was winner of CII Exim Bank Business Excellence Award -2018 and Role Model Organistaion.

Ecological Sustainability

We pursue our journey towards Ecological Sustainability, verdant greenery, right from the entrance of the BEL campus. 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. We are nurturing lawn area of about 4,02,300 Square Meter and 25,940 meters hedges and more than 1,39,000 trees in our 685 acres of green 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 has taken massive afforestation activity at Palasamudram wherein 10000 saplings are planted. In addition around 1800 saplings are added to existing green belt in Bangalore unit. Area cleaning, Afforestation are carried out during Swachh Bharat Campaign at BEL Bangalore Complex. We have planned for planting another 1000 trees in the coming year.

Annexure 8

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	:	2018-19
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: 05 i.e. New York (USA), Singapore, Vietnam Myanmar and Sri Lanka.

   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 : ₹ 24,366 Lakhs
2. Total Turnover : ₹ 11,78,922 Lakhs
3. Total Profit After Taxes : ₹ 1,92,729 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percent- age of profit after tax (%) : 2% of average Net profits of the Company made during the three immediately preceding financial years. Refer to Annexure - 2 Report on CSR activities.
5. List of activities in which expenditure in 4 above has been incurred : (Refer to the Annexure-2 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%]

   Yes, outsourcing activity in BEL is governed by well established procedure. As Quality, Delivery and Cost are of prime importance, extreme care is taken in the selection & 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.

   BEL's environmental policies are communicated to suppliers/vendors through purchase orders & work orders. Environmental awareness and policy requirements are communicated during annual vendor meet for compliance. 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, On-boarding in TReDS Platform, MSME Sambandh & MSME Samadhaan portal 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 & Delivery and 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?

  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.

- 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 at http://www.bel-india.in/ContentPage.aspx?MId=17&CId=427&LId=1&link=427

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?

   Yes, 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. 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 all strategic locations, based on population of our equipment, 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. In addition to this, another CRM Module has been developed in SAP which helps customers with real-time information on Factory Repair (FR) items at various Unit/SBUs of BEL.

   Summary of Complaints for the financial year 2018-19:

No of Complaints Registered	No of Complaints Resolved	No of Complaints Pending
11167	10325 (92.46%)	842 (7.54%)

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. Electronic Voting Machines (EVM)
   ii. Voter Verifiable Paper Audit Trail (VVPAT) EVM
   iii. Solar Traffic Signalling (STS)

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 of multiple electronic components takes place. The production varies from the manufacture of integrated circuits to RADAR, etc. Therefore, product-specific information is not possible to quantify. However, overall electricity consumption has been quantified.

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, the Company has set stringent criteria for qualifying vendors to be included in the Company's Approved Vendor Directory (AVD) with the objective of sustainable sourcing and mutual long term benefit. The Company hand holds such vendors by regularly monitoring their performances on various parameters including quality, cost & delivery. The Company regularly conducts vendors/partnership meets 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. Around 96% of the total turnover is generated from indigenously developed products.

In order to increase indigenization content & to encourage Micro, Small & Medium Enterprises (MSMEs), BEL is outsourcing various items & services required for the manufacture of products to be supplied to defence forces. The common input materials like Electronic Components & Sub-systems, 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 MSMEs. The company also participates in the annual conferences & workshops of MSMEs to facilitate itself for identification of products & suppliers for procurement.

Besides, BEL also has 21 Ancillary Units owned by small entrepreneurs, at BEL Industrial Estate located at Ring Road, Bengaluru. The ancillary units were set up to encourage establishment of small industries in different areas of production. These UNITs are MSME certified. The products manufactured by the ancillary units include Castings, Mechanical Parts, Assemblies, Coils & Transformers, Indigenization of Defence Products, Industrial Tailoring, Power Supply Units & UPS, Rubber & Plastic Products, Sheet Metal Products and Stainless Steel Customized Products.

The services include Advanced Welding, Assembly & Testing of Electronic Products, CNC Machining, Electroplating etc. Design services include: Mechanical support activities, transducers etc.

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

Yes, the Company generates, updates and maintains AVD including MSMEs 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 & 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 & capability for evaluation. The various issues arising due to the above factors are addressed during the annual vendor meet for mutual benefit.

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 as 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. However, guidelines have been provided to the customers who are willing to return the End of Life (EoL) products. The EoL products are scientifically processed and recycling is carried out through the agencies authorized by the Pollution Control Board.

   Company has well established mechanism to channelize waste generated during the manufacture of product/equipment through authorized recycler/ handlers approved by Pollution Control Board. Metal wastes, Used Oil, Solvents, Copper bearing Etchants, Paper, Plastics etc., are totally (100%) sent to authorized recyclers. In addition, food waste generated are used for the generation of bio-gas in the Bio-Methanization plant which in turn is used for light cooking applications. Wastewater generated during the manufacturing are treated and totally (100%) recycled for production purposes.

Principle 3

1. Please indicate the Total number of employees : 9,612
2. Please indicate the Total number of employees hired on Contractual / temporary/casual basis : 5,157
3. Please indicate the Number of permanent women employees : 2,049
4. Please indicate the Number of permanent employees with disabilities : 227
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? : 91.89%
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	05	03
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	22.20	88.00
2.	Permanent Women Employees	24.10	89.00
3.	Casual/Temporary/ Contractual Employees	22.00	10.00
4.	Employees with Disability	35.50	90.00

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 and 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 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, aluminium 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 2018-19:

No of Complaints Registered	No of Complaints Resolved	No of Complaints Pending
11167	10325 (93%)	842 (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, the Company promotes customer awareness in environmental management to minimize the impact on the environment during the use of the Company's Products. The Company also persuades and encourages its business partners / suppliers / contractors to move towards environmentally friendly processes, 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 and renewable sourcing. Energy conservation initiatives like energy efficient chillers, lighting management system, building management systems, day light harvesting are followed. There is a thrust to use renewable energy resources such as wind and solar for energy generation and captive consumption. Company is aiming at attaining stage of zero net grid energy.

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. Regular internal and external Audit is also being carried out to check the effectiveness of implementation.

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 2018-19 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 2018-19	: 33,53,850 KW hrs
b.	Total wheeled energy during 2018-19	: 30,31,113 KW hrs
c.	Reduction in CO_2 emission	: 3,051 tons of CO_2 equivalents
d.	Carbon Credits	: 15,856 CERs
e.	Cumulative wheeled from inception	: 3,90,37,063 KW hrs
f.	Cumulative CO_2 emission reduction	: 41,913 Tons of CO_2 equivalents

Hassan 3.0 MW wind energy power plant (1.5 MW X 2 Nos)

a.	Total Generation during 2018-19	: 54,57,000 KW hrs
b.	Total wheeled energy during 2018-19	: 49,32,194 KW hrs
c.	Reduction in CO_2 emission	: 4,950 Tons of CO_2 equivalents
d.	Carbon Credits	: Registered with UNFCC
e.	Cumulative wheeled from inception	: 5,31,44,261 KW hrs
f.	Cumulative CO_2 emission reduction	: 62,460 Tons of CO_2 equivalents

Davanagere 8.4 MW wind energy power plant (2.1 MW X 4 Nos)

a.	Total Generation during 2018-19	: 1,83,34,800 KW hrs
b.	Total wheeled energy during 2018-19	: 1,66,60,519 KW hrs
c.	Reduction in CO_2 emission	: 16,706 Tons of CO_2 equivalents
d.	Carbon Credits	: To be registered with UNFCC
e.	Cumulative wheeled from inception	: 4,93,45,402 KW hrs
f.	Cumulative CO_2 emission reduction	: 54,446 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. The concepts of cleaner technology are practiced in the manufacturing process for prevention of pollution. BEL always pay more attention towards prevention of pollution at source itself. In such endeavor several improvements and modifications have been incorporated in the existing processes. Many of the Restriction of Certain Hazardous Substances (RoHS) compliant processes have been introduced in PCB manufacturing and metal finishing processes. Further environmentally friendly material such as low smoke halogen cables, low VOC metal finishing operation (Poly urethane), Cyanide free Silver, zinc and copper plating, trivalent Chromium based Chromate Conversion coating have been practiced. Technical series document has been released on RoHS compliant Cadmium Plating alternates for fasteners and screws. This aids in spreading awareness and adherence on RoHS compliant alternatives among various D&E and Quality engineers across BEL. 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. Total green energy wheeled form wind power plant during 2018-19 is 247 Lakhs of units and CO^2 emission avoided is 24707 Mt. The solar power plant contributed about 8% of energy consumption of all Units of BEL. Over all renewable energy contribution for the entire company is about 49%. 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, Occupancy based lighting, BLDC fans, Star rated Energy efficient transformers.

Incorporation of Green building concept has 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 taken massive afforestation activity at Palasamudram wherein 10000 saplings are planted. In addition around 1800 saplings are added to existing green belt in Bangalore unit.

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. Confederation of Indian Industry (CII)
   d. Associated Chambers of Commerce and Industry of India (ASSOCHAM)
   e. Standing Conference of Public Enterprises (SCOPE)

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).

   Yes, 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 is pursuing its cherished value of "Endeavouring to Fulfill its Corporate Social Responsibilities". 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. 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.

   The CSR initiatives being pursued by the company are broadly in the areas of:

   Education
   Healthcare
   Sanitation
   Vocational Skill Development
   Rural Development
   Environmental Sustainability

   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.

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.

3. Have you done any impact assessment of your initiative?

   BEL has promoted a Technology Incubator in the Rural Development sector by supporting project "eSagu - an IT driven personalised agri-facilitator for better farming. The project provides farm specific agricultural expert advice to the farmers on a regular basis from the sowing stage to the harvesting stage, in a timely manner.

   Impact assessment of this project indicates that 94% of farmers found the information made available through eSagu notice-boards useful with increased awareness and knowledge on cultivation practices. Yield improvement and savings in the cost of cultivation have resulted in tangible monetary benefits amounting to an average of ₹ 112.50 Lakhs per crop per season per acre.

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 2018-19, an amount of ₹ 3741.31 Lakhs was allocated by the Company for various CSR programmes / projects. Details of CSR Projects undertaken during the year are given in Annexure-2 i.e 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) The Company has established a comprehensive process to identify and implement CSR Projects / Programmes focused towards Community Development. Any CSR intervention begins with a need assessment by a cross-functional in-house team. The requirements are deliberated with the community and prioritized in consultation with the local administration. Further, identified CSR Projects are scrutinized and selected centrally by the Corporate Apex Committee and approved by the Management. During execution, the views of the community/ local administration are obtained and considered for improvement, thus, paving way for successful adoption of the CSR project by the community.

   (ii) BEL has undertaken focused CSR interventions on the common theme of School Education and Healthcare in the Aspirational Districts identified by NITI Aayog viz., Raichur & Yadgir. The CSR initiatives undertaken to provide Solar-based Smart class facilities & Hand-wash facilities in Govt. Schools of Yadgir will enhance learning outcomes and inculcate good sanitation & hygiene practices in the student community. It is envisaged that Up-gradation of Anganwadis in Raichur will have a positive impact on the lives of women, infants & children.

   (iii) BEL has forayed into the North-Eastern Sector by taking up inclusive and sustainable development interventions in Manipur. Further, CSR Projects that promote skilling of youth to bridge the industry-academia skill gap are being implemented under Skill India.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   There are a total of 842 complaints pending as on 31 March 2019. This amounts to 7.54 % 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 2019.

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. 2018-19 and for the past five years.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   Yes. Corporate-Quality on behalf of the Company organises Customer Satisfaction Survey (CSS) through an external selected tendering process, on at least one product duly identified by the participating BEL Units / SBUs to measure the level of satisfaction of our customer on our products and services supplied by BEL to them. Generally those products are preferred to be chosen for the CCS that have been in use for at least two to three years periods and have large and segmented base of customer so that wider section of customers are covered during the survey. It is also preferred to the extent possible to consider different products for the survey for different years. The Survey has a provision to include a range of customers who are involved at different stages of the execution of supply order. It covers the Enquiry and Commercial team during Pre ordering & Ordering phase, Inspecting Agency involved during Order execution and delivery phase and finally End user and Maintenance staffs during use the of product after post supply phase.

   The CCS for the year 2015-16 and 2016-17 was carried out by M/S Market Insight Consultants, Noida for sixteen products with overall Customer Satisfaction Index i.e CSI of 82.9% and fourteen products with overall Customer Satisfaction Index of 83.9% respectively. The CSS for the 2018-19 has been carried out by M/s BPMBC Marketing Research (India) Pvt Ltd, Pune for 20 products with CSI 82.1%. The CSS for the year 2018-19 being carried out by M/s BPMBC Marketing Research (India) Pvt Ltd, Pune for 17 Products is under progress and is likely to be completed by end of June 2019 as per terms of the Service Order.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Bharat Electronics Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, 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 notes to financial statements, including a summary of significant accounting policies and other explanatory information, in which are included 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31 March, 2019 and its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosure of revenues and related balances towards adoption of Ind AS 115- Revenue from Contracts with Customers. The application of this new standard involves the assessment towards identification of the distinct performance obligations, determination of the transaction price for each of the identified performance obligation, the judgements used for determining the satisfaction of those performance obligations over time or at a point in time.	**Principal Audit Procedures** We discussed with the management to understand the impact on the adoption of this new accounting standard. Our audit procedures involve identification of internal controls and their operating effectiveness towards application of this standard. We have also carried out the substantive testing of the transactions. (i) Selected the sample of continuing contracts and the new contracts and identified the performance obligations and compared the same with the performance obligation identified by the company.

Sr. No.	Key Audit Matter	Auditor's Response
	Additionally, the application of the standard also involves judgements used in identifying the amount of cost incurred to obtain or fulfil a contract and the disclosure of the periods over which performance obligations are satisfied over time subsequent to the reporting date. (Refer Note no. 23 to the standalone financial statement and S.No. 5 to the Accounting policies)	(ii) Verified the basis of allocation of transaction price to the identified performance obligation if not specifically mentioned in the contract. (iii) Identified the basis to be considered to determine the satisfaction of performance obligation and compared the same with the judgements used by the Company in determining the satisfaction of performance obligation over time or at a point in time. (iv) Verified the appropriate evidences considered for determining the satisfaction of performance obligations towards transfer of promised goods or services. (v) In respect of contracts where the satisfaction of performance obligation over time, we have verified the method identified by the company for recognising the revenue and ensured that those methods are appropriate considering the nature of the performance obligation. (vi) Verified judgements used by the company to identify those costs that are incurred to obtain or fulfil the contract and period over this those cost will be amortised. (vii) Reviewed the Plan available with the company towards satisfaction of remaining performance obligations identified based on the delivery terms defined in the customer order to prepare the disclosure relating to periods over which remaining unsatisfied or partially satisfied performance obligations will be satisfied subsequent to the reporting date.
2	Critical Estimates in respect of Onerous Contracts. Estimation of unavoidable costs for meeting or satisfaction of performance obligations in respect of contracts that have become onerous is critical. The estimate has inherent limitation of certainty towards estimating the unavoidable costs to complete the performance obligations. (Refer Note no. 21 to the standalone financial statement and S.No. 23 to the Accounting policies)	**Principal Audit Procedures** We have enquired with the management regarding the internal controls available towards identification of onerous contracts and cost to fulfil those contracts. (i) Selected the sample of continuing and existing contract and tested the effectiveness of the controls towards cost incurred and estimated costs of fulfilling the contract. (ii) Carried out test of internal controls and also the substantive procedures in determining the estimates for unavoidable costs towards onerous contracts.

Sr. No.	Key Audit Matter	Auditor's Response
		(iii) Verified and understood the internal controls available in estimating the basis for arriving the unavoidable costs for meeting the performance obligations in respect of onerous contracts. (iv) Verified the purchase order issued for satisfying the performance and identified those remaining cost which are to be incurred to satisfy the remaining performance obligations. (v) Verified the internal controls towards identification of cost incurred towards the concerned contracts and ensured that only the related cost of the contract is recorded. (vi) Verified the possible reductions in the contract price towards the balance performance obligations in respect of penalties. (vii) Performed analytical procedures and test of details for reasonableness of cost incurred and estimated cost to be incurred.
3	Critical estimates made in respect of expected cost to complete the contract for performance obligation over time. The estimate has inherent limitation of certainty towards estimating the cost to satisfy the performance obligation. (Refer Note no. 23 to the standalone financial statement and S.No. 5 to the Accounting policies)	**Principal Audit Procedures** We have enquired with the management regarding the internal controls available towards identification of contract where the performance obligation are satisfied over the period of time. (i) Selected the sample contracts of continuing and existing contract and tested the effectiveness of the controls towards cost incurred and estimated costs. (ii) Carried out test of internal controls and also the substantive procedures in determining the estimates made to complete contract. (iii) Verified the purchase order issued for satisfying the performance and identified those remaining cost which are to be incurred to satisfy the balance performance obligations. (iv) Verified the internal controls towards identification of cost incurred towards the concerned contracts and ensured that only the related cost of the contract is considered. (v) Discussed with the management and analysed that the cost estimated is towards the work that are pending to be carried out for completion and satisfaction of the performance obligations. (vi) Performed analytical procedures and test of details for reasonableness of cost incurred and estimated cost to be incurred.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Board's Report including its annexures, Corporate Governance and shareholders information but does not include the standalone Financial Statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

We have considered the audit report of 6 branches audited by branch auditors in forming our opinion on the standalone financial statements.

Other Matter

We did not audit the financial statements of six branches included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 6,55,945 lakhs as at 31 March 2019 and total revenues of ₹ 4,58,862 lakhs for the year ended on that date, as considered in the standalone 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 Companies Act, 2013, we give in the Annexure– A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that :
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books. The audit of the accounts of Bangalore complex, Hyderabad and Chennai units and Corporate office were carried out by us, whilst the audit of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam units 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 Statement of Cash Flow dealt with by this Report are in agreement with the books of accounts of the Company and with the Returns received from the offices not visited by us.

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

f) The Company being a Government Company, the provisions of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Directors are not applicable.

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 to our separate Report in "Annexure B".

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirement of Section 197(16) of the Companies Act, 2013 as amended :

In our opinion, the Company being a Government Company, the provisions in relation to payment of managerial remuneration as mandated by Section 197 read with Schedule V to the Companies Act, 2013 is not applicable.

i) 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 financial statements as at 31 March 2019 -Refer Note 30(8) to the standalone 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 financial statements. The Company do not have any derivative contracts – Refer Note No 30(16) to the standalone 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 there on and its impact on the standalone financial statements of the Company in "Annexure C".

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2019

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 financial statements for the year ended 31st March, 2019, 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) (d),(f),(h) & Note No.3(xiii) to the standalone 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, Service Tax, duty of customs and other statutory dues applicable to the appropriate authority. No undisputed statutory dues were outstanding as at 31 March 2019 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, 2019, on account of dispute are as under :

Name of the Statute	Nature of dues	Financial year to which amount relates	Amount (₹ in Lakhs)	Forum where dispute is pending
Income Tax Act	Disallowances as per Assessment orders	2008-09, 2009-10, 2011-12 to 2013-14, 2015-16	2528.23	Commissioner of Income Tax (Appeals)
Chapter V of Finance Act, 1994	Service Tax	1997-98 to 2000-01, 2005-06 to 2011-12, 2014-15 and 2015-16	1379.06	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Chapter V of Finance Act, 1994	Service Tax	2010-11 to 2017-18	558.94	Commissioner of GST and Central Excise
Central Excise Act	MODVAT credit	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)
Customs Act	Customs Duty	2012-13	25.45	Commissioner of Customs
Customs Act	Customs Duty	2009-10 to 2012-13	40.00	Assistant commissioner of customs
Sales Tax Act, Bihar	Disputed Tax under Bihar Sales Tax	1995-96 to 1997-98	66.44	Commissioner of Commercial Taxes (Appeals), Chirkunda, Bihar
CST Act,1956/ Karnataka VAT Act,2003	Sales Tax	2010-11,2012-13 to 2015-16	114.58	DCCT (6.1), DCCT (6.2) and DCCT (6.3)
Andhra Pradesh State VAT Act	Sales Tax	2009-10	21.66	Commercial Tax officer, Nampally, Hyderabad
Tamil Nadu General Sales Tax Act	Sales Tax	2007-08 to 2009-10	48.00	Deputy Commercial Tax Officer
Vacant Land Tax	Vacant Land Tax	1998-99 to 2003-04	10.35	Director, Directorate of Town Panchayat, Chennai
Urban Land Tax	Urban Land Tax	1984-85 to 2002-03	41.44	Principal commissioner and commissioner of land Reforms
Central Sales Tax Act	Sales tax	1980-81	0.94	Deputy Commissioner (Appeals)
Central Sales Tax Act	Sales tax	1989-90	0.35	Assistant Commissioner (Appeals)
Uttar Pradesh Sales Tax Act, 1948	Acceptance of duplicate of 3D (1)	1991-92	0.20	Deputy Commissioner (Appeals)

Name of the Statute	Nature of dues	Financial year to which amount relates	Amount (₹ in Lakhs)	Forum where dispute is pending
ESI Act, 1948	ESI Contribution, Interest & Cost of Recovery	1992-1993, 1998-2001	30.43	Hon'ble High Court of Andhra Pradesh
ESI Act,1948	Interest & Damages towards late deposit	2000-01	3.52	Hon'ble High Court of Punjab & Haryana, Chandigarh
Uttarakhand value Added Tax Act, 2005	Trade Tax and Interest	2001-02	220.08	Hon'ble High Court of Uttarakhand, Nainital
Local body Tax	Local body tax	2016-17	41.43	Assistant commissioner of Panvel Muncipal corporation
Sales Tax	Sales tax	2008-09	58.85	Rajasthan Tax Board
Total disputed amount			**5463.51**	
Total amount paid under protest pending final orders			**739.57**	

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 by its officers or employees 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 standalone 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 Act, 1934.

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2019

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, 2019 in conjunction with our audit of the standalone 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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, to the best of our information and according to the explanations given to us, 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, 2019, 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 2019

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 2018-19 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 system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. The company process all the accounting transactions on a day to day basis through IT system.	Nil
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the verification of records and according to the information and explanations provided to us, there are no restructuring of an existing loan (or) waiver/ write off of debts/loans/interest etc, made by the lender due to company's inability to pay.	Nil
3	Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per terms and conditions? List the cases of deviation.	Yes. According to the information and explanations provided to us and based on the verification of records, the funds received towards the specific schemes from central/state agencies have been appropriately accounted and utilized for the purpose for which it is received.	Nil

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 2019

The preparation of financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records. On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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

09/07/2019

(Santosh Kumar)
Principal Director of Commercial Audit

Place: Bengaluru
Date: 09 July 2019

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	**1**	2,05,984	1,60,441
(b) Capital work-in-progress	**2**	27,507	39,545
(c) Investment property	**3**	10	11
(d) Other intangible assets	**4**	2,446	257
(e) Intangible assets under development	**5**	44,629	43,735
(f) Financial assets			
(i) Investments	**6**	1,01,927	90,315
(ii) Trade receivables	**7**	-	-
(iii) Loans	**8**	4,005	4,577
(iv) Other financial assets	**9**	2,805	2,855
(g) Deferred tax assets (net)	**10**	47,120	43,117
(h) Inventories	**11**	4,114	18,780
(i) Other non-current assets	**12**	25,550	25,318
		4,66,097	**4,28,951**
(2) Current Assets			
(a) Inventories	**11**	4,41,365	4,55,132
(b) Financial assets			
(i) Trade receivables	**7**	5,36,921	5,04,950
(ii) Cash & cash equivalents	**13**	72,193	73,822
(iii) Bank balances [other than (ii) above]	**14**	16,205	48
(iv) Loans	**8**	3,282	2,724
(v) Other financial assets	**9**	3,567	5,577
(c) Current tax assets (net)	**15**	24,503	24,995
(d) Other current assets	**12**	4,82,211	3,56,083
		15,80,247	**14,23,331**
TOTAL ASSETS		**20,46,344**	**18,52,282**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	**16**	24,366	24,366
(b) Other equity		8,77,525	7,51,735
		9,01,891	**7,76,101**

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
LIABILITIES			
(1) Non-current liabilities			
(a) Deferred income	**17**	6,164	3,298
(b) Financial liabilities			
(i) Borrowings	**18**	-	3,333
(ii) Trade payables	**19**		
- total outstanding dues of micro enterprises & small enterprises; and		-	-
- total outstanding dues of creditors other than micro enterprises & small enterprises		26	5
(iii) Other financial liabilities	**20**	3,029	216
(c) Provisions	**21**	92,143	81,716
(d) Other non-current liabilities	**22**	475	877
		1,01,837	**89,445**
(2) Current liabilities			
(a) Deferred income	**17**	245	86
(b) Financial liabilities			
(i) Trade payables	**19**		
- total outstanding dues of micro enterprises & small enterprises; and		4,543	2,003
- total outstanding dues of creditors other than micro enterprises & small enterprises		1,38,958	1,38,104
(ii) Other financial liabilities	**20**	1,03,631	84,577
(c) Other current liabilities	**22**	7,49,420	7,17,639
(d) Provisions	**21**	45,819	44,327
(e) Current tax liabilities (net)	**15**	-	-
		10,42,616	**9,86,736**
TOTAL EQUITY AND LIABILITIES		**20,46,344**	**18,52,282**

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 2019

Statement of Profit & Loss

(₹ in Lakhs)

Sl. No.	Particulars	Note No.	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
I	Revenue from operations	23	12,08,460	10,40,061
II	Other income	24	16,954	20,038
III	**Total income (I + II)**		**12,25,414**	**10,60,099**
IV	**EXPENSES**			
	(a) Cost of material consumed		5,28,634	4,56,906
	(b) Cost of stores & spares consumed		3,453	3,764
	(c) Consumption of stock in trade		75,906	49,680
	(d) Changes in inventories of finished goods, work in progress & scrap	25	(13,220)	41,528
	(e) Excise duty		-	7,828
	(f) Employee benefits expense	26	1,87,905	1,77,233
	(g) Finance costs	27	1,221	127
	(h) Depreciation and amortization expense	28	31,622	25,100
	(i) Other expenses	29	1,39,574	1,03,149
	TOTAL EXPENSES [a to i]		**9,55,095**	**8,65,315**
V	**Profit before exceptional items & tax (III - IV)**		**2,70,319**	**1,94,784**
VI	Exceptional items		-	-
VII	**Profit before tax (V-VI)**		**2,70,319**	**1,94,784**
VIII	**Tax expense**	10		
	- Current tax		79,749	45,091
	- Earlier years tax		(67)	(481)
	- Deferred tax		(2,092)	10,245
	Total provision for taxation		**77,590**	**54,855**
IX	**Profit for the year (VII - VIII)**		**1,92,729**	**1,39,929**
X	**Other comprehensive income / (loss)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/asset		(6,183)	219
	- Equity instruments through other comprehensive income		2	1
	- Income tax relating to these items		2,160	(75)
	Total other comprehensive income / (loss) (net of tax)		**(4,021)**	**145**
XI	**Total comprehensive income for the year (IX+X) [comprising profit and other comprehensive income for the year]**		**1,88,708**	**1,40,074**
XII	**Earnings per equity share (face value of ₹1/- each) :**	30(1)		
	(1) Basic [in ₹]		**7.91**	**5.70**
	(2) Diluted [in ₹]		**7.91**	**5.70**

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 2019

Statement of Changes in Equity

(₹ in Lakhs)

A. Equity share capital

	Note No.	Amount
Balance as at 1 April 2017		22,336
Changes in equity share capital during the year		
- Issue of bonus shares	16	2,234
- Buyback of shares		(204)
Balance as at 31 March 2018		24,366

	Note No.	Amount
Balance as at 1 April 2018		24,366
Changes in equity share capital during the year		
- Issue of bonus shares	16	-
- Buyback of shares		-
Balance as at 31 March 2019		24,366

B. Other equity

	Note No.	Reserves & Surplus				Other Reserve		Total other equity
		Capital reserve *	Capital redemption reserve *	General reserve	Retained earnings	Equity instruments through other comprehensive income *	Other comprehensive income *	
Balance as at 1 April 2017		**4,669**	**1,664**	**2,79,006**	**4,54,600**	**2**	**(11,423)**	**7,28,518**
Profit for the year		-	-	-	1,39,929	-	-	1,39,929
Addition during the year		-	-	-		1	144	145
Total		4,669	1,664	2,79,006	5,94,529	3	(11,279)	8,68,592
Corporate social responsibility (CSR)	30(17)	-	-	-	(2,059)	-	-	(2,059)
Amount transfer to general reserve		-	-	40,000	(40,000)	-	-	-
Transaction with owners in their capacity as owner								
Dividend	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**	**2,79,546**	**4,76,928**	**3**	**(11,279)**	**7,51,735**

Statement of Changes in Equity

(₹ in Lakhs)

	Note No.	Reserves & Surplus				Other Reserve		Total other equity
		Capital reserve *	Capital redemption reserve *	General reserve	Retained earnings	Equity instruments through other comprehensive income *	Other comprehensive income *	
Balance as at 1 April 2018		**4,669**	**1,868**	**2,79,546**	**4,76,928**	**3**	**(11,279)**	**7,51,735**
Profit for the year		-	-	-	1,92,729	-	-	1,92,729
Addition during the year		-	-	-	-	2	(4,023)	(4,021)
Total		4,669	1,868	2,79,546	6,69,657	5	(15,302)	9,40,443
Corporate social responsibility (CSR)	30(17)	-	-	-	(1,232)	-	-	(1,232)
Amount transfer to general reserve		-	-	40,000	(40,000)	-	-	-
Transaction with owners in their capacity as owner								
Dividend	16	-	-	-	(51,168)	-	-	(51,168)
Dividend distribution tax	16	-	-	-	(10,518)	-	-	(10,518)
Issue of bonus shares	16	-	-	-	-	-	-	-
Buyback of shares	16	-	-	-	-	-	-	-
Balance as at 31 March 2019		**4,669**	**1,868**	**3,19,546**	**5,66,739**	**5**	**(15,302)**	**8,77,525**

* 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 2019

Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before exceptional items and tax	2,70,319	1,94,784
Adjustments for :		
Depreciation and amortisation expense	31,622	25,100
Provision for intangible assets under development	3,707	-
Intangible assets under development charged off	1,745	-
Provision for impairment of capital work in progress	124	-
Contract costs charged off	3,348	-
Corporate social responsibility	2,311	1,638
Transfer from Government grants	(195)	(58)
Interest income	(3,201)	(15,470)
Dividend income	(9,706)	(404)
Finance costs	1,221	127
Fair Valuation of Loan to Subsidiary	(21)	(34)
Profit on sale of property, plant & equipment	(27)	(135)
Operating Profit Before Working Capital Changes	**3,01,247**	**2,05,548**
Increase / (Decrease) in :		
Trade receivables	(31,971)	(69,462)
Loans	14	745
Other financial assets	2,060	21,712
Other assets	(1,29,708)	(3,09,336)
Inventories	28,433	16,589
Trade payables	3,415	7,051
Other financial liabilities	14,935	28,802
Other liabilities	31,379	80,489
Provisions	5,734	(3,769)
Current tax assets	(2,251)	7,892
Cash Generated from Operations	**2,23,287**	**(13,739)**
Income taxes paid (net)	(76,691)	(67,714)
Receipt of grants	3,220	2,599
Cash Flow Before Exceptional Items	**1,49,816**	**(78,854)**
Exceptional items	-	-
Net Cash from / (used in) Operating Activities	**1,49,816**	**(78,854)**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant & equipment and other intangible assets	(73,785)	(77,927)
Proceed from sale of property, plant & equipment	27	135
Increase / (Decrease) from term deposits & other bank balances	(16,157)	1,10,374
Equity investments in subsidiaries & associates	(1,450)	(1,745)
Investments in others	(10,139)	(42,567)
Interest received	3,201	15,470
Dividend received	9,706	404
Net Cash from / (used in) Investing Activities	**(88,597)**	**4,144**

Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceed / Repayment from borrowings (net)	(3,332)	1,666
Purchase of shares under buyback scheme	-	(37,226)
Corporate social responsibility (CSR) expenditure	(3,666)	(2,461)
Dividend paid (including tax on dividend)	(54,629)	(81,916)
Finance costs	(1,221)	(127)
Net Cash from / (used in) Financing Activities	**(62,848)**	**(1,20,064)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(1,629)**	**(1,94,774)**
Cash and Cash Equivalents at the beginning of the year	**73,822**	**2,68,596**
Cash and Cash Equivalents at the end of the year	**72,193**	**73,822**

Note : Non-cash changes recognised in respect of liabilities on account of financing activities is Nil (Nil).

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 2019

Notes to Accounts

(₹ in Lakhs)

NOTE 1
Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION /AMORTISATION				NET CARRYING AMOUNT	
	As at 1 April 2018	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31 March 2019	Accumulated depreciation/ Amortisation as at 1 April 2018	Depreciation/ Amortisation for the year	Deductions/ Adjustments during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold land	12,908	-	-	12,908	-	-	-	-	12,908	12,908
Leasehold land	500	775	-	1,275	20	9	-	29	1,246	480
Roads and culverts	488	1,262	-	1,750	87	87	-	174	1,576	401
Buildings	40,431	16,082	13	56,500	4,048	2,169	1	6,216	50,284	36,383
Installations	3,499	163	-	3,662	1,183	415	-	1,598	2,064	2,316
Plant and machinery	80,084	34,958	1	1,15,041	24,381	13,316	1	37,696	77,345	55,703
Electronic equipment	43,154	7,083	(105)	50,342	15,003	7,253	(65)	22,321	28,021	28,151
Equipment for R & D lab	25,407	13,465	126	38,746	10,787	5,631	65	16,353	22,393	14,620
Vehicles	507	175	11	671	214	127	-	341	330	293
Office equipment	7,651	1,952	8	9,595	3,166	1,443	8	4,601	4,994	4,485
Furniture, fixtures and other equipments	6,872	1,063	-	7,935	2,190	931	-	3,121	4,814	4,682
Assets acquired for sponsored research	65	-	-	65	46	10	-	56	9	19
Total	**2,21,566**	**76,978**	**54**	**2,98,490**	**61,125**	**31,391**	**10**	**92,506**	**2,05,984**	**1,60,441**
Previous Year	**1,61,558**	**60,008**	**-**	**2,21,566**	**36,082**	**25,043**	**-**	**61,125**	**1,60,441**	**1,25,476**

i. Freehold land consists of 2064.43 acres (2064.60 acres) and Leasehold Land consists of 296.62 acres (290.42 acres). Freehold land includes INR 463 (Nil) [represents absolute figure] transferred to investment property during the year.

ii. Freehold land includes 7.21 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 and land taken at Bathinda for 99 years and capitalised during the year.

iv. Additions during the year includes ₹ 12,096 (₹ 1,982), ₹ 94 (₹ 15) and Nil (₹ 222) in respect of the assets of Central Research Laboratories / Product Development and Innovation Centre, Pune and Hyderabad Unit respectively, R&D assets accounted under natural code heads.

v. Electronic Equipment value includes POS machines 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.

Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 1,232 (₹ 467) in respect of Wind Mill & Solar Power Plants.

Notes to Accounts

(₹ in Lakhs)

vii. **Contractual Commitments**

Refer Note 30(6) for outstanding Contractual Commitments.

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.

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 and Culverts	20 - 40
Installations	10
Plant and Machinery	5 - 25
Electronic Equipment	5 - 7
Vehicles	4 - 5
Office Equipment	5 - 7
Furniture & Fixtures and other equipments	6 - 10
Equipment for R&D Lab	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 (4).

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.

Notes to Accounts

(₹ in Lakhs)

xvi. **Details of Registration, Pending Litigation etc.,**

a. 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.

b. Handing over of physical possession by Karnataka Industrial Area Development Board (KIADB) to BEL is pending in respect of land of 32 acres (Nil) located at Devanahalli, Bengaluru. No provision towards registration and other cost has been made in the books of accounts pending registration. Cost of land paid to KIADB amounting to ₹ 8,067 (Nil) 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 Ibrahipatnam allotted 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].

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 (BG 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.

h. The title deed in respect of land measuring 0.30 acres (0.30 acres) is under litigation. Two cases are pending in court in this regard (Panchkula Unit).

xvii. The company has installed Solar power plant on Lease land in OFB Medak, Telangana; Itarsi, Bolangir and HVF Avadi by paying a nominal Value of INR 1 [represents absolute figure] as Annual Lease Rent for every plant.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 2		
Capital work-in-progress		
Civil construction	12,375	21,320
Plant & Machinery	10,136	4,886
Others	4,278	11,785
Capital Items in Transit	842	1,555
	27,631	**39,546**
Less : Provision for Impairment	(124)	(1)
	27,507	**39,545**

i. Civil construction mainly comprises of Production related building, R&D building & Employee Quarters.

ii. Borrowing costs of ₹ 798 (₹ 378) [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 (6) in respect of contractual commitments.

iv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, plant & equipment.

v. **Impairment of Assets**

Building under construction [Chennai unit] (carrying value ₹ 124), is halted for past two years as the contractor to whom the work was awarded has been wound up and no progress in the work thereafter. The company has filed a legal claim to recover the amount paid to the contractor. Hence an amount of ₹ 124 (Nil) is provided as impairment. Refer Note 30 (4).

NOTE 3

Investment property

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2018	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31 March 2019	As at 1 April 2018	Depreciation for the year	Deductions/ Adjustments during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold land*	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	3	1	-	4	10	11
Total	**14**	**-**	**-**	**14**	**3**	**1**	**-**	**4**	**10**	**11**
Previous Year	**14**	**-**	**-**	**14**	**2**	**1**	**-**	**3**	**11**	**12**

* Freehold land includes INR 3,925 (INR 3,462) [represents absolute figure] which is rounded off.

i. **Amount recognised in Statement of Profit & Loss**

	For the year ended 31 March 2019	For the year ended 31 March 2018
a. Rental Income	162	147
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	161	146

Notes to Accounts

(₹ in Lakhs)

ii. Refer Note 30 (6) for Contractual Commitments.

iii. **Fair Value of the investment properties**

	As at 31 March 2019	As at 31 March 2018
Land	2,300	1,962
Building	902	902

iv. Land comprises of Freehold Land of 1.53 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
Building	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 allotted 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 2018	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31 March 2019	Accumulated Amortisation as at 1 April 2018	Amortisation for the year	Deductions/ Adjustments during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Intangible assets - others										
Software licenses / implementation Enterprise resource planning (ERP)	233	52	-	**285**	140	70	-	**210**	**75**	**93**
Others (Development Cost)*	164	2,367	-	**2,531**	-	160	-	**160**	**2,371**	**164**
Total	**397**	**2,419**	**-**	**2,816**	**140**	**230**	**-**	**370**	**2,446**	**257**
Previous Year	**127**	**270**	**-**	**397**	**84**	**56**	**-**	**140**	**257**	**43**

* Amortisation for the year includes Nil (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)	4 / 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 (6) for Contractual Commitments.

vi. **Impairment of Assets**
Refer Note 30 (4).

vii. The restriction on the title of the assets is governed by the terms of agreement.

viii. Refer Note 30 (7) for the aggregate amount of research and development expenditure recognised as an expense during the period.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 5		
Intangible asset under development		
Internally developed*	48,336	43,723
Less : Provision for Impairment	(3,707)	-
	44,629	**43,723**
Others		
Software licenses / implementation Enterprise resource planning (ERP)	-	12
	44,629	**43,735**

* Includes funding to other development agencies.

i. Refer Note 30 (6) for Contractual Commitments.

ii. **Impairment of Assets :**

a. An amount of ₹ 3,707 (Nil) has been provided towards impairment loss and ₹ 1,746 written off in respect of amount carried forward from previous year towards Intangible Assets under development. The amount of ₹ 3,707 and ₹ 1,746 are included under "Other Expenses". (Refer Note 29).

b. The provision for impairment has been made in respect of intangible asset where the development activity is still in progress but as per the company's assessment the probability of getting customer order is not certain and there is no assurance / firm commitment from customer side. [Refer Note 30 (4)].

c. The write off of ₹ 1,746 has been made in respect of these assets where the company has closed the developmental activity from its side and as per company's assessment probability of getting customer order is not certain and there is no assurance / firm commitment from customers side.

	As at 31 March 2019	As at 31 March 2018
NOTE 6		
Investments		
Fair Valuation of Loan given to Subsidiary BEL Optronic Devices Ltd., Pune	211	190
(I) Investment in Equity Instruments (Unquoted)		
(a) Subsidiary (at Cost)		
(i) BEL Optronic Devices Ltd., Pune		
72,20,543 (66,31,367) equity shares of ₹ 100 each fully paid	13,774	12,325
(ii) BEL-Thales Systems Limited, Bengaluru		
42,63,538 (42,63,538) equity shares of ₹ 100 each fully paid	4,264	4,264
(b) Associate (at Cost)		
(i) GE-BE Private Ltd., Bengaluru		
26,00,000 (26,00,000) equity shares of ₹10 each fully paid	260	260
(c) Others (at FVOCI) (Refer Note v below)		
(i) Mana Effluent Treatment Plant Ltd., Hyderabad		
500 (500) equity shares of ₹1000 each fully paid	9	7
(ii) Defence Innovation Organisation, Bengaluru		
50 (Nil) equity shares of ₹1000 each fully paid	1	-

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
(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	-	-
SukhSagar Premises Co-op. Society, Mumbai		
10 (10) Shares of ₹ 50 each fully paid		
Shri. SaptaRatna 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)	83,408	73,269
	1,01,927	**90,315**

* 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.

		2018-19	2017-18
a.	Aggregate value of quoted investments and market value thereof	-	-
b.	Aggregate value of unquoted investments	1,01,927	90,315
c.	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. An amount of INR 50,000 [represents absolute figure] has been contributed towards equity capital in M/s Defence Innovation Organisation (DIO) during FY 2018-19. DIO was incorporated on 10th 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 ₹ 100 (BEL : 50%; HAL : 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bengaluru.

An amount of ₹ 5,000 has been provided in the books of account towards contribution to initial corpus fund. Out of this an amount of ₹ 500 has been disbursed during the FY 2018-19.

Notes to Accounts

(₹ in Lakhs)

v. a. The Company has designated investment in equity shares of Mana Effluent treatment plant and Defence Innovation Organisation, Bengaluru 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 2019	Dividend income recognised during 2018-19	Fair value as at 31 March 2018	Dividend income recognised during 2017-18
Investment in Mana Effluent Treatment Plant Ltd.	9	-	7	-
Investment in Defence Innovation Organisation, Bengaluru	1	-	-	-

b. Company has not received any dividend so far on these Investments.

c. No strategic investments were disposed off during 2018-19, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

vi. **Related party disclosure**

For Related Party Disclosures refer Note 31.

	As at 31 March 2019	As at 31 March 2018
NOTE 7		
Trade receivables		
Non Current		
Unsecured, Considered Doubtful		
Trade Receivables	1,26,565	1,16,525
Less : Provisions*	(1,26,565)	(1,16,525)
Sub Total (A)	**-**	**-**
Current		
Secured, considered good	469	43
Unsecured, considered good	5,36,452	5,04,907
Sub Total (B)	**5,36,921**	**5,04,950**
Total (A+B)	**5,36,921**	**5,04,950**

* includes ₹ 339 (Nil) in respect of receivables which are credit impaired.

i. **Payment Terms**

a. In majority of contracts, payment (net of advance received, if any) is due on delivery of items. However, in some contracts a portion of dues (Typically 5% to 10%) is linked to satisfaction of further performance obligation like completion of installation and commission activity etc. In respect of turnkey contracts, payment (net of advance, if any) is linked to achievement of specified milestone.

b. Advance including progressive payments received from customer are classified as contract liability and adjusted on completion of related performance obligation. Balance amount receivable is classified as Trade Receivable.

c. Amount retained by customer in respect of completed Performance obligation due to linking of payment with completion of other Performance obligations in the contract is classified as Contract Asset.

Notes to Accounts

(₹ in Lakhs)

ii. **Financial instruments**
Refer Note 33 for classification of financial instruments.

iii. **Impairment of financial assets**
Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iv. **Related party disclosure**
For Related Party Disclosures refer Note 31.

v. **Security, Hypothecation etc.**
Refer Note 35.

	As at 31 March 2019	As at 31 March 2018
NOTE 8		
Loans		
Non Current		
Unsecured, Considered Good		
Security deposits	2,010	1,841
Loans to employees	702	645
Loans to related parties*	1,293	2,091
	4,005	**4,577**
Unsecured, Considered Doubtful		
Security deposits	75	114
Less : Provisions	(75)	(114)
	-	-
Others		
Loans to employees	1	1
Less : Provisions	(1)	(1)
	-	-
Loans to others	132	132
Less : Provisions**	(132)	(132)
	-	-
Sub Total (A)	**4,005**	**4,577**
Current		
Unsecured, Considered Good		
Security deposits	1,453	1,284
Loans to related parties* (including accrued interest)	1,660	1,266
Others		
Loans to employees	169	174
Sub Total (B)	**3,282**	**2,724**
Total (A+B)	**7,287**	**7,301**

* Maximum amount outstanding at any time during the year is ₹ 4,220 (₹ 4,650)
** includes ₹ 132 (₹ 132) in respect of loans which are credit impaired.

Notes to Accounts

(₹ in Lakhs)

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.

	As at 31 March 2019	As at 31 March 2018
NOTE 9		
Other financial assets		
Non Current		
Unsecured, Considered Good		
Advance to others *	-	-
Receivables other than trade receivables	37	87
Other assets	2,768	2,768
	2,805	**2,855**
Unsecured, Considered Doubtful		
Advance to others	12	13
Less : Provisions	(12)	(13)
	-	**-**
Receivables other than trade receivables	31	24
Less : Provisions	(31)	(24)
	-	**-**
Other assets	74	74
Less : Provisions	(74)	(74)
	-	**-**
Sub Total (A)	**2,805**	**2,855**
Current		
Unsecured, Considered Good		
Advance to employees	130	100
Advance to others	3	5
Interest accrued but not due on term deposits	95	3,649
Receivables other than trade receivables	712	368
Other assets	2,627	1,455
Sub Total (B)	**3,567**	**5,577**
Total (A+B)	**6,372**	**8,432**

* includes Nil (INR 41,200) [represents absolute figure].

Notes to Accounts

(₹ in Lakhs)

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 INR 14,306 [represents absolute figure] (₹ 13) has been added in other assets with respect to Property, Plant and Equipment not in active use and pending for disposal.

	As at 31 March 2019	As at 31 March 2018
NOTE 10		
Deferred tax assets (net)		
Deferred tax assets	80,483	64,211
Deferred tax liabilities	33,363	21,094
	47,120	**43,117**

i. **Income Tax recognised in Statement of Profit and Loss**

Sl. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1	**Income Tax Expenses :**		
	- Current period	79,749	45,091
	- Changes in estimates related to earlier years	(67)	(481)
2	**Deferred tax :**		
	- Origination and reversal of temporary differences	(2,092)	10,245
3	**Total deferred tax expense/(benefit)**	(2,092)	10,245
4	**Income tax expenses**	77,590	54,855

ii. **Income Tax recognised in other comprehensive income**

Sl. No.	Particulars	As at 31 March 2019			As at 31 March 2018		
		Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
1	Remeasurement of the net defined benefit liability/(asset)	(6,183)	(2,161)	(4,022)	219	75	144
2	Equity instruments through other comprehensive income	2	1	1	1	-	1
	Total	**(6,181)**	**(2,160)**	**(4,021)**	**220**	**75**	**145**

iii. **Income Tax recognised directly in Equity**

There are no income tax recognised directly in equity for the year ended 31 March 2019 & 31 March 2018.

Notes to Accounts

(₹ in Lakhs)

iv. **Reconciliation of Effective Tax Rates**

Particulars	As at 31 March 2019		As at 31 March 2018	
	Rate	Amount	Rate	Amount
Profit Before Tax		**2,70,319**		**1,94,784**
Tax using the company's Domestic Tax Rate	34.94%	94,460	34.61%	67,411
Effect of				
Additional deduction on Research & Development Expenses	-5.15%	(13,930)	-6.55%	(12,759)
Exempt Income	-1.25%	(3,392)	-0.07%	(140)
Tax Incentives	-0.20%	(554)	-0.30%	(584)
Changes in estimates related to previous years	-0.02%	(67)	-0.25%	(481)
Non-deductable Expenses	0.42%	1,143	0.28%	555
Others	-0.03%	(70)	0.44%	853
Effective Tax rate	**28.70%**	**77,590**	**28.16%**	**54,855**

v. **Deferred Tax (Assets) and Liabilities are attributable to the following :**

Sl. No.	Particulars	Deferred Tax (Assets)		Deferred Tax Liability		Net Deferred Tax (Assets)/ Liability	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
1	Trade Receivables	(13,627)	(11,255)	-	-	(13,627)	(11,255)
2	Inventory	(14,860)	(11,658)	-	-	(14,860)	(11,658)
3	Provision others	(21,429)	(17,949)	-	-	(21,429)	(17,949)
4	Employee Benefits	(28,182)	(22,567)	-	-	(28,182)	(22,567)
5	Other Intangible Assets	-	(203)	136	-	136	(203)
6	Deferred Revenue	(373)	(373)	-	-	(373)	(373)
7	Other Assets	-	-	1	1	1	1
8	Property, Plant and Equipment	-	-	26,657	16,904	26,657	16,904
9	ICDS Adjustment	-	(206)	-	9	-	(197)
10	Equity Investments	-	-	1	1	1	1
11	Other Financial Liabilities	-	-	10	10	10	10
12	Provision for Impairment	(2,012)	-	-	-	(2,012)	-
13	Intangible Assets under development	-	-	6,558	4,169	6,558	4,169
14	**Total**	**(80,483)**	**(64,211)**	**33,363**	**21,094**	**(47,120)**	**(43,117)**
15	Set off of (Asset)/Liability	33,363	21,094	(33,363)	(21,094)	-	-
	Net Deferred Tax (Asset)/ Liability	**(47,120)**	**(43,117)**	**-**	**-**	**(47,120)**	**(43,117)**

Notes to Accounts

(₹ in Lakhs)

vi. **Movement of Deferred Tax (Assets) & Liabilities**

Sl. No.	Particulars	Balance as on 1 April, 2018	Recognised in P&L during 2018-19	Recognised in OCI during 2018-19	Balance as on 31 March 2019
1	Trade Receivables	(11,255)	(2,372)	-	(13,627)
2	Inventory	(11,658)	(3,202)	-	(14,860)
3	Provision others	(17,949)	(3,480)	-	(21,429)
4	Employee Benefits	(22,567)	(3,703)	(1,912)	(28,182)
5	Other Intangible Assets	(203)	339	-	136
6	Deferred Revenue	(373)	-	-	(373)
7	Other Assets	1	-	-	1
8	Property, Plant and Equipment	16,904	9,753	-	26,657
9	ICDS Adjustment	(197)	197	-	-
10	Equity Investments	1	-	1	1
11	Other Financial Liabilities	10	-	-	10
12	Provision for Impairment	-	(2,012)	-	(2,012)
13	Intangible Assets under development	4,169	2,388	-	6,558
	Total	**(43,117)**	**(2,092)**	**(1,911)**	**(47,120)**

Sl. No.	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
1	Trade Receivables	(11,637)	382	-	(11,255)
2	Inventory	(10,708)	(950)	-	(11,658)
3	Provision others	(14,015)	(3,934)	-	(17,949)
4	Employee Benefits	(28,414)	5,981	(134)	(22,567)
5	Other Intangible Assets	(261)	58	-	(203)
6	Deferred Revenue	(440)	67	-	(373)
7	Other Assets	4	(3)	-	1
8	Property, Plant and Equipment	12,269	4,635	-	16,904
9	ICDS Adjustment	(78)	(119)	-	(197)
10	Equity Investments	1	-	-	1
11	Other Financial Liabilities	51	(41)	-	10
12	Provision for Impairment	-	-	-	-
13	Intangible Assets under development	-	4,169	-	4,169
	Total	**(53,228)**	**10,245**	**(134)**	**(43,117)**

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 2019 & 31 March 2018.

viii. **Tax Losses carried forward :**

There are no Tax Losses on which Deferred Tax Asset has been recognised for the year ended 31 March 2019 & 31 March 2018.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 11		
Inventories		
Non Current		
Raw Materials & Components	46,003	51,548
Add : Raw Materials & Components in Transit	118	218
Less : Provisions	(42,113)	(33,103)
	4,008	**18,663**
Work in Progress	-	27
Stock in Trade	113	75
Add : Stock in Trade in Transit	1	1
Less : Provisions	(114)	(76)
	-	**-**
Stores & Spares	282	166
Less : Provisions	(227)	(119)
	55	**47**
Loose Tools	124	100
Less : Provisions	(73)	(57)
	51	**43**
Sub Total (A)	**4,114**	**18,780**
Current		
Raw Materials & Components	2,44,115	2,64,021
Add : Raw Materials & Components in Transit	12,578	14,997
Less : Provisions	-	(7)
	2,56,693	**2,79,011**
Work in Progress	1,54,137	1,40,922
Finished Goods	19,440	16,570
Add : Finished Goods in Transit	3,186	6,121
	22,626	**22,691**
Stock in Trade	3,332	9,312
Add : Stock in Trade in Transit	987	1
	4,319	**9,313**
Stores & Spares	2,358	2,199
Add : Stores & Spares in Transit	-	6
	2,358	**2,205**
Loose Tools	926	781
	926	**781**
Disposal Scrap	306	209
Sub Total (B)	**4,41,365**	**4,55,132**
Total (A+B)	**4,45,479**	**4,73,912**

Notes to Accounts

(₹ in Lakhs)

i. Raw Materials and Components include ₹ 7,612 (₹ 9,756) being materials with sub-contractors, out of which ₹ 284 (₹ 412) of materials is subject to confirmation and reconciliation. Against ₹ 284 (₹ 412), an amount of ₹ 284 (₹ 412) has been provided for.

ii. **Stock verification discrepancies for the year are as follows :**

Shortages of ₹ 649 (₹ 438) and surplus of ₹ 514 (₹ 337). Pending reconciliation, an amount of ₹ 74 (₹ 107) 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 15,856 (15,856) 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 :

Particulars		2018-19	2017-18
i.	Depreciation	266	266
ii.	Operation Cost of Emission Reduction Equipments	169	100
Total		**435**	**366**

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 ₹ 2,618 (₹ 5,938) 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 ₹ 19,921 (₹ 14,510) are located physically at Customer Premises.

	As at 31 March 2019	As at 31 March 2018
NOTE 12		
Other assets		
Non Current		
Capital advances	23,303	21,388
Less : Provisions	-	-
	23,303	**21,388**
Advances other than Capital advances		
Advances for purchase	2,957	323
Less : Provisions	(2,957)	(323)
	-	**-**
Contract asset	9,153	6,648
Less : Provisions	(9,153)	(6,648)
	-	**-**

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
Others		
Balances with customs, port trust and other government authorities	419	216
Less : Provisions	(275)	(98)
	144	**118**
Prepaid expenses	17	10
Claims receivable purchases	991	847
Less : Provisions	(991)	(847)
	-	**-**
Contract costs	1,931	3,639
Others - assets	248	163
Less : Provisions	(93)	-
	155	**163**
Sub Total (A)	**25,550**	**25,318**
Current		
Advances other than Capital advances		
Advances to employees	2,501	655
Advances for purchase	1,52,960	82,534
Contract asset	2,88,512	1,99,982
Others		
Balances with customs, port trust and other government authorities*	17,362	50,882
Less : Provisions	-	-
	17,362	**50,882**
Prepaid expenses	3,236	3,150
Prepaid taxes	11,030	10,604
Claims receivable purchases	3,355	5,423
Others - Assets	3,255	2,853
Sub Total (B)	**4,82,211**	**3,56,083**
Total (A+B)	**5,07,761**	**3,81,401**

* Pending decision of Hon'ble High Court of Madras, ₹1,497 of GST transitional credit is pending for utilisation.

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.

iii. **Impairment of a contract asset**
Impairment of a contract asset is ₹ 2,505 (₹ 2,743).

Notes to Accounts

(₹ in Lakhs)

iv. **Amortisation and Impairment of contract costs**

Amortisation of contract costs is determined based on the period of benefit expected from the contract costs. Amortisation and impairment of contract costs recognised is Nil (Nil).

v. **Fair value Measurement**

	As at 31 March 2019			As at 31 March 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Contract Asset	-	-	2,88,512	-	-	1,99,982

vi. Closing balance of contract cost represent, cost to obtain contract from customer ₹ 1,931 (₹ 3,639).

	As at 31 March 2019	As at 31 March 2018
NOTE 13		
Cash & cash equivalents		
Balance with banks	58,190	16,820
Cash on hand	3	2
Term deposits	14,000	57,000
	72,193	**73,822**

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.

	As at 31 March 2019	As at 31 March 2018
NOTE 14		
Bank balances [other than (ii) above]		
Term deposits	9,100	-
Unpaid dividend account	7,105	48
	16,205	**48**

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.

	As at 31 March 2019	As at 31 March 2018
NOTE 15		
Current tax assets (net)		
Advance payment of income Tax	24,503	24,995
	24,503	**24,995**
Current tax liability (net)		
Provision for taxation	-	-
	-	**-**

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 16		
a. Equity share capital		
i. **Authorised capital**		
250,00,00,000 (250,00,00,000) Equity Shares of ₹ 1 (₹ 1) each	25,000	25,000
ii. **Issued, subscribed & fully paid-up capital**		
243,65,92,943 (243,65,92,943) Equity Shares of ₹ 1 (₹ 1) each	24,366	24,366

iii. **Reconciliation of the number of shares outstanding at the beginning and at the end of the period.**

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	243,65,92,943	24,366	223,36,27,930	22,336
Add : Shares issued during the year (Bonus Shares)	-	-	22,33,62,793	2,234
Less : Shares Bought Back during the year	-	-	2,03,97,780	204
Shares outstanding at the end of the reporting period	243,65,92,943	24,366	243,65,92,943	24,366

iv. **Shares in the company held by each shareholder holding more than 5%.**

Name of Shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	143,33,26,432	58.83%	162,73,74,928	66.79%

v. **Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years.**

	2017-18	2015-16
	No. of Shares	No. of Shares
Equity shares allotted as fully paid up by way of bonus shares	22,33,62,793	16,00,00,000

There was no allotment of bonus shares during the Financial Year 2013-14, 2014-15 and 2016-17.

vi. **Aggregate number and class of shares bought back during the previous 5 years.**

	2017-18	2016-17
	No. of Shares	No. of Shares
Equity shares bought back	2,03,97,780	1,66,37,207

There was no buy back of shares during the Financial Year 2013-14 to 2015-16.

vii. **Buyback :**

While there was no buy back of shares in FY 2018-19, 2,03,97,780 numbers of equity shares with face value ₹ 1 was bought back for ₹ 182.50 per share at a premium of ₹ 181.50 per share, resulting into a total cash outflow of ₹ 37,226 during the FY 2017-18.

In accordance with Section 69 to the Companies Act, 2013, the company has transferred a sum of ₹ 204 to "Capital Redemption Reserve" in FY 2017-18 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.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
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 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.

xiii. a. **Interim Dividend and Final Dividend**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Final dividend for FY 2017-18 and FY 2016-17 respectively.	9,746	23,453
Interim dividend for FY 2018-19 and FY 2017-18 respectively.	41,422	39,312
Dividend Distribution Tax.	10,518	12,777

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 de-recognised 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 re measurement of the net defined benefit liability/ asset (net of tax).

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 17		
Deferred income		
Non Current		
Government grants - deferred	6,164	3,298
Sub Total (A)	**6,164**	**3,298**
Current		
Government grants - deferred	245	86
Sub Total (B)	**245**	**86**
Total (A+B)	**6,409**	**3,384**

i. Refer Accounting Policy 16 for method of presentation

ii. Nature of utilisation of govt. grant		
a. Revenue expenditure	-	-
b. Capital Expenditure		
i. Property, Plant and Equipment	6,409	3,384
iii. Other forms of government assistance that has directly benefited the company	-	-
iv. Details of unfulfilled conditions attached to govt. grant	-	-
v. Contingencies attached to govt. grant	-	-
vi. The above grants received represents viability gap funding towards Solar Power Plants, assistance towards roof top solar systems and other research activities.		

	As at 31 March 2019	As at 31 March 2018
NOTE 18		
Borrowings		
Non current		
Secured		
Term loan from banks	-	3,333
	-	**3,333**

i. **Term Loan from Banks**

Term Loan from Banks	**2018-19**	**2017-18**
Total liability as on Balance Sheet Date	3,363	6,666
Less : Current Maturities of Long Term Debt *	3,334	3,333
Less : Interest accrued and due on Term Loan	29	-
Non Current Borrowing	-	3,333

* 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.

Notes to Accounts

(₹ in Lakhs)

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

	As at 31 March 2019	As at 31 March 2018
NOTE 19		
Trade payables		
Non Current		
- Others	26	5
Sub Total (A)	**26**	**5**
Current		
- Dues to micro & small enterprises	4,543	2,003
- Others	1,38,958	1,38,104
Sub Total (B)	**1,43,501**	**1,40,107**
Total (A+B)	**1,43,527**	**1,40,112**

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 2019 is furnished below :

Particulars	2018-19	2017-18
a. The principal and the interest due thereon remaining unpaid as at 31March :		
Principal *	4,654	2,105
Interest	1	4
b. The interest paid by the Company in terms of section 16 of the MSMED Act along with the amount of the payment made beyond the appointed day during the year ending 31 March :		
Principal	-	4
Interest	3	1
c. The interest reversed by the company during the year ended 31 March **	2	-
d. 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
e. Interest accrued and remaining unpaid at the end of the year ending 31 March.	3	10
f. 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.	1	2

* Includes amount shown under Note 20

** During the period ₹ 2 {(INR 43,339) [represents absolute figure]} of provisions made in previous year has been reversed, since on subsequent verification, the amount was found to be not payable.

ii. 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.

Notes to Accounts

(₹ in Lakhs)

iii. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

iv. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

v. The company's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

	As at 31 March 2019	As at 31 March 2018
NOTE 20		
Other financial liabilities		
Non Current		
Security deposits	3,029	216
Sub Total (A)	**3,029**	**216**
Current		
Security deposits	10,235	8,000
Current maturities of long term debt [1]	3,334	3,333
Interest accrued and due - term loan [1]	29	-
Interest accrued and due on trade payables [2]	3	10
Other trade payables	13,600	13,398
Unpaid matured deposits	37	37
Unpaid dividend	7,105	48
Non trade payables dues to Micro and Small Enterprise [2]	111	102
Outstanding expenses	67,512	58,728
Other liabilities	1,665	921
Sub Total (B)	**1,03,631**	**84,577**
Total (A+B)	**1,06,660**	**84,793**
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 2019	As at 31 March 2018
NOTE 21		
Provisions		
Non Current		
Employee Benefits		
Gratuity *	-	(1,464)
Long-term compensated absences	24,730	19,687
BEL retired employees' contributory health scheme (BERECHS)	51,359	41,523
Others		
Provision for onerous contracts	218	3,895
Provision for performance warranty	14,551	17,556
Provision for Site restoration obligation	1,285	519
Sub Total (A)	**92,143**	**81,716**
Current		
Employee Benefits		
Gratuity *	(1,055)	(1,703)
Long-term compensated absences	2,417	1,893
BEL retired employees' contributory health scheme (BERECHS)	4,266	3,349
Provision for Employee Wage Revision	-	12,500
Others		
Provision for onerous contracts	5,560	5,929
Provision for performance warranty	34,631	22,359
Sub Total (B)	**45,819**	**44,327**
Total (A+B)	**1,37,962**	**1,26,043**

* Represents excess of plan asset over obligation.

i. **Movement of provisions for the year ended 2018-19**

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	39,915	9,824	519
Additional provision recognized during the year	32,408	2,249	766
Amount used during the year (Refer note v below)	-	-	-
Amount reversed during the year	23,141	6,295	-
As at 31 March	**49,182**	**5,778**	**1,285**

Movement of provisions for the year ended 2017-18

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	28,284	8,584	135
Additional provision recognized during the year	31,823	6,458	384
Amount used during the year (Refer note v below)	-	-	-
Unused amount reversed during the year	20,192	5,218	-
As at 31 March	**39,915**	**9,824**	**519**

Notes to Accounts

(₹ in Lakhs)

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.

iii. **Provision for Site restoration - 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. 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 ₹ 7,606 (₹ 8,030) 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.

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	2018-19	2017-18
i)	**Change in Present Value of Obligations :**		
	Present Value of Obligation as at the beginning of the year	61,412	39,195
	Current Service Cost	1,672	742
	Interest Cost	4,531	2,706
	Past Service Cost	-	23,577
	Benefits paid	(5,442)	(3,220)
	Actuarial (gains) / Losses recognised in other comprehensive income		
	Changes in financial assumptions on planned liability - loss / (gains)	316	(4,332)
	Experience adjustments on planned liability - loss / (gains)	698	2,744
	Present Value of Obligation as at the end of the period	**63,187**	**61,412**

Notes to Accounts

(₹ in Lakhs)

	Particulars	2018-19	2017-18
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	64,945	37,691
	Expected return on plan assets	4,803	3,588
	Contributions	-	27,504
	Benefits paid	(5,442)	(3,220)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	16	(618)
	Fair value of plan assets as at the end of the period	**64,322**	**64,945**
	Defined benefit (Asset) / liability	**(1,135)**	**(3,533)**
	Effects of asset ceiling - As at the beginning of the year	**366**	**-**
	Effects of asset ceiling - As at the end of the year	**(286)**	**366**
	Net defined benefit (asset) / liability	**(1,055)**	**(3,167)**
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Current Service cost	1,672	742
	Net Interest on Net Defined Benefit Obligations	(273)	(882)
	Past service cost	-	23,577
	Expenses recognized in the statement of profit and loss	1,399	23,437
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Re-measurements)**		
	Actuarial (gain)/loss on Plan Obligations	1,014	(1,588)
	Difference between Actual Return and Interest Income on Plan Assets - (gain)/ loss	(16)	618
	Effect of Balance Sheet Asset limit	(286)	366
	Amounts recognised in the statement of Other Comprehensive Income	712	(604)
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	63,187	61,412
	Fair Value of Plan Assets at the end of the period	64,322	64,945
	Funded Status [(Surplus) / Deficit]	**(1,135)**	**(3,533)**
	Effects of asset ceiling - As at the beginning of the year	**366**	**-**
	Effects of asset ceiling - As at the end of the year	**(286)**	**366**
	Liability / (Asset) for the year as on 31 March as per Balance Sheet	**(1,055)**	**(3,167)**
vi)	**Plan Assets**		
	Categories of Plan Assets are as follows		
	State Govt. Securities	1.58%	1.91%
	Govt. of India Securities	1.36%	1.34%
	High Quality Corporate Bonds	1.40%	1.95%
	Investment with Insurer	95.20%	93.89%
	Others (Bank balance)	0.46%	0.91%
vii)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Rate of increase in compensation level	7.00%	7.00%
	Expected rate of Return on Plan Assets	7.66%	7.72%
	Estimated Average Future working life	16.40	16.00
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 (Nil).		

Notes to Accounts

(₹ in Lakhs)

	Particulars	2018-19	2017-18
ix)	**Sensitivity Analysis :**		
	Discount Rate (0.50% movement)increase	8.16%	8.22%
	Increase/(decrease) in defined benefit Obligation as at the end of the period	(2,548)	(2,450)
	Discount Rate (0.50% movement)decrease	7.16%	7.22%
	Increase/(decrease) defined benefit Obligation as at the end of the period	2,750	2,641
	Salary Escalation Rate (0.50% movement)increase	7.50%	7.50%
	Increase/(decrease) defined benefit Obligation as at the end of the period	1,015	1,119
	Salary Escalation Rate (0.50% movement)decrease	6.50%	6.50%
	Increase/(decrease) defined benefit Obligation as at the end of the period	(1,080)	(1,192)

Additional Disclosures :

i. Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.

ii. No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.

iii. Maturity profile of the Gratuity defined benefit obligation is given below :

Year	As at 31 March 2019	As at 31 March 2018
Year 1	3,028	2,957
Year 2	8,145	7,581
Year 3	5,971	5,560
Year 4	6,108	5,750
Year 5	6,662	5,827
Next 5 years	34,540	33,509

(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	2018-19	2017-18
i)	**Change in Present Value of Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	44,872	40,804
	Current Service Cost	2,365	2,134
	Interest Cost	3,464	2,889
	Benefits paid	(10)	(1,340)
	Actuarial (gains) / Losses recognised in other comprehensive income		
	Changes in financial assumptions on non-plan liability - loss / (gains)	3,621	2,410
	Experience adjustments on non-plan liability - loss / (gains)	1,313	(2,025)
	Present Value of Obligation as at the end of the period	**55,625**	**44,872**

Notes to Accounts

(₹ in Lakhs)

	Particulars	2018-19	2017-18
ii)	**Change in Fair Value of non-plan assets (Reimbursement rights) :**		
	Fair value of non-plan assets at the beginning of the year	47,579	-
	Expected return on non-plan assets	3,867	-
	Contributions	8,876	1,340
	Benefits paid	(3,876)	(1,340)
	Actuarial gain / (loss) on non-plan Assets recognised in other comprehensive income	(537)	-
	Fair value of non-plan assets at the end of the period	**55,909**	**-**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	2,365	2,134
	Interest on Defined benefit obligation	3,464	2,889
	Net Expenses Recognised in the Statement of Profit & Loss	**5,829**	**5,023**
	[Expenses : ₹ 547 (₹ 1,340), Provisions : ₹ 5,282 (₹ 3,683)]		
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Re-measurements) :**		
	Actuarial (gain)/loss on non-plan Obligations	4,934	385
	Actuarial (gain)/loss on non-plan Assets	537	-
	Amounts recognised in the statement of Other Comprehensive Income	5,471	385
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	55,625	44,872
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(55,625)	(44,872)
	Liability recognised in Balance Sheet (as per actuarial valuation)	**55,625**	**44,872**
	Expected to be payable within next twelve months	4,266	3,349
	Expected to be payable beyond next twelve months	51,359	41,523
vi)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Medical inflation rate	6.00%	5.50%
	Attrition Rate	1.00%	1.00%
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	982	744
	Effect on the defined benefit obligation	7,599	5,734
	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	(804)	(544)
	Effect on the defined benefit obligation	(6,220)	(4,193)
viii)	**Sensitivity Analysis :**		
	Discount Rate (0.50% movement) increase	8.16%	8.22%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	(3,177)	(2,408)
	Discount Rate (0.50% movement) decrease	7.16%	7.22%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	3,533	2,661
	Medical Inflation Rate (0.50% movement) increase	6.50%	6.00%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	3,603	2,729
	Medical Inflation Rate (0.50% movement) decrease	5.50%	5.00%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	(3,261)	(2,212)

Notes to Accounts

(₹ in Lakhs)

Additional Disclosures :

i. Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.

ii. No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.

iii. Maturity profile of the BERECHS defined benefit obligation is given below :

Year	As at 31 March 2019	As at 31 March 2018
Year 1	3,003	2,607
Year 2	3,173	2,745
Year 3	3,352	2,883
Year 4	3,543	3,026
Year 5	3,732	3,177
Next 5 years	21,444	18,010

(III) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL] :

Employees Provident Fund is managed by Provident Fund Trust of the Company. The Company contributes Management's contributions payable towards Employee Provident Fund to the Trust.

Company has determined on the basis Actuarial Valuation carried out as at 31 March 2019, 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	2018-19	2017-18
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	2,31,115	2,01,968
	Current Service Cost	34,793	32,606
	Interest Cost	16,957	13,913
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gain) / Loss	6,352	76
	Benefits paid	(22,921)	(17,448)
	Present Value of Obligation as at the end of the period	**2,66,296**	**2,31,115**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	2,35,924	2,05,961
	Expected return on plan assets	18,698	18,534
	Contributions	35,456	29,176
	Benefits paid	(22,921)	(17,448)
	Actuarial gain / (loss) on Plan Assets	1,999	(299)
	Fair value of plan assets at the end of the period	**2,69,156**	**2,35,924**

Notes to Accounts

(₹ in Lakhs)

	Particulars	2018-19	2017-18
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	34,793	32,606
	Interest Cost	16,957	13,913
	Expected return on Plan Assets	(18,698)	(18,534)
	Net Actuarial (gain) / loss recognised in the period	4,353	375
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Expenses Recognised in the Statement of Profit & Loss	**37,405**	**28,360**
iv)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	2,66,296	2,31,115
	Fair Value of Plan Assets at the end of the period	2,69,156	2,35,924
	Difference	**(2,860)**	**(4,809)**
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet	**-**	**-**
v)	**Amount for the Current Period :**		
	Present Value of Obligation	2,66,296	2,31,115
	Plan Assets	2,69,156	2,35,924
	Surplus/ (Deficit)	2,860	4,809
	Experience Adjustments on Plan liabilities - (Loss)/ Gain	(6,342)	(114)
	Experience Adjustments on Plan Assets - (Loss)/ Gain	1,999	(299)
vi)	**Category of Assets as at March 31 :**		
	Government of India Securities & State Government Securities	43.73%/50.74%	31.17%/54.25%
	High Quality Corporate Bonds	37.89%/33.27%	56.60%/38.35%
	Mutual Funds	5.01%/1.75%	4.85%/2.06%
	Others	11.90%/11.76%	6.69%/2.36%
	ILFS Bonds - Secured	1.35%/0.74%	0.54%/0.80%
	ILFS Bonds - Unsecured, as recoverable from Enterprise *	0.12%/1.74%	0.15%/2.18%
	Total	**100%/100%**	**100%/100%**
vii)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Salary escalation rate	7.00%	7.00%
	Expected rate of Return on Plan Assets	8.30%/8.75%	8.75%

*** Note :** The unsecured (principal) portion of the ILFS bond investment which amounts to ₹ 2,050 lakhs has been considered by the Trust as a Non-Performing Investment and this amount has been classified as an amount recoverable from the enterprise in the event of ILFS defaulting on repayment of its unsecured debt obligations.

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.

Notes to Accounts

(₹ in Lakhs)

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	2018-19	2017-18
i)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Net Expenses Recognised in the Statement of Profit & Loss [2018-19 Leave Encashed : ₹ 773, Provisions : ₹ 6,423*] [2017-18 Leave Encashed : ₹ 14,320, Provisions : ₹ (14,625)] * Includes an amount of ₹ 856 recovered towards Sick Leave of retirees	7,196	(305)
ii)	**Amounts to be recognised in Balance Sheet :**		
	Liability recognised in Balance Sheet [As per Actuarial Valuation]	**27,147**	**21,580**
iii)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Rate of increase in compensation level	7.00%	7.00%
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	2,417	1,893
	Leave obligations expected to be settled beyond 12 months	24,730	19,687
	Total	**27,147**	**21,580**

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.

i. **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.

ii. **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.

iii. **A description of the funding arrangements and funding policy.**

The Gratuity plan of the company is a funded plan. 95.20% (93.89%) of the plan assets backing this plan are insurer managed assets and 2.94% (3.25%) of the plan assets are invested in 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 2019	As at 31 March 2018
NOTE 22		
Other liabilities		
Non Current		
Deferred revenue - customer grants	475	877
Sub Total (A)	**475**	**877**
Current		
Deferred revenue - customer grants	389	398
Contract Liability		
- Customer advance received	7,31,685	7,04,501
- Deferred revenue	4,212	2,620
Statutory liabilities	10,762	7,893
Others	2,372	2,227
Sub Total (B)	**7,49,420**	**7,17,639**
Total (A+B)	**7,49,895**	**7,18,516**

i. **Related Party Disclosure**
For Related Party Disclosures refer Note 31.

ii. **Contract Liability**
An amount of ₹ 2,11,035 (₹ 1,92,415) has been adjusted against opening balance of contract liability out of revenue recognised during the year.

	For the year ended 31 March 2019		For the Year Ended 31 March 2018	
NOTE 23				
Revenue from operations				
Sale of Products (Gross including excise duty)	10,56,569		9,07,367	
Income from Services	1,22,353		1,01,117	
		11,78,922		10,08,484
Other operating revenue				
Sale of scrap		498		694
Transport receipts		376		289
Rent receipts		627		640
Canteen receipts		1,143		877
Electricity charges collected		191		174
Water charges collected		59		59
Provisions withdrawn				
- Onerous contracts (net)	4,046		-	
- Doubtful debts, Liquidated Damages	6,854		12,108	
- Inventory	5,278		5,353	
- Loans & advances	198		2,019	
- Excise Duty - Others *	-		887	
		16,376		20,367
Govt. Grants including duty drawback		664		659
Customer grants		411		425
Miscellaneous		9,193		7,393
		12,08,460		**10,40,061**

* Refer Note 30 (12).

Notes to Accounts

(₹ in Lakhs)

i. **Disaggregation of revenue recognised against contracts with customers (2018-19)**

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Products	6,95,337	3,41,694	6,065	13,473	10,56,569
Income from Services	1,04,865	16,234	908	346	1,22,353
Total	**8,00,202**	**3,57,928**	**6,973**	**13,819**	**11,78,922**

Disaggregation of revenue recognised against contracts with customers (2017-18)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Products	7,73,221	1,12,049	5,145	16,952	9,07,367
Income from Services	93,911	6,848	130	228	1,01,117
Total	**8,67,132**	**1,18,897**	**5,275**	**17,180**	**10,08,484**

ii. **Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price**

Particulars	2018-19		2017-18	
	Amount	Amount	Amount	Amount
Revenue as per Statement of Profit and Loss				
Sale of Products	10,56,569		9,07,367	
Income from services	1,22,353		1,01,117	
Total (a)		**11,78,922**		**10,08,484**
Add / (Less) adjustment to contract price				
Foreign Exchange variation claim	(3,647)		(8,631)	
Price revision	5,073		74	
Discount and rebate offered	190		72	
Others	(914)		(2,204)	
Total adjustment (b)		**702**		**(10,689)**
Contract price (a + b)		**11,79,624**		**9,97,795**

Satisfaction of performance obligation

a. In majority of the contract, performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. One of the prime indicator considered for this is transfer of significant risk and rewards to the customer based on Inco terms. Where a contract involves multiple performance obligation, the criteria specified in Ind AS 115 is applied to determine the point in time when the performance obligation is satisfied.

b. Under "Bill and hold" arrangement performance obligation is satisfied on unconditional appropriation of the goods to the contract. Normally no obligation towards custodial service exists.

c. Contract with the customer normally do not contain significant financial component and any advance payment received and /or amount retained by customer is with intention of protecting either parties to the contract.

d. Variable consideration primarily consists of amount receivable/reimbursable against foreign exchange variation clause. The amount of revenue recognised in respect of the same is determined based on the methodology specified in the contract. The amount is recognised as revenue on admittance of claim by customer.

e. The company's turnover mainly includes supply of defence electronics equipments and systems.

f. Contract entered into with customer, typically do not have a return/refund clause.

g. Warranties provided are primarily in the nature of performance warranty.

Notes to Accounts

(₹ in Lakhs)

h. The company normally uses the input method to recognise revenue in respect of contracts in which performance obligation are satisfied over a period of time. For revenue recognition, the percentage of completion method is adopted where in the percentage of actual cost incurred to total estimated cost is applied to the contract price for arriving at the quantum of revenue to be recognised.

i. Contract with customer (other than AMC) in respect of which revenue is recognised over a period of time typically involves multiple activities of different nature like construction of building, supply and installation of equipments, networking of equipment and system etc. Due to this it is not possible to quantify in physical terms the quantum of work done (ie output) reliably. Whereas, under input method, the cost incurred in respect of these varied activities can be captured and compared to the total estimated cost to be incurred (which can be estimated reliably), for arriving at the percentage of completion. In case of AMC contracts, output method is used to recognise revenue where passage of time is the criteria for satisfaction of performance obligation.

j. For revenue recognition in respect of performance obligation satisfied at a "point in time" the following criteria is used for determining whether customer has obtained "Control on asset ".

- Transfer of significant risk and rewards
- Customer has legal title to the asset
- The entity has transferred physical possession of the asset
- Customer has accepted the asset
- Entity has the present right to payment for the asset

k. Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligation is based on relative standalone selling price.

l. No non-cash considerations are received/given during the current/previous year.

An amount of ₹ 2,974 (₹ 10,836) (net) has been recognised as revenue during the year out of performance obligation satisfied in previous periods.

Adoption of Ind AS 115

Effective 1 April 2018, the Company adopted Ind AS 115 " Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as on 1 April 2018. In accordance with cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 is insignificant. No adjustment has been made to the opening balance of retained earnings on account of adoption of Ind AS 115.

	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
NOTE 24		
Other income		
Interest income on term deposits	3,201	15,470
Income from long term investments (Dividend) #	9,706	404
Interest income from staff/IT refund/others *	2,684	719
Profit on sale of PPE	27	135
Foreign exchange gain	908	2,911
Rental income - Investment property	162	147
Miscellaneous (Net of expenses)	266	252
	16,954	**20,038**

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.

Notes to Accounts

(₹ in Lakhs)

	For the Year Ended 31 March 2019		For the Year Ended 31 March 2018	
NOTE 25				
Changes in inventories of finished goods, work in progress & scrap				
Work-in-Progress :				
Closing Inventory	1,54,137		1,40,949	
Opening Inventory	1,40,949		1,67,669	
		(13,188)		26,720
Finished Goods :				
Closing Inventory	22,626		22,691	
Opening Inventory	22,691		37,535	
		65		14,844
Scrap :				
Closing Inventory	306		209	
Opening Inventory	209		173	
		(97)		(36)
		(13,220)		**41,528**

	For the Year Ended 31 March 2019		For the Year Ended 31 March 2018	
NOTE 26				
Employee benefits expense				
Salaries, Wages and Bonus/Ex-gratia		1,49,656		1,28,710
Retirement benefit expenses				
Gratuity	1,399		17,937	
Contribution to Provident and Pension Funds	10,571		9,437	
Management Contribution to BEL Superannuation (Pension) Scheme	5,379		4,644	
Provision for BEL Retired Employees Contributory Health Scheme	5,282		3,683	
		22,631		35,701
Welfare Expenses* [including salaries ₹ 1,165 (₹ 956) PF contribution ₹ 101 (₹ 83)]		15,618		12,822
		1,87,905		**1,77,233**

Refer Note 31 for Remuneration to Key Managerial Personnel.

* Refer Note 21 (A) (iii), accordingly a provision of ₹ 2,050 (Nil) is made.

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2019		For the year ended 31 March 2018	
NOTE 27				
Finance costs				
Interest expenses				
Interest on dues to Micro & Small Enterprises	1		2	
Interest on income tax	1,130		15	
Other interest expenses	68		85	
		1,199		102
Other borrowing cost				
Loan processing charges		22		25
		1,221		**127**

	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
NOTE 28		
Depreciation / amortisation expense		
Depreciation / amortisation on property, plant & equipment	31,391	25,043
Depreciation on investment property	1	1
Amortisation on other intangible assets	230	56
	31,622	**25,100**

	For the Year Ended 31 March 2019		For the Year Ended 31 March 2018	
NOTE 29				
Other expenses				
Power and fuel #		3,701		3,130
Water charges		382		355
Royalty & technical assistance		867		724
Rent		2,465		2,763
Rates & taxes		531		755
Insurance		1,041		1,017
Auditors remuneration				
Audit fees	18		18	
Tax audit fees	4		5	
Other services (Certification fees)	5		3	
Reimbursement of expenses	6		4	
		33		30
Cost audit fee		4		4
Repairs & Maintenance :				
Buildings	1,989		2,726	
Plant & machinery	1,212		1,161	
Others	7,194		7,080	

Notes to Accounts

(₹ in Lakhs)

	For the Year Ended 31 March 2019		For the Year Ended 31 March 2018	
		10,395		10,967
Bank charges		308		341
Printing and stationery		462		451
Advertisement & publicity		1,393		1,561
Travelling expenses		13,808		10,195
Hiring charges for van & taxis		1,558		1,421
Packing & forwarding		2,946		2,281
Bad debts & advances written off	14,074		23,995	
Less : Charged to provisions	(13,909)		(23,825)	
		165		170
Provision for obsolete / redundant materials		14,711		9,598
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances		33,268		29,816
Provision for doubtful advances, claims		3,255		172
Provision for performance warranty (net)		9,267		11,631
Provision for onerous contract (net)		-		1,240
Write off of raw materials, stores & components due to obsolescence and redundancy	289		1,873	
Less: Charged to provisions	(269)		(1,824)	
		20		49
Provision for impairment of capital work in progress		124		-
Provision for Intangible assets under development		3,707		-
Intangible assets under development charged off		1,745		-
Contract costs charged off		3,348		-
Corporate social responsibility		2,142		1,573
Contribution to Defence Innovation Organisation		5,000		-
Others :				
Other Misc. Direct Expenditure	18,004		8,575	
After Sales Service	913		573	
Telephones	997		864	
Expenditure on Seminars & Courses	817		766	
Other Selling Expenses	748		1,407	
Miscellaneous	4,718		4,539	
		26,197		16,724
		1,42,843		**1,06,968**
Less : Expenditure allocated to capital jobs		(3,269)		(3,819)
		1,39,574		**1,03,149**

Wind Energy Generated netted off.

Notes to Accounts

(₹ in Lakhs)

NOTE 30
General Notes to Accounts

1. Earning per equity share

		2018-19	2017-18
a	**From continuing operations**		
	Basic earning per share [INR]	7.91	5.70
	Diluted earning per share [INR]	7.91	5.70
b	Amounts used as the numerators in calculating basic and diluted earnings per share	1,92,729	1,39,929
c	Weighted average number of equity shares used in computing basic and diluted earnings per share	243,65,92,943	245,64,87,764

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.

4. 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, an amount of ₹ 3,831 (₹ 1) is provided as provision for impairment.

5. Short Term Borrowings

a. The Company has been sanctioned working capital limit of ₹ 4,00,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 3,50,000.
b. The interest rate payable on fund based limit is linked to SBI 1 year MCLR Rate. [Interest rate payable as on 31.03.2019 is 8.55% p.a. (8.15%)].
c. The amount utilised is repayable on demand. Utilisation as on 31.03.2019 is Nil (Nil).
d. The above sanction limit is secured by hypothecation of Current Assets of the Company (Refer Note 35).

6. Contractual Commitments

Particulars	As at 31 March 2019	As at 31 March 2018
A. Estimated amount of contracts remaining to be executed on capital account and not provided as on 31 March		
Property, plant & equipment	28,873	43,892
Investment property	-	-
Other intangible assets	2,787	5,892
B. Contractual commitments 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)

7. 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	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Expenditure		
Materials	20,601	27,603
Employees Remuneration & Benefits	47,669	49,184
Depreciation	6,575	5,588
Others	13,821	11,476
Gross Expenditure	**88,666**	**93,851**

Note : The above expenditure includes ₹ 8,276 (₹ 14,930) which has not been charged off.

8. Contingent Liabilities :

Particulars	As at 31 March 2019	As at 31 March 2018
Claims not acknowledged as debts	23,767	1,89,101
Outstanding Letters of Credit	38,106	28,452
Others	4,428	1,666
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	38,957	22,105

9. Contingent asset :

Particulars	As at 31 March 2019	As at 31 March 2018
Nil	-	-

10. 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.

11. 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.

12. Excise Duty

"Excise Duty - Others" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.

13. 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.

14. 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.

15. 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 ₹ 14,139 (₹ 76,400).

Out of the above the Value of Ex-work Sales is ₹ 4,456 (₹ 37,110).

Notes to Accounts

(₹ in Lakhs)

16. 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 2019 is given below. [Foreign currencies are shown in Lakhs]. (Previous year figures are shown in brackets).

Currency	Payables		Receivables/Contract Asset		Contingent Liability*	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	659	46,179	52	3,555	383	26,834
	(807)	(52,767)	(33)	(2,104)	(205)	(13,468)
EURO	154	12,229	3	250	104	8,273
	(141)	(11,288)	(12)	(943)	(151)	(12,366)
GBP	23	2,095	-	-	2	195
	(21)	(1,900)	-	-	(33)	(3,088)
JYEN	45	29	-	-	-	-
	(631)	(395)	-	-	(3)	(2)
SGD	**	11	-	-	***	14
	(3)	(154)	-	-	-	-
CHF	41	2,921	-	-	2	125
	(55)	(3,814)	-	-	(1)	(95)
CANADIAN DOLLAR	-	-	-	-	-	-
	(1)	(27)	-	-	-	-
OTHERS	1	506	-	1,889	-	-
	(2)	(1,242)	-	(1,031)	-	-
Total (₹)		**63,970**		**5,694**		**35,441**
		(71,587)		**(4,078)**		**(29,019)**
Amount covered by Exchange Rate variation clause from Customers out of the above		30,416		-		8,299
		(23,898)		-		(6,336)

* includes exposures relating to outstanding letters of credit and capital commitments.

** includes INR 21,513 [represents absolute figure]

*** includes INR 27,843 [represents absolute figure]

During the FY 2018-19, the company has entered into forward contracts to cover foreign currency fluctuations in respect of firm commitments. There are no outstanding forward contracts as on 31.03.2019.

17. Disclosure relating to CSR Expenditure

a. Gross amount required to be spent by the company during the FY 2018-19 is ₹ 3,543 (₹ 3,475).

b. **Amount spent during the FY 2018-19**

Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total	Appropriation for unspent amount	CSR Grand Total
i.	Construction / Acquisition of any asset	-	-	-	-	-
ii.	Purposes other than (i) above	2,291	20	2,311	1,232	3,543
		(1,411)	(227)	(1,638)	(2,059)	(3,697)

Above expenses includes CSR Administration Overhead of ₹ 169 (₹ 65) which is grouped under Employee Benefit Expenses.

Notes to Accounts

(₹ in Lakhs)

c. **Movement of CSR Provision**

Sl. No.	Particulars	2018-19	2017-18
i	As at 1 April	4,360	3,123
ii	Additional provision recognised during the year*	1,232	2,258
iii	Less : Amount used during the year	1,375	1,021
iv	Less : Amount reversed during the year	-	-
v	As at 31March	4,217	4,360

* Includes provision towards interest earned from CSR funds Nil (₹ 199).

18. Non Cancellable Operating Lease Disclosure

a. **As a Lessor**

The future minimum Lease Rent Receivable

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than one year	339	335
Later than one year and not later than five years	594	922
Later than five years.	1	1

The 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 company has not recognized any income as contingent rent.

b. **As a Lessee**

The future minimum Lease Rent Payable

Particulars	As at 31 March 2019	As at 31 March 2018
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.

19. 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 Nil (₹ 1,581) was received as final settlement and has been recognised in statement of profit and loss.

20. Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 1.70 (INR 0.40) per share. (Represents absolute figures)

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting and if approved would results in cash outflow of approximately of ₹ 49,937 (including Dividend Distribution Tax).

21. Value of remaining Performance Obligations (pending orders to be executed)

Unrecognised revenue from contracts with customers which are partially satisfied or unsatisfied (Pending orders to be executed)

Particulars	Total Amount	Within a Year	1 - 2 Years	2 - 3 Years	More than 3 Years
Unexecuted order value	51,79,812	13,03,902	9,77,800	8,20,523	20,77,587

Typically major orders are from defence which involves long gestation period. Company expect to recognise revenue in respect of unsatisfied (or partially unsatisfied) performance obligation over a period of 3 - 5 years.

Notes to Accounts

(₹ in Lakhs)

22. An amount of ₹ 50 has been contributed to Defence production IT Division which has been created as one of the division of HAL to implement IT related initiatives in Dept. of defence production including Ordinance Factory Board (OFB) and Defence Public Sector Units.

23. a. Figures in brackets relate to previous years.

b. An amount of ₹ 3,192 relating to FY 2017-18 has been re-grouped from Non-financial asset (Note 12) to Non-financial liability (Note 19 and 22) due to

- GST related adjustments ₹ 3,100 and
- Set off of Assets with related liability ₹ 92.

24. All figures in financial statement are rounded off to nearest lakhs unless otherwise mentioned.

25. The standalone Ind AS financial statements were approved for issue on 29 May 2019 by the Board of Directors.

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 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	
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.
Defence Innovation Organisation - Associate	India	50%	-	50%	-	Carrying out Defence related Research and Developmental activities.
GE BE Private Limited - Associate	India	26%	26%	74%	74%	Manufacturing of Medical Equipments.

b. **Key Management Personnels Details**

i. **Name of Key Management Personnels**

Mr M V Gowtama, Chairman & Managing Director
Dr Ajit T Kalghatgi, Director [R&D] upto 31.05.2018
Mr Nataraj Krishnappa, Director [Other Units]
Mrs Anandi Ramalingam, Director [Marketing]
Mr Koshy Alexander, Director [Finance] & CFO
Mr R N Bagdalkar, Director [HR]
Mr V Mahesh, Director [R&D] from 01.06.2018
Mr Vinay Kumar Katyal, Director [BG Complex] from 27.11.2018
Mr S Sreenivas, Company Secretary

Notes to Accounts

(₹ in Lakhs)

ii. **Compensation to Key Management Personnels**

Particulars	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018
Short term employee benefits	358	481
Post employment benefits	12	12
Long term employee benefits	52	(20)
Termination benefits	-	-
Share based payment	-	-
Total	**422**	**473**

c. **The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets):**

Particulars	Subsidiaries		Associates		Grand Total
	BEL Optronic Devices Ltd (BELOP)	BEL-THALES Systems Ltd	GE BE Private Ltd	Defence Innovation Organisation	
Purchase of Goods	3,695	-	-	-	**3,695**
	(5,057)	-	-	-	**(5,057)**
Sale of Goods	-	30	2,477	-	**2,507**
	(4)	-	(2,652)	-	**(2,656)**
Services Received	-	614	-	-	**614**
	-	(302)	-	-	**(302)**
Services rendered	1	111	-	-	**112**
	-	(288)	-	-	**(288)**
Rent Received (Lease)	-	39	-	-	**39**
	-	(37)	-	-	**(37)**
Interest Income	486	-	-	-	**486**
	(474)	-	-	-	**(474)**
Dividend Income on Investments	346	-	9,360	-	**9,706**
	(144)	-	(260)	-	**(404)**
Loan disbursed	817	-	-	-	**817**
	(492)	-	-	-	**(492)**
Purchase of Shares	1,449	-	-	-	**1,449**
	(1,744)	-	-	-	**(1,744)**
Contribution during the year	-	-	-	5,000	**5,000**
	-	-	-	-	**-**
Reimbursement of expenses	-	-	-	3	**3**
	-	-	-	(3)	**(3)**
Loan Outstanding (including Interest) as on 31.03.2019 *	2,987	-	-	-	**2,987**
	(3,420)	-	-	-	**(3,420)**
Trade Payables Outstanding as on 31.03.2019	377	137	-	-	**514**
	(2,539)	(118)	-	-	**(2,657)**
Trade Receivables Outstanding as on 31.03.2019	1	-	764	-	**765**
	(2)	(3)	(869)	-	**(874)**
Investment in Equity as on 31.03.2019	13,985	4,264	260	1	**18,510**
	(12,515)	(4,264)	(260)	-	**(17,039)**
Advances for Purchase Outstanding as on 31.03.2019	3,836	-	-	-	**3,836**
	(2,291)	-	-	-	**(2,291)**
Advance for sales outstanding as on 31.03.2019	-	-	6	-	**6**
	-	-	-	-	**-**
Contribution outstanding as on 31.03.2019	-	-	-	4,500	**4,500**
	-	-	-	-	**-**

Notes to Accounts

(₹ in Lakhs)

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 31.03.2019, an amount of ₹ 9,851 (₹ 9,851) has been paid to BELOP, out of which an amount of ₹ 7,109 (₹ 7,109) has been received from MoD. The balance amount of ₹ 2,742 (₹ 2,742) has been shown under Other Financial Assets - Non Current. (Refer Note 9).

As per the Agreement, an amount of ₹ 221 (₹ 221) has been recovered during the financial year from BELOP towards the cost of funds.

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 ₹ 624 is outstanding as on 31.03.2019. 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 ₹ 2,348 has been disbursed as on 31.03.2019. 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 ₹ 34 (₹ 63) adjusted on account of loan given to subsidiary (BELOP) at below market rate.

h. **Management Contracts including deputation of Employees**

Two Officials 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 Nil (1,19,45,469) number of Shares during FY 2018-19.
2. Nil (15,17,45,884) number of Bonus Shares were issued in the FY 2018-19.
3. An amount of ₹ 31,364 (₹ 42,221) was paid as Dividend during the FY 2018-19.

In addition to the above, around 98% (99%) of the Company's Turnover, around 95% (97%) of Trade Receivables and around 98% (99%) of Customer's Advance is with respect to government and government related entities.

j. Investment with respect to BELOP includes fair valuation of loan.

k. Defence Innovation Organisation 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 ₹ 100 (BEL: 50%; HAL: 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bengaluru.

Notes to Accounts

(₹ in Lakhs)

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	2018-19	13,024
	2017-18	(20,458)

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 Bangalore and BEL Pune unit.

Carrying amount of the Company's interest in GE BE Private Ltd. (Audited)

Summarised Balance Sheet	As at 31 March 2019	As at 31 March 2018
Non - current assets	20,269	21,643
Current assets :		
Cash and Cash equivalents	761	1,309
Other assets	48,241	71,409
Total current assets	**49,002**	**72,718**
Total assets	**69,271**	**94,361**
Non - current liabilities :		
Financial liabilities other than trade payables	-	5
Other liabilities	1,207	1,599
Total non - current liabilities	**1,207**	**1,604**
Current liabilities :		
Financial liabilities other than trade payables	1,311	1,466
Other liabilities	16,661	12,605
Total current liabilities	**17,972**	**14,071**
Total liabilities	**19,179**	**15,675**
Net assets	**50,092**	**78,686**
Company's share of Net assets	**13,024**	**20,458**

Summarised Statement of Profit & Loss	As at 31 March 2019	As at 31 March 2018
Revenue	1,09,609	82,898
Interest Income	3,523	3,027
Depreciation and amortisation	2,716	2,288
Interest expense	117	57
Income tax expense	8,343	5,128
Profit for the year	14,862	9,146
Other comprehensive income	(56)	26
Total comprehensive income	14,806	9,172
Company's share of Profit	3,864	2,378
Company's share of OCI	(15)	7
Company's share of total comprehensive income	3,849	2,385

The Company has received Dividend of ₹ 9,360 (₹ 260).

Notes to Accounts

(₹ in Lakhs)

Reconciliation of carrying amounts

Particulars	As at 31 March 2019	As at 31 March 2018
Opening net assets	**20,458**	**18,387**
Profit for the year	3,864	2,378
Other comprehensive income	(15)	7
Dividend paid (including Dividend Distribution Tax)	11,283	314
Closing net assets	**13,024**	**20,458**

Commitments and Contingent Liabilities in respect of Associate

Particulars	GE BE Private Ltd.	
	As at 31 March 2019	As at 31 March 2018
Capital Commitments	320	313
Other Commitments	-	-
Other Contingent Liabilities	803	1,531

Name of the Entity		Defence Innovation Organisation
Place of Business / Place of Incorporation		India
% of ownership interest		50%
Relationship		Associate
Carrying Amount	2018-19	1
	2017-18	-

Represents investment made with Defence Innovation Organisation, a not for profit company registered under Sec 8 of the Companies Act, 2013 during the year. The company does not exercise any control and does not have any right on variable returns from associate other than equity investment of INR 50,000 [represent absolute figure].

NOTE 33
Financial Instruments - Fair Value Measurements

1 Accounting classification and fair values

The following tables show the carrying amount and fair values of financial assets and liabilities :

Particulars		As at 31 March 2019			As at 31 March 2018		
		FVPL	FVOCI	Amotised Cost	FVPL	FVOCI	Amotised Cost
Financial Assets measured at fair value							
I	**Investments**						
i	Equity Instruments -Mana Effluent treatment Pvt Ltd	-	9	-	-	7	-
ii	Equity Instruments - Defence Innovation Organisation	-	1	-	-	-	-
iii	Other Investments	-	-	-	-	-	-
a.	Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment & BERECHS)	83,408	-	-	73,269	-	-
	Sub Total	**83,408**	**10**	**-**	**73,269**	**7**	**-**

Notes to Accounts

(₹ in Lakhs)

Particulars		As at 31 March 2019			As at 31 March 2018		
		FVPL	FVOCI	Amotised Cost	FVPL	FVOCI	Amotised Cost
Financial Assets not measured at fair value							
II	Trade Receivables	-	-	5,36,921	-	-	5,04,950
III	**Loans**						
a	Security deposits	-	-	3,463	-	-	3,125
b	Loans to Related Parties	-	-	2,953	-	-	3,357
c	Loans to Employees	-	-	871	-	-	819
d	Loans to Others	-	-	-	-	-	-
IV	Cash and cash equivalents	-	-	72,193	-	-	73,822
V	Other Bank Balances	-	-	16,205	-	-	48
VI	**Other Financial Assets**						
a	Advance to Employees	-	-	130	-	-	100
b	Advance to Others	-	-	3	-	-	5
c	Non trade receivables	-	-	749	-	-	455
d	Interest accrued but not due on term deposits	-	-	95	-	-	3,649
e	Other financial Assets	-	-	5,395	-	-	4,223
	Other Investments						
a	Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-
b	Investment in Subsidiaries	-	-	18,249	-	-	16,779
c	Investment in Associates	-	-	260	-	-	260
	Sub Total	**-**	**-**	**6,57,487**	**-**	**-**	**6,11,592**
	Total	**83,408**	**10**	**6,57,487**	**73,269**	**7**	**6,11,592**

* 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 Associate (GE-BE Private Limited) has been accounted at Cost in line with option available under Ind AS 101.

Particulars		As at 31 March 2019			As at 31 March 2018		
		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
II	Trade Payables	-	-	1,43,527	-	-	1,40,112
III	**Other Financial Liabilities**						
a	Security Deposits	-	-	13,264	-	-	8,216
b	Current Maturities of Long Term Debt	-	-	3,334	-	-	3,333

Notes to Accounts

(₹ in Lakhs)

		As at 31 March 2019			As at 31 March 2018		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
c	Interest accrued and due on term loan	-	-	29	-	-	-
d	Interest Accrued and due on Trade Payables	-	-	3	-	-	10
e	Other Trade payables	-	-	13,600	-	-	13,398
f	Unpaid Matured Deposits	-	-	37	-	-	37
g	Unpaid Dividend	-	-	7,105	-	-	48
h	Non Trade Payables Dues to MSME	-	-	111	-	-	102
i	Outstanding Expenses	-	-	67,512	-	-	58,728
j	Other Liabilities	-	-	1,665	-	-	921
	Total	**-**	**-**	**2,50,187**	**-**	**-**	**2,28,238**

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 2019			As at 31 March 2018		
			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	-	83,408	-	-	73,269	-
ii	Financial Investments at FVOCI - Unquoted	6	-	-	10	-	-	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.

c. Defence Innovation Organisation (DIO) - (Level 3)

BEL has contributed towards equity capital of M/s Defence Innovation Organisation (DIO), a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an objective of funding innovation in defence sector. 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).

iii) **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 10% (25%) 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 2019, there are no outstanding forwards contracts.

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2019				As at 31 March 2018			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Trade Payable	659	154	23	41	807	141	21	55
Trade Receivable / Contract Asset	52	3	-	-	33	12	-	-
Net Exposure	607	151	23	41	774	129	21	55

Notes to Accounts

(₹ in Lakhs)

iv) **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 2019	As at 31 March 2018
USD – Increase by 5%	2,127	2,530
USD – Decrease by 5%	(2,127)	(2,530)
EURO – Increase by 5%	600	516
EURO – Decrease by 5%	(600)	(516)
GBP – Increase by 5%	105	95
GBP – Decrease by 5%	(105)	(95)
CHF – Increase by 5%	146	191
CHF – Decrease by 5%	(146)	(191)

v) **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.

vi) **Variable Rate Borrowing :**

The company has been sanctioned a Term Loan of ₹ 10,000 on 31.03.2017 [Outstanding as on 31 March 2019 is ₹ 3,334 (₹ 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 ₹ 33 if the interest rate goes up by 1 % and saving of ₹ 33 in cash flow 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 ₹ 4,00,000. The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 3,50,000. The fund based limit of ₹ 50,000 has not been utilised during the year [Outstanding as on 31 March 2019 is nil (31 March 2018 is nil)]. The outstanding balance as on 31.03.2019 with respect to non fund based limit is ₹ 1,88,007 (₹ 1,75,565). 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.

vii) **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.

viii) **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.

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual un-discounted cash flows.

Notes to Accounts

(₹ in Lakhs)

As at 31 March 2019

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	-	-	-	-	-	-
Trade Payables	1,36,081	5,113	2,307	26	-	1,43,527
Current Maturities of LongTerm Debts	833	834	1,667	-	-	3,334
Interest accrued and due onTrade Payables	1	-	2	-	-	3
Other Financial Liabilities	88,565	1,651	10,078	3,029	-	1,03,323

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	1,19,138	7,509	13,460	-	5	1,40,112
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	72,195	2,141	6,898	216	-	81,450

The company does not have any outstanding derivatives as on 31 March 2019.

ix) **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 ₹ 2,987 (₹ 3,420) is outstanding [as on 31.03.2019] 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)

x) **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 2019 is ₹ 3,334 (₹ 6,666)] [Refer Note 18 & 20]. The Company has been sanctioned borrowing limits with banks to the tune of ₹ 4,00,000.

Gearing Ratio :

Particulars	As at 31 March 2019	As at 31 March 2018
Net Debt	3,334	6,666
Total Equity	9,01,891	7,76,101
Net Debt to Equity Ratio	0.004:1	0.009:1

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 2019	As at 31 March 2018
(i) Inventories	4,41,365	4,55,132
(ii) Trade Receivables	5,36,921	5,04,950
(iii) Cash & Cash Equivalents	72,190	73,820
(iv) Bank Balances [Other than (iii) above]	9,100	-
(v) Loans	3,282	2,724
(vi) Other Financial Assets	3,567	5,577
(vii) Other Current Assets	4,67,945	3,42,329
Total assets pledged as security	**15,34,370**	**13,84,532**

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 5 and 12)**
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.

Notes to Accounts

(₹ in Lakhs)

ii) **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note 21)**

iii) **Estimation of provision for warranty claims - (Refer Note 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) **Recognition of Revenue - (Refer Note 23)**

Input methods towards performance obligations over time 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.

v) **Intangible assets - (Refer Note 4 and 5)**

Amount carried forward as other intangible assets and intangible assets under development are tested for impairment annually with respect to certainty of future economic benefits.

NOTE 37
Recent accounting pronouncements

Ind AS 116 - Leases :

On 30 March, 2019, the Ministry of Corporate Affairs has notified Ind AS 116 - Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17 - Leases, and related interpretations. This standard is applicable for accounting period beginning on or after 1 April, 2019. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition :

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application.

The company proposes to adopt the Modified retrospective approach for transitioning to Ind AS 116 and take the cumulative adjustment to retained earnings, on the date of initial application (1 April, 2019). Accordingly, comparatives for the year ended 31 March, 2019 will not be retrospectively adjusted.

The company is in the process of evaluating the effect of this amendment on the financial statements.

Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments :

- On 30 March, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.
- The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April, 2019.
- According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Notes to Accounts

(₹ in Lakhs)

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The Company will adopt the standard on 1 April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C, on the financial statements, is being evaluated.

Amendment to Ind AS 12 - Income taxes:

On 30 March, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 - Income Taxes, in connection with accounting for dividend distribution taxes.

Effective date for application of this amendment is annual period beginning on or after 1 April, 2019.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The effect of application of this amendment on the financial statements is being evaluated.

Amendment to Ind AS 19 - Employee Benefits :

On 30 March, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19 - Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April, 2019.

The Company does not have any impact on account of this amendment.

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 from time to time, to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

2. Use of Estimates

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

3. Basis of Measurement

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

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

4. Functional and Presentation Currency.

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

5. Revenue Recognition

A. Revenue from Contract with Customers

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

(ii) **Satisfaction of performance obligation over time**

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

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

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

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

(iii) **Satisfaction of performance obligation at a point in time**

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

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

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

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

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

c. Bill and hold Sales

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

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

(iv) **Measurement**

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

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

In case of price escalation and ERV, 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).

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

Bundled Contracts - In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies the recognition criteria to separately identifiable components (sale of

goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on stand-alone selling price.

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

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

(v) **Penalties**

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

(vi) **Significant financing component**

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

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

B. Other Income

Recognition of other income is as follows :

(i) **Interest Income**

Interest income is recognised using the effective interest rate method.

(ii) **Dividend Income**

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

(iii) **Rental Income**

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

(iv) **Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

(v) **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 property, plant and equipment not ready for their intended use as at each reporting 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.

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 reporting 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".

Intangible Asset under Development 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 / amortisation 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 at each financial year end and adjusted prospectively, if appropriate.

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.

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

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

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

In case customer order is immediately not forthcoming :

- The amount is capitalised if further economic benefit is expected from its use, or

- The amount is charged off in the event of the project being closed by the customer / end user without any commitment to place order.

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

Reversal of impairment provision is made when there is an increase in the estimated service potential of an asset or Cash Generating Unit (CGU), either from use or sale, on reassessment after the date when impairment loss for that asset was last recognised.

14. Leases

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 of the asset 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**

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.

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.

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 qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency by using the closing 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 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

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities/Assets

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

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 reporting 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.

(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.

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, unless it is impracticable to apply.

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 2019

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

S Sreenivas
Company Secretary

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bharat Electronics Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the Consolidated Balance Sheet as at 31 March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as " the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March, 2019 and its consolidated profit and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosure of revenues and related balances towards adoption of Ind AS 115- Revenue from Contracts with Customers. The application of this new standard involves the assessment towards identification of the distinct performance obligations, determination of the transaction price for each of the identified performance obligation, the judgements used for determining the satisfaction of those performance obligations over time or at a point in time.	**Principal Audit Procedures** We discussed with the management of Holding Company to understand the impact on the adoption of this new accounting standard. Our audit procedures involve identification of internal controls and their operating effectiveness towards application of this standard. We have also carried out the substantive testing of the transactions. (i) Selected the sample of continuing contracts and the new contracts and identified the performance obligations and compared the same with the performance obligation identified by the Holding Company.

Sr. No.	Key Audit Matter	Auditor's Response
	Additionally, the application of the standard also involves judgements used in identifying the amount of cost incurred to obtain or fulfil a contract and the disclosure of the periods over which performance obligations are satisfied over time subsequent to the reporting date. (Refer Note no. 23 to the consolidated financial statements and S.No. 5 to the Accounting policies)	(ii) Verified the basis of allocation of transaction price to the identified performance obligation if not specifically mentioned in the contract. (iii) Identified the basis to be considered to determine the satisfaction of performance obligation and compared the same with the judgements used by the Holding Company in determining the satisfaction of performance obligation over time or at a point in time. (iv) Verified the appropriate evidences considered for determining the satisfaction of performance obligations towards transfer of promised goods or services. (v) In respect of contracts where the satisfaction of performance obligation over time, we have verified the method identified by the Holding Company for recognising the revenue and ensured that those methods are appropriate considering the nature of the performance obligation. (vi) Verified judgements used by the Holding Company to identify those costs that are incurred to obtain or fulfil the contract and period over those cost will be amortised. (vii) Reviewed the Plan available with the Holding Company towards satisfaction of remaining performance obligations identified based on the delivery terms defined in the customer order to prepare the disclosure relating to periods over which remaining unsatisfied or partially satisfied performance obligations will be satisfied subsequent to the reporting date.
2	Critical Estimates in respect of Onerous Contracts. Estimation of unavoidable costs for meeting or satisfaction of performance obligations in respect of contracts that have become onerous is critical. The estimate has inherent limitation of certainty towards estimating the unavoidable costs to complete the performance obligations. (Refer Note no. 21 to the consolidated financial statements and S.No. 22 to the Accounting policies)	**Principal Audit Procedures** We have enquired with the management of Holding Company regarding the internal controls available towards identification of onerous contracts and cost to fulfil those contracts. (i) Selected the sample of continuing and existing contract and tested the effectiveness of the controls towards cost incurred and estimated costs of fulfilling the contract. (ii) Carried out test of internal controls and also the substantive procedures in determining the estimates for unavoidable costs towards onerous contracts.

Sr. No.	Key Audit Matter	Auditor's Response
		(iii) Verified and understood the internal controls available in estimating the basis for arriving the unavoidable costs for meeting the performance obligations in respect of onerous contracts. (iv) Verified the purchase order issued for satisfying the performance and identified those remaining cost which are to be incurred to satisfy the remaining performance obligations. (v) Verified the internal controls towards identification of cost incurred towards the concerned contracts and ensured that only the related cost of the contract is recorded. (vi) Verified the possible reductions in the contract price towards the balance performance obligations in respect of penalties. (vii) Performed analytical procedures and test of details for reasonableness of cost incurred and estimated cost to be incurred.
3	Critical estimates made in respect of expected cost to complete the contract for performance obligation over time. The estimate has inherent limitation of certainty towards estimating the cost to satisfy the performance obligation. (Refer Note no. 23 to the consolidated financial statements and S.No. 5 to the Accounting policies)	**Principal Audit Procedures** We have enquired with the management of Holding Company regarding the internal controls available towards identification of contract where the performance obligation are satisfied over the period of time. (i) Selected the sample contracts of continuing and existing contract and tested the effectiveness of the controls towards cost incurred and estimated costs. (ii) Carried out test of internal controls and also the substantive procedures in determining the estimates made to complete contract. (iii) Verified the purchase order issued for satisfying the performance and identified those remaining cost which are to be incurred to satisfy the balance performance obligations. (iv) Verified the internal controls towards identification of cost incurred towards the concerned contracts and ensured that only the related cost of the contract is considered. (v) Discussed with the management of Holding Company and analysed that the cost estimated is towards the work that are pending to be carried out for completion and satisfaction of the performance obligations. (vi) Performed analytical procedures and test of details for reasonableness of cost incurred and estimated cost to be incurred.

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

The Holding company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Board's Report including its annexures, Corporate Governance information and shareholders information but does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and its associate in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its associate 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 consolidated 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 the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the Company's financial reporting process of the Group and of its associate.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group and of its associate has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and of its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(1) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 49,242 lakhs as at 31 March, 2019, total revenues of ₹ 12,404 lakhs and net cash flows amounting to ₹ (2,844 lakhs) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Subsidiaries' share of net profit (including Other Comprehensive Income) of ₹ 1,431 lakhs for the year ended 31 March, 2019, whose financial statements have not been audited by us.

The consolidated financial statement reflects assets of the associate of ₹ 13,024 lakhs as "Investment in associate" and include Associate's share of net profit (including other comprehensive income) of ₹ 3,849 lakhs, whose financial statement have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by

the Management and our opinion on the consolidated 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 financial statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matters based on our reliance on the work done and the reports of the other auditors and the 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 financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated financial statements.

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

   e) The Group and its associate, being a Government Company, the provisions of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Directors are not applicable.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and of 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 the requirement of Section 197(16) of the Companies Act, 2013 as amended:

   In our opinion, the Group and its associate, being a Government Company, the provisions in relation to payment of managerial remuneration as mandated by Section 197 read with Schedule V to the Companies Act, 2013 is not applicable.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate - Refer Note No. 30(10) to the consolidated 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 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 of its associate.

For **Suri & Co.**
Chartered Accountants
Firm Registration No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2019

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 financial statements of the company as of and for the year ended 31 March, 2019, we have audited the internal financial controls over financial reporting of Bharat Electronics Limited ("the Holding Company") and its subsidiary companies and its 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 its 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 its 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 its 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, 2019, 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 2019

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 2019

The preparation of Consolidated Financial Statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2019 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 auditors 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 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of M/s. Bharat Electronics Limited, Bengaluru but did not conduct supplementary audit of the financial statements of M/s. BEL Optronic Devices Limited, Pune, M/s. BEL-THALES Systems Limited, Bengaluru and M/s. GE BE Private Limited, Bengaluru for the year ended on that date. **Further, section 139(5) and 143(6)(a) 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 Auditor 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 supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6)(b) of the Act.

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

09/07/2019

(Santosh Kumar)
Principal Director of Commercial Audit

Place: Bengaluru
Date: 09 July 2019

Consolidated Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	**1**	2,13,878	1,68,962
(b) Capital work-in-progress	**2**	32,285	44,397
(c) Investment property	**3**	10	11
(d) Other intangible assets	**4**	15,872	14,932
(e) Intangible assets under development	**5**	52,618	49,608
(f) Investment in associate		13,024	20,458
(g) Financial assets			
(i) Investments	**6**	83,418	73,276
(ii) Trade receivables	**7**	-	-
(iii) Loans	**8**	2,748	2,519
(iv) Other financial assets	**9**	2,895	2,891
(h) Deferred tax assets (net)	**10**	47,201	43,006
(i) Inventories	**11**	4,114	18,780
(j) Other non current assets	**12**	26,551	26,759
		4,94,614	**4,65,599**
(2) Current assets			
(a) Inventories	**11**	4,44,335	4,57,936
(b) Financial assets			
(i) Trade receivables	**7**	5,37,367	5,01,430
(ii) Cash & cash equivalents	**13**	75,970	80,443
(iii) Bank balances [other than (ii) above]	**14**	21,217	3,664
(iv) Loans	**8**	1,622	1,458
(v) Other financial assets	**9**	3,626	5,854
(c) Current tax assets (net)	**15**	24,366	24,884
(d) Other current assets	**12**	4,78,941	3,54,783
		15,87,444	**14,30,452**
TOTAL ASSETS		**20,82,058**	**18,96,051**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	**16**	24,366	24,366
(b) Other equity		8,96,784	7,77,202
Total equity attributable to the owners of the company		**9,21,150**	**8,01,568**
Non controlling interest		1,330	1,303
Total equity		**9,22,480**	**8,02,871**

Consolidated Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
LIABILITIES			
(1) Non-current liabilities			
(a) Deferred income	**17**	18,809	17,271
(b) Financial liabilities			
(i) Borrowings	**18**	-	3,333
(ii) Trade payables	**19**		
- total outstanding dues of micro enterprises & small enterprises; and		-	-
- total outstanding dues of creditors other than micro enterprises & small enterprises		26	5
(iii) Other financial liabilities	**20**	3,029	216
(c) Provisions	**21**	92,364	81,860
(d) Other non-current liabilities	**22**	475	877
		114,703	**103,562**
(2) Current liabilities			
(a) Deferred income	**17**	1,573	1,414
(b) Financial liabilities			
(i) Borrowings	**18**	-	1,370
(ii) Trade payables	**19**		
- total outstanding dues of micro enterprises & small enterprises; and		4,623	2,148
- total outstanding dues of creditors other than micro enterprises & small enterprises		1,38,782	1,34,751
(iii) Other financial liabilities	**20**	1,05,580	88,285
(c) Other current liabilities	**22**	7,46,235	7,16,246
(d) Provisions	**21**	48,082	45,404
(e) Current tax liabilities (net)	**15**	-	-
		10,44,875	**9,89,618**
TOTAL EQUITY AND LIABILITIES		**20,82,058**	**18,96,051**

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 2019

Consolidated Statement of Profit & Loss

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
I	Revenue from operations	23	12,16,417	10,48,516
II	Other income	24	7,299	19,573
III	**Total income (I+II)**		**12,23,716**	**10,68,089**
IV	**EXPENSES**			
	(a) Cost of material consumed		5,27,858	4,57,394
	(b) Cost of stores & spares consumed		3,734	4,089
	(c) Consumption of stock in trade		75,906	49,680
	(d) Changes in inventories of finished goods, work in progress & scrap	25	(13,068)	41,089
	(e) Excise duty		-	8,436
	(f) Employee benefits expense	26	1,89,514	1,78,757
	(g) Finance costs	27	1,275	219
	(h) Depreciation and amortization expense	28	33,813	27,172
	(i) Other expenses	29	1,41,850	1,05,550
	TOTAL EXPENSES (a to i)		**9,60,882**	**8,72,386**
V	**Profit before exceptional items, share of net profit of associate accounted under equity method & tax (III - IV)**		**2,62,834**	**1,95,703**
VI	Exceptional items		**-**	-
VII	**Profit before share of net profit of associate accounted under equity method & tax (V - VI)**		**2,62,834**	**1,95,703**
VIII	**Tax Expense**	10		
	- Current tax		80,483	45,436
	- Earlier years tax		(118)	(481)
	- Deferred tax		(2,334)	10,023
	Total provision for taxation		**78,031**	**54,978**
IX	**Profit before share of net profit of associate accounted under equity method (VII - VIII)**		**1,84,803**	**1,40,725**
X	Share of net profit of associate accounted under equity method		3,864	2,378
XI	**Profit for the year (IX+X)**		**1,88,667**	**1,43,103**
XII	**Other comprehensive income / (loss)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/asset		(6,311)	236
	- Equity instruments through other comprehensive income		2	1
	- Share of other comprehensive income of associate accounted under equity method (net of tax)		(15)	7
	- Income tax relating to these items		2,197	(77)
	Total other comprehensive income / (loss) (net of tax)		**(4,127)**	**167**

Consolidated Statement of Profit & Loss

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
XIII	**Total comprehensive income for the year (XI + XII) [comprising profit and other comprehensive income for the year]**		**1,84,540**	**1,43,270**
XIV	**Net profit / (loss) attributable to**			
	a) Owners of the company		**1,88,640**	**1,43,172**
	b) Non controlling interest		**27**	**(69)**
	Other comprehensive income attributable to			
	a) Owners of the company		**(4,127)**	**167**
	b) Non controlling interest		**-**	**-**
	Total comprehensive income attributable to			
	a) Owners of the company		**1,84,513**	**1,43,339**
	b) Non controlling interest		**27**	**(69)**
XV	**Earnings per equity share (face value of ₹ 1/- each) :**	**30(1)**		
	(1) Basic [in ₹]		**7.74**	**5.83**
	(2) Diluted [in ₹]		**7.74**	**5.83**

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
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Partner
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S Sreenivas
Company Secretary

Bengaluru
29 May 2019

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

A. Equity Share Capital

	Note No.	Amount
Balance as at 1 April 2017		22,336
Changes in equity share capital during the year		
- Issue of bonus shares	16	2,234
- Buyback of shares		(204)
Balance as at 31 March 2018		24,366

	Note No.	Amount
Balance as at 1 April 2018		24,366
Changes in equity share capital during the year		
- Issue of bonus shares	16	-
- Buyback of shares		-
Balance as at 31 March 2019		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 2017		**4,669**	**362**	**1,664**	**2,79,006**	**4,77,035**	**2**	**(11,497)**	**1,372**	**7,52,613**
Profit for the year		-	-	-	-	1,43,103	-	-	(69)	1,43,034
Consolidation adjustment		-	-	-	-	(439)	-	-	-	(439)
Addition during the year		-	-	-	-	-	1	166	-	167
Total		**4,669**	**362**	**1,664**	**2,79,006**	**6,19,699**	**3**	**(11,331)**	**1,303**	**8,95,375**
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										
Dividend	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**	**2,79,546**	**5,02,085**	**3**	**(11,331)**	**1,303**	**7,78,505**

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 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 2018		**4,669**	**362**	**1,868**	**2,79,546**	**5,02,085**	**3**	**(11,331)**	**1,303**	**7,78,505**
Profit for the year		-	-	-	-	1,88,667	-	-	27	1,88,694
Consolidation adjustment		-	-	-	-	(2,022)	-	-		(2,022)
Addition during the year		-	-	-	-	-	2	(4,129)	-	(4,127)
Total		**4,669**	**362**	**1,868**	**2,79,546**	**6,88,730**	**5**	**(15,460)**	**1,330**	**9,61,050**
Corporate social responsibility (CSR)		-	-	-	-	(1,250)	-	-	-	(1,250)
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-	-	-	-
Amount transfer to capital reserve		-	-	-	-	-	-	-	-	-
Transaction with owners in their capacity as owner										
Dividend	16	-	-	-	-	(51,168)	-	-	-	(51,168)
Dividend distribution tax	16	-	-	-	-	(10,518)	-	-	-	(10,518)
Issue of bonus shares	16	-	-	-	-	-	-	-	-	-
Buyback of shares	16	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019		**4,669**	**362**	**1,868**	**3,19,546**	**5,85,794**	**5**	**(15,460)**	**1,330**	**8,98,114**

* 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 2019

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after share of associate but before exceptional items and tax	2,66,698	1,98,081
Adjustments for :		
Depreciation and amortisation expense	33,813	27,172
Provision for intangible assets under development	3,707	-
Intangible assets under development charged off	1,745	-
Provision for impairment of capital work in progress	124	-
Contract costs charged off	3,348	-
Corporate social responsibility	2,311	1,638
Transfer from government grants	(1,524)	(1,515)
Interest income	(3,560)	(15,906)
Finance costs	1,275	219
Profit on sale of property, plant & equipment	(27)	(135)
Operating Profit Before Working Capital Changes	**3,07,910**	**2,09,554**
Increase / (Decrease) in :		
Trade receivables	(35,937)	(64,604)
Loans	(393)	(273)
Other Financial Assets	2,224	24,326
Other assets	(1,27,298)	(3,07,509)
Inventories	28,267	16,376
Trade payables	6,527	7,165
Other financial liabilities	13,726	27,539
Provisions	6,871	(3,357)
Other liabilities	29,587	79,423
Current tax asset	(2,917)	7,896
Cash Generated from Operations	**2,28,567**	**(3,464)**
Income taxes paid (net)	(77,179)	(68,142)
Receipt of grants	3,220	2,947
Cash Flow Before Exceptional Items	**1,54,608**	**(68,659)**
Exceptional items	-	-
Net Cash from /(used in) Operating Activities	**1,54,608**	**(68,659)**

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant & equipments and other intangible assets	(76,142)	(80,711)
Proceed from sale of property, plant & equipment	27	153
Increase / (Decrease) in term deposits & other bank balances	(17,553)	1,09,075
Other investments	(2,706)	(45,064)
Interest received	3,560	15,906
Net Cash from / (used in) Investing Activities	**(92,814)**	**(641)**
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceed / Repayment from borrowings (net)	(4,702)	1,678
Purchase of Shares under Buyback Scheme	-	(37,226)
Corporate Social Responsibility (CSR) Expenditure	(3,666)	(2,473)
Dividend Paid (including Tax on Dividend)	(56,624)	(81,998)
Finance Costs	(1,275)	(219)
Net Cash from / (used in) Financing Activities	**(66,267)**	**(1,20,238)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(4,473)**	**(1,89,538)**
Cash and Cash Equivalents at the beginning of the year	**80,443**	**2,69,981**
Cash and Cash Equivalents at the end of the Year	**75,970**	**80,443**

1. Non-cash changes recognised in respect of liabilities on account of financing activities is :
   (i) Parent Company – Nil (Nil).
   (ii) Subsidiary Company BELOP - ₹ 25 (Nil)
2. The 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 2019

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 2018	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2019	Accumulated depreciation / amortisation as at 1 April 2018	Depreciation/ amortisation for the year	Deductions / adjustments during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold land	12,908	-	-	**12,908**	-	-	-	**-**	**12,908**	**12,908**
Leasehold land	518	775	-	**1,293**	21	9	-	**30**	**1,263**	**497**
Roads and culverts	488	1,262	-	**1,750**	87	87	-	**174**	**1,576**	**401**
Buildings	40,914	16,089	14	**56,989**	4,132	2,200	1	**6,331**	**50,658**	**36,782**
Installations	3,565	227	-	**3,792**	1,210	424	-	**1,634**	**2,158**	**2,355**
Plant and machinery	89,873	35,177	1	**1,25,049**	26,515	14,133	1	**40,647**	**84,402**	**63,358**
Electronic equipment	43,479	7,083	(105)	**50,667**	15,010	7,312	(65)	**22,387**	**28,280**	**28,469**
Equipment for R & D lab	25,407	13,465	126	**38,746**	10,787	5,631	65	**16,353**	**22,393**	**14,620**
Vehicles	507	175	11	**671**	214	127	-	**341**	**330**	**293**
Office equipment	7,736	1,972	8	**9,700**	3,203	1,462	8	**4,657**	**5,043**	**4,533**
Furniture, fixtures and other equipments	6,935	1,069	-	**8,004**	2,208	938	-	**3,146**	**4,858**	**4,727**
Assets acquired for sponsored research	65	-	-	**65**	46	10	-	**56**	**9**	**19**
Total	**2,32,395**	**77,294**	**55**	**3,09,634**	**63,433**	**32,333**	**10**	**95,756**	**2,13,878**	**1,68,962**
Previous Year	1,71,678	60,717	-	**2,32,395**	37,551	25,865	(17)	**63,433**	**1,68,962**	**1,34,127**

i. Freehold Land consists of 2064.43 acres (2064.60 acres) and Leasehold Land consists of 300.00 acres (293.80 acres). Freehold land includes INR 463 (Nil) [represents absolute figure] transferred to investment property during the year.

ii. Freehold Land includes 7.21 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 and land taken at Bathinda for 99 years and capitalised during the year. 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, ₹ 12,096 (₹ 1,982), ₹ 94 (₹ 15) and Nil (₹ 222) in respect of the assets of Central Research Laboratories/Product development and innovative centre, 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.

Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 1,232 (₹ 467) in respect of Wind Mill & Solar Power Plants.

vii. **Contractual Commitments**

Refer Note 30 (9) for outstanding Contractual Commitments.

viii. **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.

Consolidated 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	5 - 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

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 Group 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).

xii. **Impairment of Assets**

Refer Note 30(7).

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. 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.

Consolidated Notes to Accounts

(₹ in Lakhs)

b. Handing over of physical possession by Karnataka Industrial Area Development Board (KIADB) to BEL is pending in respect of land of 32 acres (Nil) located at Devanahalli, Bengaluru. No provision towards registration and other cost has been made in the books of accounts pending registration. Cost of land paid to KIADB amounting to ₹ 8,067 (Nil) 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 Ibrahipatnam allotted 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].

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 (BG 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.

h. The title deed in respect of land measuring 0.30 acres (0.30 acres) is under litigation. Two cases are pending in court in this regard (Panchkula Unit).

xvii. The company has installed Solar power plant on Lease land in OFB Medak, Telangana; Itarsi, Bolangir and HVF Avadi by paying a nominal Value of INR 1 [represents absolute figure] as Annual Lease Rent for every plant.

		As at 31 March 2019		As at 31 March 2018
NOTE 2				
Capital work-in-progress				
Civil Construction	12,375		21,320	
Plant & Machinery	14,914		9,738	
Others	4,278		11,785	
Capital Items in Transit	842		1,555	
		32,409		44,398
Less : Provision for impairment		(124)		(1)
		32,285		**44,397**

i. Civil construction mainly comprises of Production related building, R&D building & Employee Quarters.

ii. Borrowing costs of ₹ 798 (₹ 378) [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 (9) in respect of contractual commitments.

iv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, plant & equipment.

v. **Impairment of Assets**

In respect of parent company, building under construction (carrying value ₹ 124), is halted for past two years as the contractor to whom the work was awarded has been wound up and no progress in the work thereafter. The company has filed a legal claim to recover the amount paid to the contractor. Hence an amount of ₹ 124 (Nil) is provided for impairment. Refer Note 30 (7).

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 3
Investment property

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION				NET CARRYING AMOUNT	
	As at 1 April 2018	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2019	As at 1 April 2018	Depreciation for the year	Deductions/ Adjustments during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Freehold land *	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	3	1	-	4	10	11
Total	**14**	**-**	**-**	**14**	**3**	**1**	**-**	**4**	**10**	**11**
Previous Year	14	-	-	14	2	1	-	3	11	12

* Freehold land of parent company includes INR 3925 (INR 3462) [represents absolute figure] which is rounded off.

i. **Amount recognised in Statement of Profit & Loss**

	For the year ended 31 March 2019	For the year ended 31 March 2018
a. Rental Income	123	110
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	122	109

ii. Refer Note 30(9) for Contractual Commitment.

iii. **Fair Value of the investment properties**

	As at 31 March 2019	As at 31 March 2018
Land	2,300	1,962
Building	902	902

iv. Land comprises of Freehold Land of 1.53 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 properties 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**

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 group 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 releasability of Investment Property**

The land is allotted 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 2018	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2019	Accumulated amortisation as at 1 April 2018	Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Intangible assets - others										
Computer operating system	2	-	-	**2**	1	-	-	**1**	**1**	1
Licencing fee	18,424	-	-	**18,424**	3,750	1,250	-	**5,000**	**13,424**	14,674
Software licenses / implementation Enterprise resource planning (ERP)	233	52	-	**285**	140	70	-	**210**	**75**	93
Others (Development Cost) *	164	2,367	-	2,531	-	159	-	**159**	**2,372**	164
Total	**18,823**	**2,419**	**-**	**21,242**	**3,891**	**1,479**	**-**	**5,370**	**15,872**	**14,932**
Previous Year	**18,553**	**270**	**-**	**18,823**	**2,585**	**1,306**	**-**	**3,891**	**14,932**	**15,968**

* Amortisation for the year includes INR 18,863 (INR 4,497) [represents absolute figure] which is rounded off.

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)	4 / 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 Group and recognised as expenses in the Statement of Profit and Loss.

v. Refer Note 30 (9) for Contractual Commitments.

vi. **Impairment of Assets**

Refer Note 30(7).

vii. The restriction on the title of the assets is governed by the terms of agreement.

	As at 31 March 2019	As at 31 March 2018
NOTE 5		
Intangible assets under development		
Internally developed *	56,325	49,596
Less: Provision for impairment	(3,707)	-
	52,618	**49,596**
Others		
Software licenses / implementation Enterprise resource planning (ERP)	-	12
	52,618	**49,608**

* Includes funding to other development agencies.

i. Refer Note 30(9) for Contractual Commitment.

ii. **Impairment of Assets :**

a. An amount of ₹ 3,707 (Nil) has been provided towards impairment loss and ₹ 1,746 written off in respect of amount carried forward from previous year towards Intangible Assets under development. The amount of ₹ 3,707 and ₹ 1,746 are included under "other Expenses". (Refer Note 29).

b. The provision for impairment has been made in respect of intangible asset where the development activity is still in progress but as per the company's assessment the probability of getting customer order is not certain and there is no assurance / firm commitment from customer side. [Refer Note 30 (7)].

c. The write off of ₹ 1,746 has been made in respect of these assets where the company has closed the developmental activity from its side and as per company's assessment probability of getting customer order is not certain and there is no assurance / firm commitments from customer side.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 6		
Investments		
(I) Investment in Equity Instruments (Unquoted)		
(a) Others (at FVOCI) (Refer Note v below)		
Mana Effluent Treatment Plant Ltd, Hyderabad		
500 (500) equity shares of ₹ 1,000 each fully paid	9	7
Defence Innovation Organisation, Bengaluru		
50 (Nil) equity shares of ₹ 1,000 each fully paid	1	-
(II) Other Investments (Unquoted)		
a) Investments 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)	83,408	73,269
	83,418	**73,276**

* INR 4750 [represents absolute figure] (INR 4750) [represents absolute figure] which is rounded off. The same represents value of share acquired in Housing Societies as per their by-law regulation.

	2018-19	2017-18
i. a. Aggregate value of quoted investments and market value thereof	-	-
i. b. Aggregate value of unquoted investments	83,418	73,276
i. c. 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. An amount of INR 50,000 [represents absolute figure] has been contributed towards equity capital in M/s Defence Innovation Organisation (DIO) during FY 2018-19. 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 ₹ 100 (BEL: 50%; HAL: 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bengaluru.

An amount of ₹ 5,000 has been provided in the books of account towards contribution to initial corpus fund. Out of this an amount of ₹ 500 has been disbursed during the FY 2018-19.

Consolidated Notes to Accounts

(₹ in Lakhs)

v. a. The parent company have designated investment in equity shares of Mana Effluent treatment plant and Defence Innovation Organisation 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 2019	Dividend income recognised during 2018-19	Fair value as at 31 March 2018	Dividend income recognised during 2017-18
Investment in Mana Effluent Treatment Plant Ltd.	9	-	7	-
Investment in Defence Innovation Organisation, Bengaluru	1	-	-	-

b. Parent company has not received any dividend so far on these Investments.

c. No strategic investments were disposed off during 2018-19, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

	As at 31 March 2019	As at 31 March 2018
NOTE 7		
Trade receivables		
Non Current		
Unsecured, Considered Doubtful		
Trade receivables	1,26,587	1,16,742
Less : Provision*	(1,26,587)	(1,16,742)
Sub Total (A)	**-**	**-**
Current		
Secured, considered good	469	43
Unsecured, considered good	5,36,898	5,01,387
Sub Total (B)	**5,37,367**	**5,01,430**
Total (A+B)	**5,37,367**	**5,01,430**

* includes ₹ 339 (Nil) in respect of receivables which are credit impaired.

i. **Payment Terms**

a. In majority of contracts, payment (net of advance received, if any) is due on delivery of items. However, in some contracts a portion of dues (Typically 5% to 10%) is linked to satisfaction of further performance obligation like completion of installation and commission activity etc. In respect of turnkey contracts, payment (net of advance, if any) is linked to achievement of specified milestone.

b. Advance including progressive payments received from customer are classified as contract liability and adjusted on completion of related performance obligation. Balance amount receivable is classified as Trade Receivable.

c. Amount retained by customer in respect of completed Performance obligation due to linking of payment with completion of other Performance obligations in the contract is classified as Contract Asset.

ii. **Financial instruments**

Refer Note 33 for classification of financial instruments.

iii. **Impairment of financial assets**

Provisions for impairment has been made in line with Accounting Policy No. 29 of the Group.

iv. **Related party disclosure**

For Related Party Disclosures refer Note 31.

v. **Security, Hypothecation etc**

Refer Note 35.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 8		
Loans		
Non Current		
Unsecured, Considered Good		
Security deposits	2,046	1,874
Loans to employees	702	645
	2,748	**2,519**
Unsecured, Considered Doubtful		
Security deposits	75	114
Less : Provisions	(75)	(114)
	-	**-**
Others		
Loans to employees	1	1
Less : Provisions	(1)	(1)
	-	**-**
Loans to others	132	132
Less : Provisions*	(132)	(132)
	-	**-**
Sub Total (A)	**2,748**	**2,519**
Current		
Unsecured, Considered Good		
Security deposits	1,453	1,284
Others		
Loans to employees	169	174
Sub Total (B)	**1,622**	**1,458**
Total (A+B)	**4,370**	**3,977**

* includes ₹ 132 (₹ 132) in respect of loans which are credit impaired.

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 2019	As at 31 March 2018
NOTE 9		
Other financial assets		
Non Current		
Unsecured, Considered Good		
Advance to others *	-	-
Receivables other than trade receivables	37	87
Interest accrued on term deposits	1	-
Bank deposits with more than 12 months maturity	19	36
Margin money held with Bank	70	-
Other assets	2,768	2,768
	2,895	**2,891**
Unsecured, Considered Doubtful		
Advance to others	12	13
Less : Provisions	(12)	(13)
	-	**-**
Receivables other than trade receivables	31	24
Less : Provisions	(31)	(24)
	-	**-**
Other assets	74	74
Less : Provisions	(74)	(74)
	-	**-**
Sub Total (A)	**2,895**	**2,891**
Current		
Unsecured, Considered Good		
Advance to employees	130	100
Advance to others	3	5
Interest accrued but not due on term deposits	152	3,924
Receivable other than trade receivables	712	368
Other assets	2,629	1,457
Sub Total (B)	**3,626**	**5,854**
Total (A+B)	**6,521**	**8,745**

* includes Nil (INR 41,200) [represents absolute figure].

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. Net carrying amount of INR 14,306 [represents absolute figure] (₹ 13) has been added in other assets with respect to Property, Plant and Equipment not in active use and pending for disposal.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 10		
Deferred tax assets (net)		
Deferred Tax Assets	81,497	65,126
Deferred Tax Liabilities	34,296	22,120
	47,201	**43,006**

i. **Income Tax Recognised in Statement of Profit and Loss**

Sl. No.	Particulars	As at 31 March 2019	As at 31 March 2018
1.	**Income Tax Expenses :**		
	- Current period	80,483	45,436
	- Changes in estimates related to prior years	(118)	(481)
2.	**Deferred tax :**		
	- Origination and reversal of temporary differences	(2,334)	10,023
3.	**Total deferred tax expense / (benefit)**	**(2,334)**	**10,023**
4.	**Income tax expenses**	**78,031**	**54,978**

ii. **Income Tax recognised in other comprehensive income**

Sl. No.	Particulars	As at 31 March 2019			As at 31 March 2018		
		Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
1.	Remeasurement of the net defined benefit liability/(asset)	(6,311)	(2,198)	(4,113)	236	(77)	159
2.	Equity instruments through other comprehensive income	2	1	1	1	-	1
	Total	**(6,309)**	**(2,197)**	**(4,112)**	**237**	**(77)**	**160**

iii. **Income Tax recognised directly in Equity**

There are no income tax recognised directly in equity for the year ended 31 March 2019 & 31 March 2018.

iv. **Reconciliation of Effective Tax Rates**

Particulars	As at 31 March 2019		As at 31 March 2018	
	Rate	Amount	Rate	Amount
Profit Before Tax		**2,62,834**		**1,95,703**
Tax using the company's Domestic Tax Rate	34.94%	91,845	34.61%	67,729
Effect of				
Additional deduction on Research & Development Expenses	-5.30%	(13,930)	-6.52%	(12,759)
Exempt Income	-1.29%	(3,392)	-0.07%	(140)
Tax Incentives	-0.21%	(554)	-0.30%	(584)
Changes in estimates related to previous years	-0.03%	(67)	-0.25%	(481)
Non-deductable Expenses	0.47%	1,238	0.31%	601
Accelerated Depreciation for Tax Purpose	0.00%	(7)	0.00%	7
Set off losses	0.00%	-	-0.18%	(352)
Others	1.10%	2,898	0.49%	957
Effective Tax rate	**29.69%**	**78,031**	**28.09%**	**54,978**

Consolidated Notes to Accounts

(₹ in Lakhs)

v. **Deferred Tax (Assets) and Liabilities are attributable to the following :**

Sl. No.	Particulars	Deferred Tax (Assets) as at		Deferred Tax Liability as at		Net Deferred Tax (Assets)/Liability as at	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
1	Trade Receivables	(13,674)	(11,373)	-	-	(13,674)	(11,373)
2	Inventory	(14,860)	(11,658)	-	-	(14,860)	(11,658)
3	Provision others	(21,854)	(18,180)	-	-	(21,854)	(18,180)
4	Employee Benefits	(28,251)	(22,620)	-	-	(28,251)	(22,620)
5	Other Intangible Assets	-	(203)	729	623	729	420
6	Deferred Revenue	(373)	(373)	-	-	(373)	(373)
7	Other Assets	-	-	1	1	1	1
8	Property, Plant and Equipment	-	-	26,997	17,307	26,997	17,307
9	ICDS Adjustment	-	(206)	-	9	-	(197)
10	Equity Investments	-	-	1	1	1	1
11	Other Financial Liabilities	-	-	10	10	10	10
12	Provision for Impairment	(2,012)	-	-	-	(2,012)	-
13	Trade Payables	(6)	(6)	-	-	(6)	(6)
14	Intangible Assets under development	-	-	6,558	4,169	6,558	4,169
15	Bonus	(1)	-	-	-	(1)	-
16	Superannuation	(7)	-	-	-	(7)	-
17	MAT Credit	(459)	(507)	-	-	(459)	(507)
18	**Total**	**(81,497)**	**(65,126)**	**34,296**	**22,120**	**(47,201)**	**(43,006)**
19	Set off of (Asset)/Liability	34,296	22,120	(34,296)	(22,120)	-	-
Net Deferred Tax (Asset)/ Liability		**(47,201)**	**(43,006)**	**-**	**-**	**(47,201)**	**(43,006)**

vi. **Movement of Deferred Tax (Assets) & Liabilities**

Sl. No.	Particulars	Balance as on 1 April 2018	Recognised in P&L during 2018-19	Recognised in OCI during 2018-19	Balance as on 31 March 2019
1	Trade Receivables	(11,373)	(2,301)	-	(13,674)
2	Inventory	(11,658)	(3,202)	-	(14,860)
3	Provision others	(18,180)	(3,674)	-	(21,854)
4	Employee Benefits	(22,620)	(3,720)	(1,912)	(28,251)
5	Other Intangible Assets	420	309	-	729
6	Deferred Revenue	(373)	-	-	(373)
7	Other Assets	1	-	-	1
8	Property, Plant and Equipment	17,307	9,690	-	26,997
9	ICDS Adjustment	(197)	197	-	-
10	Equity Investments	1	-	1	1
11	Other Financial Liabilities	10	-	-	10

Consolidated Notes to Accounts

(₹ in Lakhs)

Sl. No.	Particulars	Balance as on 1 April 2018	Recognised in P&L during 2018-19	Recognised in OCI during 2018-19	Balance as on 31 March 2019
12	Provision for Impairment	-	(2,012)	-	(2,012)
13	Trade Payables	(6)	-	-	(6)
14	Intangible Assets under development	4,169	2,389	-	6,558
15	Bonus	-	(1)	-	(1)
16	Superannuation	-	(7)	-	(7)
17	MAT Credit	(507)	49	-	(459)
	Total	**(43,006)**	**(2,283)**	**(1,911)**	**(47,201)**

Sl. No.	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
1	Trade Receivables	(11,755)	382	-	(11,373)
2	Inventory	(10,708)	(950)	-	(11,658)
3	Provision others	(14,178)	(4,002)	-	(18,180)
4	Employee Benefits	(28,463)	5,977	(134)	(22,620)
5	Other Intangible Assets	133	287	-	420
6	Deferred Revenue	(440)	67	-	(373)
7	Other Assets	4	(3)	-	1
8	Property, Plant and Equipment	12,833	4,474	-	17,307
9	ICDS Adjustment	(78)	(119)	-	(197)
10	Equity Investments	1	-	-	1
11	Other Financial Liabilities	51	(41)	-	10
12	Intangible asset under development	-	4,169	-	4,169
13	Trade Payables	(6)	-	-	(6)
14	MAT Credit	(289)	(218)	-	(507)
	Total	**(52,895)**	**10,023**	**(134)**	**(43,006)**

Note : In respect of Subsidiary - BELOP, MAT Credit Recognised in P&L during the year 2018-19 include (₹ 51) of Earlier Years. MAT credit utilised during the year ₹ 100.

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 2019	As at 31 March 2018
Tax Losses	Holding Company	There are no temporary differences on which Deferred Tax (Assets) / Liability have not been recognised	
	BELOP		
	BEL-Thales Systems	647	753

Consolidated Notes to Accounts

(₹ in Lakhs)

viii. **Tax Losses carried forward**

Particulars	Entity	As at 31 March 2019		As at 31 March 2018	
		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				
Never Expire					
Expire	BEL-Thales Systems	497	2023-27	671	2023-27
Never Expire		150	-	82	-

	As at 31 March 2019	As at 31 March 2018
NOTE 11		
Inventories		
Non Current		
Raw Materials & Components	46,023	51,568
Add: Raw Materials & Components in Transit	118	218
Less: Provisions	(42,133)	(33,123)
	4,008	**18,663**
Work In Progress	-	27
Stock in Trade	113	75
Add : Stock in Trade in Transit	1	1
Less : Provisions	(114)	(76)
	-	**-**
Stores & Spares	282	166
Less : Provisions	(227)	(119)
	55	**47**
Loose Tools	124	100
Less : Provisions	(73)	(57)
	51	**43**
Sub Total (A)	**4,114**	**18,780**
Current		
Raw Materials & Components	2,45,031	2,64,608
Add : Raw Materials & Components in Transit	12,667	15,166
Less : Provisions	-	(7)
	2,57,698	**2,79,767**
Work In Progress	1,55,848	1,43,179
Finished Goods	19,440	16,570
Add : Finished Goods in Transit	3,186	6,121
	22,626	**22,691**
Stock in Trade	3,332	9,312
Add : Stock in Trade in Transit	987	1
	4,319	**9,313**

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
Stores & Spares	2,610	2,381
Add : Stores & Spares in Transit	2	9
	2,612	**2,390**
Loose Tools	926	781
Add : Loose Tools in Transit	-	-
	926	**781**
Disposal Scrap	306	209
	4,44,335	**4,58,330**
Less: Unrealised profit on unsold inventory	**-**	**(394)**
Sub Total (B)	**4,44,335**	**4,57,936**
Total (A+B)	**4,48,449**	**4,76,716**

i. Raw Materials and Components include ₹ 7,619 (₹ 9,761) being materials with sub-contractors, out of which ₹ 291 (₹ 417) of materials is subject to confirmation and reconciliation. Against ₹ 291 (₹ 417), an amount of ₹ 284 (₹ 412) has been provided for.

ii. Stock verification discrepancies for the year are as follows :

Shortages of ₹ 649 (₹ 438) and surplus of ₹ 514 (₹ 337). Pending reconciliation, an amount of ₹ 74 (₹ 107) has been provided for.

iii. Valuation of Inventories has been made as per Company's Accounting Policy No. 17.

iv. a. The United Nations Climate Change Secretariat has granted 15,856 (15,856) TON CO2EQ carbon credit during earlier years, for the 2.5MW BEL Grid Connected Wind Power Project Davanagere 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 :

Sl. No	Particulars	2018-19	2017-18
i.	Depreciation	266	266
ii.	Operation Cost of Emission Reduction Equipments	169	100
	Total	**435**	**366**

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 ₹ 2,618 (₹ 5,938) 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. 17 of the Group.

ix. Materials amounting to ₹ 19,921 (₹ 14,510) are located physically at Customer Premises.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 12		
Other assets		
Non Current		
Capital advances	24,113	22,566
Less : Provisions	-	-
	24,113	**22,566**
Advances other than Capital advances		
Advances for purchase	2,979	343
Less : Provisions	(2,979)	(343)
	-	-
Contract Asset	9,153	6,648
Less : Provisions	(9,153)	(6,648)
	-	-
Others		
Balances with customs, port trust and other government authorities	476	274
Less : Provisions	(275)	(98)
	201	**176**
Prepaid expenses	18	16
Claims receivable purchases	991	847
Less : Provisions	(991)	(847)
	-	**-**
Contract costs	1,931	3,639
Others - Assets	381	362
Less : Provisions	(93)	-
	288	**362**
Sub Total (A)	**26,551**	**26,759**
Current		
Advances other than Capital advances		
Advance to employees	2,501	655
Advance for purchase	1,49,361	80,530
Contract Asset	2,88,512	2,00,067
Others		
Balances with customs, port trust and other government authorities*	17,650	51,375
Less : Provisions	-	-
	17,650	**51,375**
Prepaid expenses	3,255	3,170
Prepaid taxes	11,030	10,604
Claims receivable purchases	3,355	5,423
Others - Assets	3,277	2,959
Sub Total (B)	**4,78,941**	**3,54,783**
Total (A+B)	**5,05,492**	**3,81,542**

* Pending decision of Hon'ble High Court of Madras, ₹ 1,497 of GST transitional credit is pending for utilisation.

Consolidated Notes to Accounts

(₹ in Lakhs)

i. **Impairment of Assets**

Provisions for impairment of non financial assets has been made in line with accounting policy No. 13 of the group.

ii. **Related Party Disclosure**

For related party disclosures refer Note 31.

iii. **Impairment of a contract asset**

Impairment of a contract asset is ₹ 2,505 (₹ 2,743).

iv. **Amortisation and Impairment of contract costs**

Amortisation of contract costs is determined based on the period of benefit expected from the contract costs. Amortisation and impairment of contract costs recognised is Nil (Nil).

v. **Fair value Measurement**

	As at 31 March 2019			As at 31 March 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Contract Asset	-	-	2,88,512	-	-	2,00,067

vi. Closing balance of contract costs represent, cost to obtain contract from customer ₹ 1,931 (₹ 3,639).

	As at 31 March 2019	As at 31 March 2018
NOTE 13		
Cash & cash equivalents		
Balance with banks	58,281	16,984
Cash on hand	5	3
Term deposits	17,684	63,456
	75,970	**80,443**

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 No. 33 for classification of financial instruments.

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

	As at 31 March 2019	As at 31 March 2018
NOTE 14		
Bank balances [other than (ii) above]		
Term deposits	13,893	3,506
Margin money held with banks	219	110
Unpaid dividend account	7,105	48
	21,217	**3,664**

i. Refer Note No. 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.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 15		
Current tax assets (net)		
Advance payment of income tax	24,366	24,884
	24,366	**24,884**
Current tax liability (net)		
Provision for taxation	-	-
	-	**-**

	As at 31 March 2019	As at 31 March 2018
NOTE 16		
a. **Equity share capital**		
i. **Authorised capital**		
250,00,00,000 (250,00,00,000) Equity Shares of ₹ 1 (₹ 1) each	25,000	25,000
ii. **Issued, subscribed & fully paid-up capital**		
243,65,92,943 (243,65,92,943) Equity Shares of ₹ 1 (₹ 1) each	24,366	24,366

iii. **Reconciliation of the number of shares outstanding at the beginning and at the end of the period.**

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	243,65,92,943	24,366	223,36,27,930	22,336
Add: Shares issued during the year (Bonus Shares)	-	-	22,33,62,793	2,234
Less: Shares Bought Back during the year	-	-	2,03,97,780	204
Shares outstanding at the end of the reporting period	243,65,92,943	24,366	243,65,92,943	24,366

iv. **Shares in the company held by each shareholder holding more than 5%.**

Name of Shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	143,33,26,432	58.83%	162,73,74,928	66.79%

v. **Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years.**

	2017-18	2015-16
	No. of Shares	No. of Shares
Equity shares allotted as fully paid up by way of bonus shares	22,33,62,793	16,00,00,000

There was no allotment of bonus shares during the Financial Year 2013-14, 2014-15 and 2016-17.

vi. **Aggregate number and class of shares bought back during the previous 5 years.**

	2017-18	2016-17
	No. of Shares	No. of Shares
Equity shares bought back	2,03,97,780	1,66,37,207

There was no buy back of shares during the Financial Year 2013-14 to 2015-16.

Consolidated Notes to Accounts

(₹ in Lakhs)

vii. **Buyback :**

While there was no buy back of shares in FY 2018-19, 2,03,97,780 numbers of equity shares with face value ₹ 1 was bought back for ₹ 182.50 per share at a premium of ₹ 181.50 per share, resulting into a total cash outflow of ₹ 37,226 during the FY 2017-18.

In accordance with Section 69 to the Companies Act, 2013, the parent company has transferred a sum of ₹ 204 to "Capital Redemption Reserve" in FY 2017-18 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 2019	As at 31 March 2018
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 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 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 a) **Interim Dividend, Final Dividend**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Final dividend for FY 2017-18 and FY 2016-17 respectively.	9,746	23,453
Interim dividend for FY 2018-19 and FY 2017-18 respectively.	41,422	39,312
Dividend Distribution Tax.	10,518	12,777

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.

Consolidated Notes to Accounts

(₹ in Lakhs)

iii. **Equity Investment through Other Comprehensive Income (OCI)**

The parent 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 de recognised 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 2019	As at 31 March 2018
NOTE 17		
Deferred income		
Non Current		
Government grants - deferred	18,809	17,271
Sub Total (A)	**18,809**	**17,271**
Current		
Government grants - deferred	1,573	1,414
Sub Total (B)	**1,573**	**1,414**
Total (A+B)	**20,382**	**18,685**

i. Refer Accounting Policy 16 for method of presentation.

ii. Nature of utilisation of govt. grant		
a. Revenue Expenditure	-	-
b. Capital Expenditure		
- Property, Plant and Equipment	20,382	18,685
iii. Other forms of government assistance that has directly benefited the company	-	-
iv. Details of unfulfilled conditions attached to govt. grant	-	-
v. Contingencies attached to govt. grant	-	-
vi. The above grants received represents viability gap funding towards Solar Power Plants, assistance towards roof top solar systems and other research activities.		

vii. 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 2019	As at 31 March 2018
NOTE 18		
Borrowings		
Non Current		
Secured		
Term loan from banks	-	3,333
Sub Total (A)	**-**	**3,333**
Current		
Secured		
Loan from banks	-	1,370
Sub Total (B)	**-**	**1,370**
Total (A+B)	**-**	**4,703**

i.

Term Loan from Banks	2018-19	2017-18
Total liability as on Balance Sheet Date	3,363	8,036
Less: Current Maturities of Long Term Debt *	3,334	3,333
Less: Current borrowings	-	1,370
Less: Interest accrued and due on Term Loan *	29	-
Non Current Borrowing	-	3,333

* 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 8.80% p.a. (Axis Bank) and 8.30% p.a. (SBI).

v. **Period and amount of default as on Balance Sheet Date**
Nil

	As at 31 March 2019	As at 31 March 2018
NOTE 19		
Trade payables		
Non Current		
- Others	26	5
Sub Total (A)	**26**	**5**
Current		
- Dues to micro & small enterprises	4,623	2,148
- Others	1,38,782	1,34,751
Sub Total (B)	**1,43,405**	**1,36,899**
Total (A+B)	**1,43,431**	**1,36,904**

Consolidated Notes to Accounts

(₹ in Lakhs)

i. The information regarding dues to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED)Act, 2006 as on 31March 2019 is furnished below:

	Particulars	2018-19	2017-18
a.	The principal and the interest due thereon remaining unpaid as at 31March:		
	Principal *	4,734	2,250
	Interest	1	4
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	23	88
	Interest	3	2
c.	The interest reversed by the company during the year ended 31 March **	2	-
d.	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 ***	-	4
e.	Interest accrued and remaining unpaid at the end of the year ending 31March.	3	11
f.	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.	1	2

* Includes amount shown under Note No. 20.

** During the period ₹ 2 (INR 43,339) [represents absolute figure] of provisions made in previous year has been reversed, since on subsequent verification, the amount was found to be not payable.

*** Interest due and payable for principals already paid INR 6,595 (Nil) [Represents absolute figure] (BELOP).

ii. 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.

iii. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

iv. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

v. The group's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

	As at 31 March 2019	As at 31 March 2018
NOTE 20		
Other financial liabilities		
Non Current		
Security deposits	3,029	216
Sub Total (A)	**3,029**	**216**
Current		
Security deposits	10,288	8,047
Current maturities of long term debt [1]	3,334	3,333
Interest accrued and due - term loan[1]	29	-

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
Interest accrued and due on trade payables[2]	3	11
Other non trade payables	15,315	16,641
Unpaid matured deposits	37	37
Unpaid dividend	7,105	48
Non trade payables dues to micro & small enterprises[2]	111	102
Outstanding expenses	67,598	58,789
Other liabilities	1,760	1,277
Sub Total (B)	**1,05,580**	**88,285**
Total (A+B)	**1,08,609**	**88,501**
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.

	As at 31 March 2019	As at 31 March 2018
NOTE 21		
Provisions		
Non Current		
Employee Benefits		
Gratuity *	-	(1,464)
Long-term compensated absences	24,951	19,831
BEL retired employees' contributory health scheme (BERECHS)	51,359	41,523
Others		
Provision for onerous contracts	218	3,895
Provision for performance warranty	14,551	17,556
Provision for Site restoration obligation	1,285	519
Sub Total (A)	**92,364**	**81,860**
Current		
Employee Benefits		
Gratuity *	(910)	(1,699)
Long-term compensated absences	2,433	1,908
BEL retired employees' contributory health scheme (BERECHS)	4,266	3,349
Provision for Employee Wage Revision	470	12,770
Annual incentive	170	89
Others		
Provision for onerous contracts	5,561	5,930
Provision for performance warranty	36,092	23,057
Sub Total (B)	**48,082**	**45,404**
Total (A+B)	**1,40,446**	**1,27,264**

* Represents excess of plan asset over obligation.

Consolidated Notes to Accounts

(₹ in Lakhs)

i. **Movement of provisions for the year ended 2018-19**

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	40,613	9,825	519
Additional provision recognised during the year	33,353	2,250	766
Amount used during the year (refer note v below)	182	-	-
Unused amount reversed during the year	23,141	6,296	-
As at 31 March	**50,643**	**5,779**	**1,285**

Movement of provisions for the year ended 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**

ii. **Provision for Warranties - as per Accounting Policy No. 19 of the Group**

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.

iii. **Provision for Site restoration - as per Accounting Policy No. 22 of the Group**

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. 22 of the Group**

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 ₹ 7,606 (₹ 8,030) 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.

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) GRATUITY : (In respect of parent Company)

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

Consolidated Notes to Accounts

(₹ in Lakhs)

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	2018-19	2017-18
i)	**Change in Present Value of Obligations :**		
	Present Value of Obligation as at the beginning of the year	61,412	39,195
	Current Service Cost	1,672	742
	Interest Cost	4,531	2,706
	Past Service Cost	-	23,577
	Benefits paid	(5,442)	(3,220)
	Actuarial (gains) / Losses recognised in other comprehensive income		
	Changes in financial assumptions on planned liability - loss / (gains)	316	(4,332)
	Experience adjustments on planned liability - loss / (gains)	698	2,744
	Present Value of Obligation as at the end of the period	**63,187**	**61,412**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	64,945	37,691
	Expected return on plan assets	4,803	3,588
	Contributions	-	27,504
	Benefits paid	(5,442)	(3,220)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	16	(618)
	Fair value of plan assets as at the end of the period	**64,322**	**64,945**
	Defined benefit (Asset) / liability	**(1,135)**	**(3,533)**
	Effects of asset ceiling - As at the beginning of the year	**366**	**-**
	Effects of asset ceiling - As at the end of the year	**(286)**	**366**
	Net defined benefit (asset) / liability	**(1,055)**	**(3,167)**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Current Service cost	1,672	742
	Net Interest on Net Defined Benefit Obligations	(273)	(882)
	Past service cost	-	23,577
	Expenses recognized in the statement of profit and loss	1,399	23,437
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Re-measurements) :**		
	Actuarial (gain)/loss on Plan Obligations	1,014	(1,588)
	Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	(16)	618
	Effect of Balance Sheet Asset limit	(286)	366
	Amounts recognised in the statement of Other Comprehensive Income	712	(604)
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	63,187	61,412
	Fair Value of Plan Assets at the end of the period	64,322	64,945
	Funded Status [(Surplus) / Deficit]	**(1,135)**	**(3,533)**
	Effects of asset ceiling - As at the beginning of the year	**366**	**-**
	Effects of asset ceiling - As at the end of the year	**(286)**	**366**
	Liability / (Asset) for the year as on 31 March as per Balance Sheet	**(1,055)**	**(3,167)**

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(₹ in Lakhs)

	Particulars	2018-19	2017-18
vi)	**Plan Assets**		
	Categories of Plan Assets are as follows :		
	State Govt. Securities	1.58%	1.91%
	Govt. of India Securities	1.36%	1.34%
	High Quality Corporate Bonds	1.40%	1.95%
	Investment with Insurer	95.20%	93.89%
	Others (Bank balance)	0.46%	0.91%
vii)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Rate of increase in compensation level	7.00%	7.00%
	Expected rate of Return on Plan Assets	7.66%	7.72%
	Estimated Average Future working life	16.40	16.00
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 (Nil)		
ix)	**Sensitivity Analysis :**		
	Discount Rate (0.50% movement)increase	8.16%	8.22%
	Increase/(decrease) in defined benefit Obligation as at the end of the period	**(2,548)**	**(2,450)**
	Discount Rate (0.50% movement)decrease	7.16%	7.22%
	Increase/(decrease) defined benefit Obligation as at the end of the period	**2,750**	**2,641**
	Salary Escalation Rate (0.50% movement)increase	7.50%	7.50%
	Increase/(decrease) defined benefit Obligation as at the end of the period	**1,015**	**1,119**
	Salary Escalation Rate (0.50% movement)decrease	6.50%	6.50%
	Increase/(decrease) defined benefit Obligation as at the end of the period	(1,080)	(1,192)

Additional Disclosures :

i. Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.

ii. No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.

iii. Maturity profile of the Gratuity defined benefit obligation is given below :

Year	As at 31 March 2019	As at 31 March 2018
Year 1	3,028	2,957
Year 2	8,145	7,581
Year 3	5,971	5,560
Year 4	6,108	5,750
Year 5	6,662	5,827
Next 5 years	34,540	33,509

Gratuity Details (In respect of Subsidiary Company – BELOP) :

Details of Employee Benefits as required by the Ind AS 19 Employee Benefits are as under :

Defined Benefit Plan

i. Actuarial gains and losses in respect of defined benefit plans recognised in the statement of Profit & Loss is ₹ 17 (Previous Year ₹ 21)

Consolidated Notes to Accounts

(₹ in Lakhs)

ii. Actuarial gains and losses in respect of defined benefit plans recognised in the statement Other Comprehensive Income is ₹ 128 (Previous Year ₹ (17))

iii. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

iv. Gratuity plan is funded.

		2018-19	2017-18
A.	**Change in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:**		
1	Present Value of Defined Benefit Obligation at the Beginning of the period	343	316
2	Interest Cost	27	23
3	Current Service Cost	16	16
4	Past Service Cost	-	-
5	Liability Transferred In/ Acquisitions	-	-
6	(Liability Transferred Out / Divestment)	-	-
7	Losses/(gains) on Curtailment	-	-
8	Liabilities extinguished on settlements	-	-
9	(Benefit Paid Directly by the Employer)	-	-
10	(Benefit Paid From the Fund)	-	-
11	The Effect of Changes in Foreign Exchange Rates	-	-
12	Actuarial (gains) / losses on obligations - Due to Change in Demographic Assumptions	-	-
13	Actuarial (gains) / losses on obligations - Due to Change in Financial Assumptions	117	(16)
14	Actuarial (gains) / losses on obligations - Due to Experience	12	3
15	Present value of Defined Benefit Obligation as on Balance Sheet date	515	343
B.	**Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :**		
1	Fair value of Plan assets at the Beginning of the period	339	238
2	Interest Income	27	17
3	Actual contributions by Employers	4	78
4	Expected contributions by Employees	-	-
5	Assets Transferred In/ Acquisitions	-	-
6	(Assets Transferred Out / Divestment)	-	-
7	(Benefit Paid From the Fund)	-	-
8	(Assets Distributed on Settlements)	-	-
9	Effects of Asset Ceiling	-	-
10	The Effect of Changes in Foreign Exchange Rates	-	-
11	Return on Plan Assets, Excluding Interest Income	-	5
12	Fair value of Plan assets at the End of the Period	370	339
C.	**Amount Recognised in the Balance Sheet :**		
1	Present value of plan assets at the end of the period	(515)	(343)
2	Fair Value of plan assets at the end of the year	370	339
3	Funded status [surplus / (deficit)]	(145)	(4)
4	Net Asset / (Liability) recognised in the Balance sheet	(145)	(4)

Consolidated Notes to Accounts

(₹ in Lakhs)

		2018-19	2017-18
D.	**Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the Balance Sheet :**		
1	Present Value of defined Benefit Obligation at the end of the period	(515)	(343)
2	Fair value of plan assets at the end of the period	370	339
3	Funded status [Surplus/(Deficit)]	(145)	(4)
4	Unrecognised Past Service Costs	-	-
5	Net asset/(Liability) recognised in Balance Sheet	(145)	(4)
E.	**Expenses Recognised in the statement of Profit or loss for current Period :**		
1	Current Service cost	17	16
2	Interest cost	-	6
3	Past service cost	-	-
4	Expected contribution by the Employees	-	-
5	Losses/(gain) on Curtailments & settlements	-	-
6	Net effect of changes in foreign Exchange Rates	-	-
7	**Total expenses recognised in the statement of profit & Loss under contribution to Gratuity fund**	**17**	**21**
F.	**Expenses Recognised in the Other Comprehensive Income (OCI) for :**		
1	Actuarial (Gains)/Losses in the Obligation for the period	(128)	(12)
2	Return Plan Assets, Excluding Interest Income	-	(5)
3	Change in asset Ceiling	-	-
4	**Net (Income)/Expenses for the period Recognised in OCI**	**(128)**	**(17)**
G.	**In respect of Funded Benefits with respect to gratuity and superannuation, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds".**		
H.	**Principal Actuarial Assumptions :**		
1	Discount Rate (%)	7.76%	7.78%
2	Expected Return on plan assets (%)	7.76%	7.78%
3	Salary Escalation (%)	8.00%	5.00%
4	Rate of Employee Turnover	2.00%	2.00%

i. The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

ii. **Expected Rate of Return of Plan Assets :** This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.

iii. **Salary Escalation Rate :** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

I. Sensitivity Analysis :

		2018-19	2017-18
1	Projected Benefit Obligation on Current Assumptions	515	343
2	Delta Effect +1% Change in Rate of Discounting	(42)	(28)
3	Delta Effect -1% Change in Rate of Discounting	48	32
4	Delta Effect +1% Change in Rate of salary increase	47	33
5	Delta Effect -1% Change in Rate of salary increase	(43)	(29)
6	Delta Effect +1% Change in Rate of Employee Turnover	(1)	6
7	Delta Effect -1% Change in Rate of Employee Turnover	1	(7)

J. Investment of Gratuity Fund is with Insurance Company.

Consolidated Notes to Accounts

(₹ in Lakhs)

(ii) BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS) : (In respect of parent company)

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	2018-19	2017-18
i)	**Change in Present Value of Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	44,872	40,804
	Current Service Cost	2,365	2,134
	Interest Cost	3,464	2,889
	Benefits paid	(10)	(1,340)
	Actuarial (gains) / Losses recognised in other comprehensive income		
	Changes in financial assumptions on non-plan liability - loss / (gains)	3,621	2,410
	Experience adjustments on non-plan liability - loss / (gains)	1,313	(2,025)
	Present Value of Obligation as at the end of the period	**55,625**	**44,872**
ii)	**Change in Fair Value of non-plan assets (Reimbursement rights):**		
	Fair value of non-plan assets at the beginning of the year	47,579	-
	Expected return on non-plan assets	3,867	-
	Contributions	8,876	1,340
	Benefit paid	(3,876)	(1,340)
	Actuarial gain / (loss) on non-plan Assets recognised in other comprehensive income	(537)	-
	Fair value of non-plan assets at the end of the period	**55,909**	**-**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	2,365	2,134
	Interest on Defined benefit obligation	3,464	2,889
	Net Expenses Recognised in the Statement of Profit & Loss [Expenses : ₹ 547 (₹ 1,340), Provisions : ₹ 5,282 (₹ 3,683)]	**5,829**	**5,023**
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Re-measurements) :**		
	Actuarial (gain)/loss on non-plan Obligations	4,934	385
	Actuarial (gain)/loss on non-plan Assets	537	-
	Amounts recognised in the statement of Other Comprehensive Income	**5,471**	**385**
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	55,625	44,872
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(55,625)	(44,872)
	Liability recognised in Balance Sheet (as per actuarial valuation)	**55,625**	**44,872**
	Expected to be payable within next twelve months	**4,266**	**3,349**
	Expected to be payable beyond next twelve months	**51,359**	**41,523**

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2018-19	2017-18
vi)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Medical inflation rate	6.00%	5.50%
	Attrition Rate	1.00%	1.00%
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	982	744
	Effect on the defined benefit obligation	7,599	5,734
	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	(804)	(544)
	Effect on the defined benefit obligation	(6,220)	(4,193)
viii)	**Sensitivity Analysis :**		
	Discount Rate (0.50% movement)increase	8.16%	8.22%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	(3,177)	(2,408)
	Discount Rate (0.50% movement)decrease	7.16%	7.22%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	3,533	2,661
	Medical Inflation Rate (0.50% movement)increase	6.50%	6.00%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	3,603	2,729
	Medical Inflation Rate (0.50% movement)decrease	5.50%	5.00%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	(3,261)	(2,212)

Additional Disclosures :

i. Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.

ii. No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.

iii. Maturity profile of the BERECHS defined benefit obligation is given below :

Year	As at 31 March 2019	As at 31 March 2018
Year 1	3,003	2,607
Year 2	3,173	2,745
Year 3	3,352	2,883
Year 4	3,543	3,026
Year 5	3,732	3,177
Next 5 years	21,444	18,010

(iii) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL] : (In respect of parent company)

Employees Provident Fund is managed by Provident Fund Trust of the Company. The Company contributes Management's contributions payable towards Employee Provident Fund to the Trust.

Company has determined on the basis Actuarial Valuation carried out as at 31 March 2019, 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).

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2018-19	2017-18
i)	**Change in Present Value of Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	2,31,115	2,01,968
	Current Service Cost	34,793	32,606
	Interest Cost	16,957	13,913
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gain) / Loss	6,352	76
	Benefits paid	(22,921)	(17,448)
	Present Value of Obligation as at the end of the period	**2,66,296**	**2,31,115**
ii)	**Change in Fair Value of plan assets :**		
	Fair value of plan assets at the beginning of the year	2,35,924	2,05,961
	Expected return on plan assets	18,698	18,534
	Contributions	35,456	29,176
	Benefit paid	(22,921)	(17,448)
	Actuarial gain / (loss) on Plan Assets	1,999	(299)
	Fair value of plan assets at the end of the period	**2,69,156**	**2,35,924**
iii)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Opening Net Liability	-	-
	Current Service cost	34,793	32,606
	Interest Cost	16,957	13,913
	Expected return on Plan Assets	(18,698)	(18,534)
	Net Actuarial (gain) / loss recognised in the period	4,353	375
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Expenses Recognised in the Statement of Profit & Loss	**37,405**	**28,360**
iv)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	2,66,296	2,31,115
	Fair Value of Plan Assets at the end of the period	2,69,156	2,35,924
	Difference	**(2,860)**	**(4,809)**
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet	**-**	**-**
v)	**Amount for the Current Period :**		
	Present Value of Obligation	2,66,296	2,31,115
	Plan Assets	2,69,156	2,35,924
	Surplus/ (Deficit)	2,860	4,809
	Experience Adjustments on Plan liabilities - (Loss)/ Gain	(6,342)	(114)
	Experience Adjustments on Plan Assets - (Loss)/ Gain	1,999	(299)
vi)	**Category of Assets as at 31 March:**		
	Government of India Securities & State Government Securities	43.73%/50.74%	31.17%/54.25%
	High Quality Corporate Bonds	37.89%/33.27%	56.60%/38.35%
	Mutual Funds	5.01%/1.75%	4.85%/2.06%
	Others	11.90%/11.76%	6.69%/2.36%
	ILFS Bonds - Secured	1.35%/0.74%	0.54%/0.80%
	ILFS Bonds - Unsecured, as recoverable from Enterprise *	0.12%/1.74%	0.15%/2.18%
	Total	**100%/100%**	**100%/100%**
vii)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Salary escalation rate	7.00%	7.00%
	Expected rate of Return on Plan Assets	8.30%/8.75%	8.75%

* **Note :** The unsecured (principal) portion of the ILFS bond investment which amounts to ₹ 2,050 lakhs has been considered by the Trust as a Non-Performing Investment and this amount has been classified as an amount recoverable from the enterprise in the event of ILFS defaulting on repayment of its unsecured debt obligations.

Consolidated Notes to Accounts

(₹ in Lakhs)

B. Long Term Compensated Absence : (In respect of Parent Company)

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	2018-19	2017-18
i)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Net Expenses Recognised in the Statement of Profit & Loss [2018-19 Leave Encashed : ₹ 773, Provisions : ₹ 6,423*] [2017-18 Leave Encashed : ₹ 14,320, Provisions : ₹ (14,625)] * Includes an amount of ₹ 856 recovered towards Sick Leave of retirees	7,196	(305)
ii)	Amounts to be recognised in Balance Sheet :		
	Liability recognised in Balance Sheet [As per Actuarial Valuation]	**27,147**	**21,580**
iii)	**Actuarial Assumptions :**		
	Discount Rate	7.66%	7.72%
	Rate of increase in compensation level	7.00%	7.00%
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	2,417	1,893
	Leave obligations expected to be settled beyond 12 months	24,730	19,687
	Total	**27,147**	**21,580**

Long Term Compensated Absence (in respect of Subsidiary Company - BELOP)

Leave encashment

The company has a leave encashment scheme which is a non-funded scheme.

As per the scheme all employees of the company are entitled to encash their accumulated Annual Leave subject to the retention of minimum leave as prescribed for each grade. The encashed leave is payable at the rate of (Basic+DA)/30 per day.

The liability for payment of long term compensated absence such as annual leave valued on actuarial basis is ₹ 221 as on 31.03.2019. The actuarial valuation has been done using PUC method.

Particulars	31 March 2019	31 March 2018
Retirement Age	58 years	58 years
Attrition Rate	2%	2%
Future Salary Rise	8%	5%
Rate of Discounting	7.76%	7.78%
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Consolidated Notes to Accounts

(₹ in Lakhs)

The amount of Liability on long term compensated absences has been bifurcated between current and non-current based on the report of Actuary.

Particulars	31 March 2019	31 March 2018
Current Liability	16	15
Non Current Liability	221	144
Total	**237**	**159**

C. PENSION SCHEME : (IN RESPECT OF PARENT COMPANY)

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.

i. **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.

ii. **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.

iii. **A description of the funding arrangements and funding policy.**

The Gratuity plan of the company is a funded plan. 95.20% (93.89%) of the plan assets backing this plan are insurer managed assets and 2.94% (3.25%) of the plan assets are invested in 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.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
NOTE 22		
Other liabilities		
Non Current		
Deferred revenue - customer grants	475	877
Sub Total (A)	**475**	**877**
Current		
Deferred revenue - customer grants	389	398
Contract Liability		
Customer advance received	7,27,913	7,02,446
Deferred revenue	4,211	2,620
Statutory liabilities	11,347	8,555
Others	2,375	2,227
Sub Total (B)	**7,46,235**	**7,16,246**
Total (A+B)	**7,46,710**	**7,17,123**

i. Related party disclosure

For Related Party Disclosures refer Note 31.

ii. Contract Liability

An amount of ₹ 2,11,035 (₹ 1,92,415) has been adjusted against opening balance of contract liability out of revenue recognised during the year.

	For the year ended 31 March 2019		For the year ended 31 March 2018	
NOTE 23				
Revenue from operations				
Sale of Products (Gross including excise duty)	10,63,117		9,14,452	
Income from Services	1,22,353		1,00,856	
		11,85,470		**10,15,308**
Other operating revenue				
Sale of scrap		500		694
Transport receipts		376		289
Rent receipts		630		642
Canteen receipts		1,143		877
Electricity charges collected		191		174
Water charges collected		59		59
Provisions withdrawn				
- Onerous contracts	4,046		-	
- Doubtful debts, Liquidated Damages	6,854		12,108	
- Inventory	5,278		5,353	
- Loans & advances	198		2,019	
- Excise Duty - Others *	-		887	
- Others	75		172	
		16,451		20,539

* Refer Note 30 (12).

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Govt. Grants including duty drawback	1,993	2,116
Customer grants	411	425
Miscellaneous	9,193	7,393
	12,16,417	**10,48,516**

i. **Disaggregation of revenue recognised against contracts with customers (2018-19)**

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Products	7,00,819	3,41,696	7,128	13,474	10,63,117
Income from Services	1,04,663	16,356	909	425	1,22,353
Total	**8,05,482**	**3,58,052**	**8,037**	**13,899**	**11,85,470**

Out of above Group's Export sales, ₹ 13,819 pertains to BEL (Parent company) and ₹ 80 pertains to BEL Thales. In addition to this GE-BE Pvt Ltd has exports of ₹ 94,287 (value not included above).

Disaggregation of revenue recognised against contracts with customers (2017-18)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Products	7,80,056	1,12,075	5,345	16,976	9,14,452
Income from Services	93,587	6,894	147	228	1,00,856
Total	**8,73,643**	**1,18,969**	**5,492**	**17,204**	**10,15,308**

Out of above Group's Export sales , ₹ 17,180 pertains to BEL (Parent company) and ₹ 24 pertains to BELOP. In addition to this GE-BE Pvt has exports of ₹ 69,917 (value not included above).

ii. **Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price.**

Particulars	2018-19		2017-18	
	Amount	Amount	Amount	Amount
Revenue as per Statement of Profit and Loss				
Sale of Products	10,63,117		9,14,452	
Income from service	1,22,353		1,00,856	
Total (a)		**11,85,470**		**10,15,308**
Add / (Less) adjustment to contract price				
Foreign Exchange variation claim	(3,647)		(8,631)	
Price revision	5,073		74	
Discount, rebate offered	190		72	
Others	(914)		(2,204)	
Total adjustment (b)		**702**		**(10,689)**
Contract price (a+b)		**11,86,172**		**10,04,619**

Consolidated Notes to Accounts

(₹ in Lakhs)

Satisfaction of performance obligation

a. In majority of the contract, performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. One of the prime indicator considered for this is transfer of significant risk and rewards to the customer based on Inco terms. Where a contract involves multiple performance obligation, the criteria specified in Ind AS 115 is applied to determine the point in time when the performance obligation is satisfied.

b. Under "Bill and hold" arrangement performance obligation is satisfied on unconditional appropriation of the goods to the contract. Normally no obligation towards custodial service exists.

c. Contract with the customer normally do not contain significant financial component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.

d. Variable consideration primarily consists of amount receivable/reimburseable against foreign exchange variation clause. The amount of revenue recognised in respect of the same is determined based on the methodology specified in the contract. The amount is recognised as revenue on admittance of claim by customer.

e. The Group turnover mainly includes supply of defence electronics equipments and systems.

f. Contract entered into with customer, typically do not have a return/refund clause.

g. Warranties provided are primarily in the nature of performance warranty.

h. The company normally uses the input method to recognise revenue in respect of contracts in which performance obligation are satisfied over a period of time. For revenue recognisation, the percentage of completion method is adopted where in the percentage of actual cost incurred to total estimated cost is applied to the contract price for arriving at the quantum of revenue to be recognised.

i. Contract with customer (other than AMC) in respect of which revenue is recognised over a period of time typically involves multiple activities of different nature like construction of building, supply and installation of equipments, networking of equipment and system etc. Due to this it is not possible to quantify in physical terms the quantum of work done (i.e output) reliably. Whereas, under input method, the cost incurred in respect of these varied activities can be captured and compared to the total estimated cost to be incurred (which can be estimated reliably), for arriving at the percentage of completion. In case of AMC contracts, output method is used to recognise revenue where passage of time is the criteria for satisfaction of performance obligation.

j. For revenue recognition in respect of performance obligation satisfied at a "point in time" the following criteria is used for determining whether customer has obtained "Control on asset".
   - Transfer of significant risk and rewards
   - Customer has legal title to the asset
   - The entity has transferred physical possession of the asset
   - Customer has accepted the asset
   - Entity has the present right to payment for the asset

k. Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligation is based on relative standalone selling price.

l. No non-cash consideration are received/given during the current/previous year.

An amount of ₹ 2,974 (₹ 10,836) (net) has been recognised as revenue during the year out of performance obligation satisfied in previous periods.

Adoption of Ind AS 115

Effective 1 April, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as on 1 April 2018. In accordance with cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 is insignificant. No adjustment has been made to the opening balance of retained earnings on account of adoption of Ind AS 115.

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2019	For the year ended 31 March 2018
NOTE 24		
Other income		
Interest income on term deposits	3,560	15,906
Interest income from staff / IT refund / others	2,214	251
Profit on sale of property, plant & equipments	27	135
Foreign exchange differential gain	1,102	2,911
Rental income - Investment property	123	110
Miscellaneous (Net of expenses)	273	260
	7,299	**19,573**

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.

		For the year ended 31 March 2019		For the year ended 31 March 2018
NOTE 25				
Changes in inventories of finished goods, work in progress & scrap				
Work-in-progress :				
Closing Inventory	1,55,848		1,43,206	
Opening Inventory	1,43,206		1,69,880	
		(12,642)		26,674
Finished Goods:				
Closing Inventory	22,626		22,691	
Opening Inventory	22,691		37,536	
		65		14,845
Scrap :				
Closing Inventory	306		209	
Opening Inventory	209		173	
		(97)		(36)
		(12,674)		**41,483**
Less : Unrealised Profit on Stock		394		(394)
		(13,068)		**41,089**

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2019		For the year ended 31 March 2018
NOTE 26				
Employee benefits expense				
Salaries, wages and bonus / ex-gratia		1,51,159		1,30,132
Retirement Benefit Expenses				
Gratuity	1,417		17,960	
Contribution to Provident and Pension Funds	10,653		9,516	
Management Contribution to BEL Superannuation (Pension) Scheme	5,399		4,662	
Provision for BEL Retired Employees' Contributory Health Scheme	5,282		3,683	
		22,751		35,821
Welfare expenses* [including salaries ₹ 1,165 (₹ 956) PF contribution ₹ 101 (₹ 83)]		15,653		12,854
		1,89,563		**1,78,807**
Less : Expenditure allocated to capital jobs		(49)		(50)
		1,89,514		**1,78,757**

Refer Note 31 for Remuneration to Key Managerial Personnel.

* Refer Note 21 (A)(iii), accordingly a provision of ₹ 2,050 (Nil) is made.

NOTE 27				
Finance costs				
Interest expenses				
Interest on dues to Micro & Small Enterprises	1		3	
Interest on income tax	1,149		30	
Other interest expenses	77		137	
		1,227		170
Other borrowing cost				
Loan processing charges		48		49
		1,275		**219**

NOTE 28				
Depreciation / amortisation				
Depreciation / amortisation on property, plant & equipment		32,333		25,865
Depreciation on investment property		1		1
Amortisation on other intangible assets		1,479		1,306
		33,813		**27,172**

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2019		For the year ended 31 March 2018
NOTE 29				
Other expenses				
Power and fuel #		4,003		3,419
Water charges		385		359
Royalty & technical assistance		1,204		1,140
Rent		2,478		2,774
Rates & taxes		561		777
Insurance		1,055		1,036
Auditors remuneration				
Audit fees	20		19	
Tax audit fees	4		5	
Other services (Certification fees)	4		3	
Reimbursement of expenses	6		4	
		34		31
Cost audit fee		4		4
Repairs & maintenance				
Buildings	1,992		2,730	
Plant & machinery	1,310		1,372	
Others	7,374		7,253	
		10,676		11,355
Bank charges		318		417
Printing and stationery		469		458
Advertisement & publicity		1,393		1,561
Travelling expenses		13,865		10,252
Hiring charges for van & taxis		1,558		1,421
Packing & forwarding		2,946		2,281
Bad debts & advances written off	14,075		23,995	
Less: Charged to provisions	(13,909)		(23,825)	
		166		170
Provision for obsolete/redundant materials		14,711		9,598
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances		33,289		29,816
Provision for doubtful advances, claims		3,257		173
Provision for performance warranty (net)		10,212		11,870
Provision - Onerous Contract (net)		-		1,240
Write off of raw materials, stores & components due to obsolescence and redundancy	289		1,873	
Less : Charged to provisions	(269)		(1,824)	
		20		49
Provision for impairment of Capital Work in Progress		124		-
Provision for intangible assets under development		3,707		-
Intangible assets under development charged off		1,745		-
Contract costs charged off		3,348		-
Corporate social responsibility		2,142		1,573
Contribution made to Defence Innovation Organisation		5,000		-

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2019		For the year ended 31 March 2018	
Others				
Other Misc Direct Expenditure	18,235		9,065	
Foreign Exchange Differential Loss	-		480	
After Sales Service	913		573	
Telephones	1,009		878	
Expenditure on Seminars & Courses	817		766	
Other Selling Expenses	748		1,407	
Write off of Fixed Assets / Capital WIP	1		-	
Miscellaneous	4,781		4,592	
		26,504		17,761
		1,45,174		**1,09,535**
Less: Expenditure allocated to capital jobs		(3,324)		(3,985)
		1,41,850		**1,05,550**

Wind Energy Generated netted off.

NOTE 30

General Notes to Accounts

1. Earning per Equity Share

	2018-19	2017-18
a. **From continuing operations**		
Basic earning per share (INR)	7.74	5.83
Diluted earning per share (INR)	7.74	5.83
b. Amounts used as the numerators in calculating basic and diluted earnings per share	1,88,667	1,43,103
c. Number of Shares used in computing earnings per share	243,65,92,943	245,64,87,764

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, Bangalore (Share Holding 74%) (Incorporated on 28.08.2014), and audited financial statements of Associate Company viz., GE BE Private Limited, Bangalore (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 GE BE Pvt Ltd, 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.

Another associate company, Defence Innovation Organisation (DIO), a not for profit company registered under Sec. 8 of the companies Act, 2013 is not considered for consolidation as the parent company do not exercise any control and also do not have any right on variable returns, other than equity investment.

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.

Consolidated Notes to Accounts

(₹ in Lakhs)

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. 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, an amount of ₹ 3,831 (₹ 1) is provided as provision for impairment. 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.

8. Short Term Borrowings

a. The parent company has been sanctioned working capital limit of ₹ 4,00,000 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 31.03.2019 is 8.55% (8.15%) p.a.].
c. The amount utilised is repayable on demand. Utilisation as on 31.03.2019 is Nil (Nil).
d. The above sanction limit is secured by hypothecation of Current Assets of the parent company. 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 8.80% (8.45%) p.a. [Axis Bank] and 8.30% (8.35%) p.a. [SBI].

9. Contractual Commitments

Particulars	As at 31 March 2019	As at 31 March 2018
a) Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March		
Property, Plant & Equipment	29,737	44,978
Investment Property	-	-
Other Intangible Assets	2,787	5,892
b) Contractual Commitmente 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	-	-

10. Contingent Liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Claims not acknowledged as debts	24,417	1,89,710
Outstanding Letters of Credit	38,201	28,712
Others	4,428	1,666
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	38,957	22,105

Consolidated Notes to Accounts

(₹ in Lakhs)

11. Contingent Assets

Particulars	As at 31 March 2019	As at 31 March 2018
Nil	-	-

12. Excise Duty

"Excise Duty - Others" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.

13. 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.

14. 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.

15. 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.

16. Non Cancellable Operating Lease Disclosure

a) As a Lessor

The future minimum Lease Rent Receivable

Particulars	As at 31 March 2019	As at 31 March 2018
Not later than one year;	339	335
Later than one year and not later than five years;	594	922
Later than five years.	1	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 2019	As at 31 March 2018
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.

17. Chennai Unit was affected by floods during December 2015. Insurance policy taken by the parent company with United India Insurance Company Limited covers flood related losses. An amount of Nil (₹ 1,581) was received as final settlement and has been recognised in statement of profit and loss.

18. Dividend not recognised at the end of the reporting period [parent company]

The directors have recommended a final dividend of INR 1.70 (INR 0.40) per share.

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 ₹ 49,937(including Dividend Distribution Tax).

Consolidated Notes to Accounts

(₹ in Lakhs)

19. Value of remaining Performance Obligations (pending orders to be executed)

Unrecognised revenue from contracts with customer which are partially satisfied or unsatisfied (Pending orders to be executed)

Particulars	Total Amount	Within a Year	1 - 2 Years	2 - 3 Years	More than 3 Years
Unexecuted order value	51,89,361	13,05,867	9,81,465	8,24,423	20,77,606

Typically major orders are from defence which involves long gestation period. Company expect to recognise revenue in respect of unsatisfied (or partially unsatisfied) performance obligation over a period of 3 - 5 years.

20. An amount of ₹ 50 (Nil) has been contributed by parent company to Defence production IT Division which has been created as one of the division of HAL to implement IT related initiatives in Dept. of defence production including Ordinance Factory Board (OFB) and Defence Public Sector Units.

21. a. Figures in brackets relate to previous years.

b. An amount of ₹ 902 relating to FY 2017-18 has been re-grouped from Non-financial asset (Note 12) to Non-financial liability (Note 19 and 22) due to

- GST related adjustments ₹ 3,100;
- Set off of Assets with related liability ₹ 92; and
- Consolidation adjustments (₹ 2,290).

22. All figures in the consolidated financial statement are rounded off to nearest lakhs unless otherwise mentioned.

23. The consolidated Ind AS financial statements were approved for issue on 29 May, 2019 by the Board of Directors.

NOTE 31

Related Party Transactions

a. Associates

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 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	
GE BE Private Limited	India	26%	26%	74%	74%	Manufacturing of Medical Equipments
Defence Innovation Organisation	India	50%	-	50%	-	Carrying out Defence related Research and Developmental activities.

b. Key Management Personnels Details

i. Name of Key Management Personnels

Mr M V Gowtama, Chairman & Managing Director
Mr R N Bagdalkar, Director [HR]
Mr Koshy Alexander, Director [Finance] & CFO
Mr Nataraj Krishnappa, Director [Other Units]
Mrs Anandi Ramalingam, Director [Marketing]
Mr Ajit T Kalghatgi, Director [R&D] upto 31.05.2018
Mr V Mahesh, Director [R&D] from 01.06.2018
Mr Vinay Kumar Katyal, Director [BG Complex] from 27.11.2018
Mr S Sreenivas, Company Secretary
Mr DCN Srinivasa Rao - CEO, BELOP
Mrs Priya S Iyer, Company Secretary - BELOP
Mr Emmanuel de Roquefeuil, Director - BEL THALES System
Mr Rajiv Kumar Sikka, CEO - BEL THALES System
Mr Abhishek Kumar, CFO - BEL THALES System from 01.07.2018
Mr M V Harish, Company Secretary - BEL THALES System.

Consolidated Notes to Accounts

(₹ in Lakhs)

ii. Compensation to Key Management Personnels

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Short term employee benefits	482	593
Post employment benefits	33	35
Long term employee benefits	52	(20)
Termination benefits	-	-
Share based payment	-	-
Total	**567**	**608**

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	Defence Innovation Organisation
Sale of Goods	2,477	-
	(2,652)	-
Dividend Income on Investments	9,360	-
	(260)	-
Contribution provided during the year	-	5,000
	-	-
Re imbursement of expenses	-	3
	-	(3)
Trade Receivables Outstanding as on 31.03.2019	764	-
	(869)	-
Investment in Equity as on 31.03.2019	260	1
	(260)	-
Contribution outstanding as on 31.03.2019	-	4,500
	-	-

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 Nil (1,19,45,469) number of Shares during FY 2018-19.
2. Nil (15,17,45,884) number of Bonus Shares were Issued in the FY 2018-19.
3. An amount of ₹ 31,364 (₹ 42,221) was paid as Dividend during the FY 2018-19.

In addition to the above, around 98% (99%) of the Company's Turnover, around 95% (97%) of Trade Receivables and around 98% (99%) of Customer's Advance is with respect to government and government related entities.

g. 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 an authorised share capital of ₹ 100 (BEL: 50%; HAL: 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bengaluru.

Consolidated Notes to Accounts

(₹ in Lakhs)

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 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	
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.

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 2019	As at 31 March 2018
NCI percentage	**26%**	**26%**
Non - Current assets	1,379	1,248
Current assets	4,118	4,572
Total Assets	**5,497**	**5,820**
Non - Current liabilities	5	12
Current liabilities	376	796
Total liabilities	**381**	**808**
Net assets	**5,116**	**5,012**
Net assets attributable to NCI	**1,330**	**1,303**

Summarised Statement of Profit & Loss	BEL - THALES Systems Ltd.	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue	938	645
Profit	104	(259)
Other comprehensive income (OCI)	-	-
Total comprehensive income	**104**	**(259)**
Profit allocated to NCI	**27**	**(69)**
OCI allocated to NCI	-	-
Total comprehensive income allocated to NCI	27	(69)

Consolidated Notes to Accounts

(₹ in Lakhs)

Summarised Cash Flows	BEL - THALES Systems Ltd.	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flows from Operating activities	(431)	(386)
Cash flows from Investing activities	819	869
Cash flows from Financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	388	483

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 2019	As at 31 March 2018
GE BE Private Limited	India	26%	Associate	Equity Method	13,024	20,458
Defence Innovation Organisation	India	50%	Associate	#	1	-

Represents investment made with Defence Innovation Organisation, a not for profit company registered under Sec 8 of the Companies Act, 2013 during the year. The parent company does not exercise any control and does not have any right on variable returns from associates other than equity investment of INR 50,000 [represents absolute figure].

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 Bangalore and BEL Pune Unit.

Carrying amount of the Company's interest in GE BE Private Ltd (Audited).

Summarised Balance Sheet	As at 31 March 2019	As at 31 March 2018
Non - Current assets	20,269	21,643
Current assets:		
Cash and Cash equivalents	761	1,309
Other assets	48,241	71,409
Total Current assets	**49,002**	**72,718**
Total assets	**69,271**	**94,361**
Non - Current liabilities :		
Financial liabilities other than trade payables	-	5
Other liabilities.	1,207	1,599
Total Non - Current liabilities	**1,207**	**1,604**
Current liabilities:		
Financial liabilities other than trade payables	1,311	1,466
Other liabilities.	16,661	12,605
Total Current liabilities	**17,972**	**14,071**
Total liabilities	**19,179**	**15,675**
Net assets	**50,092**	**78,686**
Company's share of Net assets	**13,024**	**20,458**

Consolidated Notes to Accounts

(₹ in Lakhs)

Summarised Statement of Profit & Loss	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue	1,09,609	82,898
Interest Income	3,523	3,027
Depreciation and amortisation	2,716	2,288
Interest expense	117	57
Income tax expense	8,343	5,128
Profit for the year	14,862	9,146
Other comprehensive income	(56)	26
Total comprehensive income	14,806	9,172
Company's share of Profit	3,864	2,378
Company's share of OCI	(15)	7
Company's share of total comprehensive income	3,850	2,385

The Parent Company has received Dividend of ₹ 9,360 (₹ 260) from its Associate (GE BE private limited).

Reconciliation to carrying amounts		
Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Opening net assets	**20,458**	**18,387**
Profit for the year	3,864	2,378
Other comprehensive income	(15)	7
Dividend paid [incl dividend distribution tax]	11,283	314
Closing net assets	**13,024**	**20,458**

Commitments and Contingent Liabilities in respect of Associates: -		
Particulars	**GE BE Pvt. Ltd.**	
	As at 31 March 2019	**As at 31 March 2018**
Capital Commitments	320	313
Other Commitments	-	-
Other Contingent Liabilities	803	1,531

Name of the Entity		**Defence Innovation Organisation**
Place of Business / Place of Incorporation		India
% of ownership interest		50%
Relationship		Associate
Carrying Amount	2018-19	1
	2017-18	-

Consolidated Notes to Accounts

(₹ in Lakhs)

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.	2018-19	95.75%	8,83,144	97.15%	1,83,281	97.43%	(4,021)	97.14%	1,79,260
	2017-18	94.48%	7,58,582	97.71%	1,39,829	86.83%	145	97.70%	1,39,974
Subsidiaries :									
Indian									
BEL Optronic Devices Ltd. (BELOP)	2018-19	2.30%	21,196	0.75%	1,418	2.20%	(91)	0.72%	1,327
	2017-18	2.34%	18,820	0.81%	1,155	8.98%	15	0.82%	1,170
BEL - THALES Systems Ltd.	2018-19	0.41%	3,786	0.04%	77	0.00%	-	0.04%	77
	2017-18	0.46%	3,708	-0.13%	(190)	0.00%	-	-0.13%	(190)
Non Controlling Interest in Subsidiary :									
Indian									
BEL - THALES Systems Ltd.	2018-19	0.14%	1,330	0.01%	27	0.00%	-	0.01%	27
	2017-18	0.16%	1,303	-0.05%	(69)	0.00%	-	-0.05%	(69)
Associates (investment as per the equity method) :									
Indian									
GE BE Pvt. Ltd.	2018-19	1.41%	13,024	2.05%	3,864	0.36%	(15)	2.09%	3,849
	2017-18	2.55%	20,458	1.66%	2,378	4.19%	7	1.65%	2,385
Total	**2018-19**	**100%**	**9,22,480**	**100%**	**1,88,667**	**100%**	**(4,127)**	**100%**	**1,84,540**
	2017-18	**100%**	**8,02,871**	**100%**	**1,43,103**	**100%**	**167**	**100%**	**1,43,270**

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 2019			As at 31 March 2018		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets measured at fair value							
I	**Investments**						
i	Equity Instruments – Mana Effluent Pvt Ltd	-	9	-	-	7	-
ii	Equity instruments - Defence Innovation Organisation	-	1	-	-	-	-
iii	**Other Investments**						
a.	Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment & BERECHS)	83,408	-	-	73,269	-	-
	Sub Total	**83,408**	**10**	**-**	**73,269**	**7**	**-**

Consolidated Notes to Accounts

(₹ in Lakhs)

		As at 31 March 2019			As at 31 March 2018		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets not measured at fair value							
II	Trade Receivables	-	-	5,37,367	-	-	5,01,430
III	**Loans**						
a	Security deposits	-	-	3,499	-	-	3,158
b	Loans to Employees	-	-	871	-	-	819
IV	Cash and cash equivalents	-	-	75,970	-	-	80,443
V	Other Bank Balances	-	-	21,217	-	-	3,664
VI	**Other Financial Assets**						
a	Advance to Employees	-	-	130	-	-	100
b	Advance to Others	-	-	3	-	-	5
c	Receivables (other than Trade Receivables)	-	-	749	-	-	455
d	Interest accrued but not due on term deposits			152	-	-	3,924
e	Interest accrued on term deposits	-	-	1	-	-	-
f	Bank deposits with more than 12 months maturity	-	-	19	-	-	36
g	Margin money held with Banks	-	-	70	-	-	-
h	Others	-	-	5,397	-	-	4,225
Other Investments							
a	Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-
	Sub Total	**-**	**-**	**6,45,445**	**-**	**-**	**5,98,259**
	Total	**83,408**	**10**	**6,45,445**	**73,269**	**7**	**5,98,259**

* INR 4,750 (INR 4,750) [represents absolute figure] which is rounded off.

		As at 31 March 2019			As at 31 March 2018		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities measured at fair value		-	-	-	-	-	-
Total		-	-	-	-	-	-
Financial Liabilities not measured at fair value							
I	Borrowings	-	-	-	-	-	4,703
II	Trade Payables	-	-	143,431	-	-	136,904
III	**Other Financial Liabilities**						
a	Interest Accrued and due on Trade Payables	-	-	3	-	-	11
b	Current Maturities of Long Term Debt	-	-	3,334	-	-	3,333
c	Security Deposits	-	-	13,317	-	-	8,263
d	Unpaid Matured Deposits	-	-	37	-	-	37
e	Unpaid Dividend	-	-	7,105	-	-	48
f	Non Trade Payables Dues to MSME	-	-	111	-	-	102
g	Outstanding Expenses	-	-	67,598	-	-	58,789
h	Other Trade payables	-	-	15,315	-	-	16,641
i	Interest Accrued and due - Term loan	-	-	29	-	-	-
j	Other Liabilities	-	-	1,760	-	-	1,277
	Total	**-**	**-**	**2,52,040**	**-**	**-**	**2,30,108**

Consolidated Notes to Accounts

(₹ in Lakhs)

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 2019			As at 31 March 2018		
			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	-	83,408	-	-	73,269	-
ii	Financial Investments at FVOCI - Unquoted	6	-	-	10	-	-	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.

c. Defence Innovation Organisation (DIO) - (Level 3)

BEL has contributed towards equity capital of M/s Defence Innovation Organisation (DIO), a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an objective of funding innovation in defence sector. The company has opted for Net Asset Value method for fair valuation.

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.

Consolidated Notes to Accounts

(₹ in Lakhs)

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).

iii) **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 France. 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 10% (25%) 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.

The parent company has entered into forward contracts to cover currency fluctuations in respect of firm commitments. As on 31 March 2019, there are no outstanding forwards contracts.

The Group's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2019				As at 31 March 2018			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Trade Payable	659	182	23	41	807	200	21	55
Trade Receivable	52	4	-	-	33	12	-	-
Net Exposure	607	178	23	41	774	188	21	55

iv) **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.

	Impact on Profit	
	As at 31 March 2019	As at 31 March 2018
USD – Increase by 5%	2,127	2,530
USD – Decrease by 5%	(2,127)	(2,530)
EURO – Increase by 5%	707	753
EURO – Decrease by 5%	(707)	(753)
GBP – Increase by 5%	105	95
GBP – Decrease by 5%	(105)	(95)
CHF – Increase by 5%	146	191
CHF – Decrease by 5%	(146)	(191)

Consolidated Notes to Accounts

(₹ in Lakhs)

v) **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.

vi) **Variable Rate Borrowing**

The parent company has been sanctioned a Term loan of ₹ 10,000 on 31.03.2017 (Outstanding as on 31 March 2019 is ₹ 3,334 (₹ 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 ₹ 33 if the interest rate goes up by 1% and saving of ₹ 33 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 ₹ 3,50,000. The fund based limit of ₹ 50,000 has not been utilised during the year [Outstanding as on 31 March 2019 is nil (31 March 2018 is nil)]. The outstanding balance as on 31.03.2019 with respect to non fund based limit is ₹ 1,88,007 (₹ 1,75,565). 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 also been sanctioned fund based and non-fund based working capital limits of ₹ 4,600 by the consortium bankers of SBI (Lead bank) and Axis Bank. The rate of interest is 8.80% p.a. (Axis Bank) and 8.30% p.a. (SBI). The rate of interest charged by SBI and Axis Bank are linked to their base rate which is subject to fluctuations. Outstanding as on 31 March 2019 is Nil (₹ 1,370) in respect of which interest payable is based on SBI and Axis Bank's base rate (as per the terms and conditions, both SBI and Axis Bank are eligible to reset the interest charged on periodic basis).

vii) **Equity Price Risk**

The Group's exposure to equity price risk is negligible as its equity investment (other than in Associate) is negligible.

viii) **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.

As at 31 March 2019

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	-	-	-	-	-	-
Trade Payables	1,36,715	5,113	1,577	26	-	1,43,431
Current Maturities of Long Term Debts	833	834	1,667	-	-	3,334
Interest accrued and due on Trade Payables	1	-	2	-	-	3
Other Financial Liabilities	90,530	1,651	10,062	3,029	-	1,05,272

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(₹ 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	1,20,880	7,509	8,510	-	5	1,36,904
Current Maturities of Long Term Debts	833	834	1,666	-	-	3,333
Interest accrued and due on Trade Payables	9	-	2	-	-	11
Other Financial Liabilities	75,902	2,141	6,898	216	-	85,157

The Group does not have any outstanding derivatives as on 31 March 2019.

ix) **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.

x) **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 2019 is ₹ 3,334 (₹ 6,666)] [Refer Note 18 & 20]. The parent Company has been sanctioned borrowing limits with banks to the tune of ₹ 4,00,000.

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(₹ in Lakhs)

Gearing Ratio

Particulars	As at 31 March 2019	As at 31 March 2018
Net Debt	3,334	8,036
Total Equity	9,21,150	8,01,568
Net Debt to Equity Ratio	0.0036:1	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 2019	As at 31 March 2018
(i) Inventories	4,44,335	4,57,936
(ii) Trade Receivables	5,37,367	5,01,430
(iii) Cash & Cash Equivalents	75,965	80,440
(iv) Bank Balances [Other than (iii) above]	14,112	3,616
(v) Loans	1,622	1,458
(vi) Other Financial Assets	3,626	5,854
(vii) Other Current Assets	4,64,656	3,41,009
Total current assets pledged as security	**15,41,683**	**13,91,743**

Refer Note 18 & 20 for the details of borrowings.

In case of Subsidiary Company BELOP, the working capital are also secured by first pari passu charge by way of equitable mortgage on Land and Building.

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.

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 and 12)**
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.

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iv. **Recognition of Revenue - (Refer Note No. 23)**

Input methods towards performance obligations over time 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.

v. **Intangible Assets (Refer Note No. 4 and 5)**

Amount carried forward as other intangible assets and intangible assets under development are tested for impairment annually with respect to certainty of future economic benefits.

NOTE 37

Recent accounting pronouncements

Ind AS 116 - Leases

On 30 March, 2019, the Ministry of Corporate Affairs has notified Ind AS 116 - Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17 - Leases, and related interpretations. This standard is applicable for accounting period beginning on or after 1 April, 2019.

Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application.

The group proposes to adopt the Modified retrospective approach for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (1 April, 2019). Accordingly, comparatives for the year ended 31 March, 2019 will not be retrospectively adjusted.

The group is in the process of evaluating the effect of this amendment on the financial statements.

Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments :

On 30 March, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1 April, 2019.

According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

- Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

Consolidated Notes to Accounts

(₹ in Lakhs)

The group will adopt the standard on 1 April, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. 1 April, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C, on the financial statements, is being evaluated.

Amendment to Ind AS 12 - Income taxes :

On 30 March, 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12 - Income Taxes, in connection with accounting for dividend distribution taxes.

Effective date for application of this amendment is annual period beginning on or after 1 April, 2019.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

The effect of application of this amendment on the financial statements is being evaluated

Amendment to Ind AS 19 - Employee Benefits :

On 30 March, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity :

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April, 2019.

The group does not have any impact on account of this amendment.

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 from time to time, to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

2. Use of Estimates

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

3. Basis of Measurement

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

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

4. Functional and Presentation Currency

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

5. Revenue Recognition

A. Revenue from Contract with Customers

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

ii. **Satisfaction of performance obligation over time**

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

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

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

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

iii. **Satisfaction of performance obligation at a point in time**

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

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

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

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

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

c. Bill and hold Sales

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

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

iv. **Measurement**

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

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

In case of price escalation and ERV, 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).

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

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

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

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

v. **Penalties**

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

vi. **Significant financing component**

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

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

B. Other Income

Recognition of other income is as follows :

i. **Interest Income**

Interest income is recognised using the effective interest rate method.

ii. **Dividend Income**

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

iii. **Rental Income**

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

iv. **Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

v. **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 property, plant and equipment not ready for their intended use as at each reporting 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.

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 reporting 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".

Intangible Asset under Development 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 / amortisation 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 at each financial year end and adjusted prospectively, if appropriate.

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.

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

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

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

In case customer order is immediately not forthcoming:

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

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable

amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

Reversal of impairment provision is made when there is an increase in the estimated service potential of an asset or Cash Generating Unit (CGU), either from use or sale, on reassessment after the date when impairment loss for that asset was last recognised.

14. Leases

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 of the asset 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**

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.

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.

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. 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 qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency by using the closing 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 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

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities/Assets

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

23. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

24. Fair Value Measurement

The Company measures certain financial instruments, such as derivatives and other items in it's financial statements at fair value at each reporting 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, unless it is impracticable to apply.

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 2019

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	7,220	5,762
5.	Reserves & surplus	13,976	(646)
6.	Total Assets	43,745	5,497
7.	Total Liabilities	22,549	381
8.	Investments	-	-
9.	Turnover	10,325	672
10.	Profit before taxation	1,866	97
11.	Provision for taxation	448	(7)
12.	Profit after taxation	1,418	104
13.	Proposed Dividend	425	-
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 Private Limited	Defence Innovation Organisation
1	Latest audited Balance Sheet Date	31 March 2019	31 March 2019
2	Shares of Associate held by the company on the year end		
	No.	26,00,000	50
	Amount of Investment in Associate	260	1
	Extend of Holding %	26%	50%

(₹ in Lakhs)

Sl. No.	Name of Associates	GE BE Private Limited	Defence Innovation Organisation
3	Description of how there is significant influence	Voting Rights	Voting Rights
4	Reason why the Associate is not consolidated	Not applicable	*
5	Networth attributable to Shareholding as per latest audited Balance Sheet	13,024	-
6	Profit / Loss for the year		
	i. Considered in Consolidation	3,864	-
	ii. Not Considered in Consolidation	-	-

* Do not exercise any control and also do not have any right on variable returns other than equity investment.

1	Names of Associate which are yet to commence operations.	NIL	NIL
2	Names of Associate which have been liquidated during the year.	NIL	NIL

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 004283S

Natarajan V
Partner
Membership No. 223118

Bengaluru
29 May 2019

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

S Sreenivas
Company Secretary

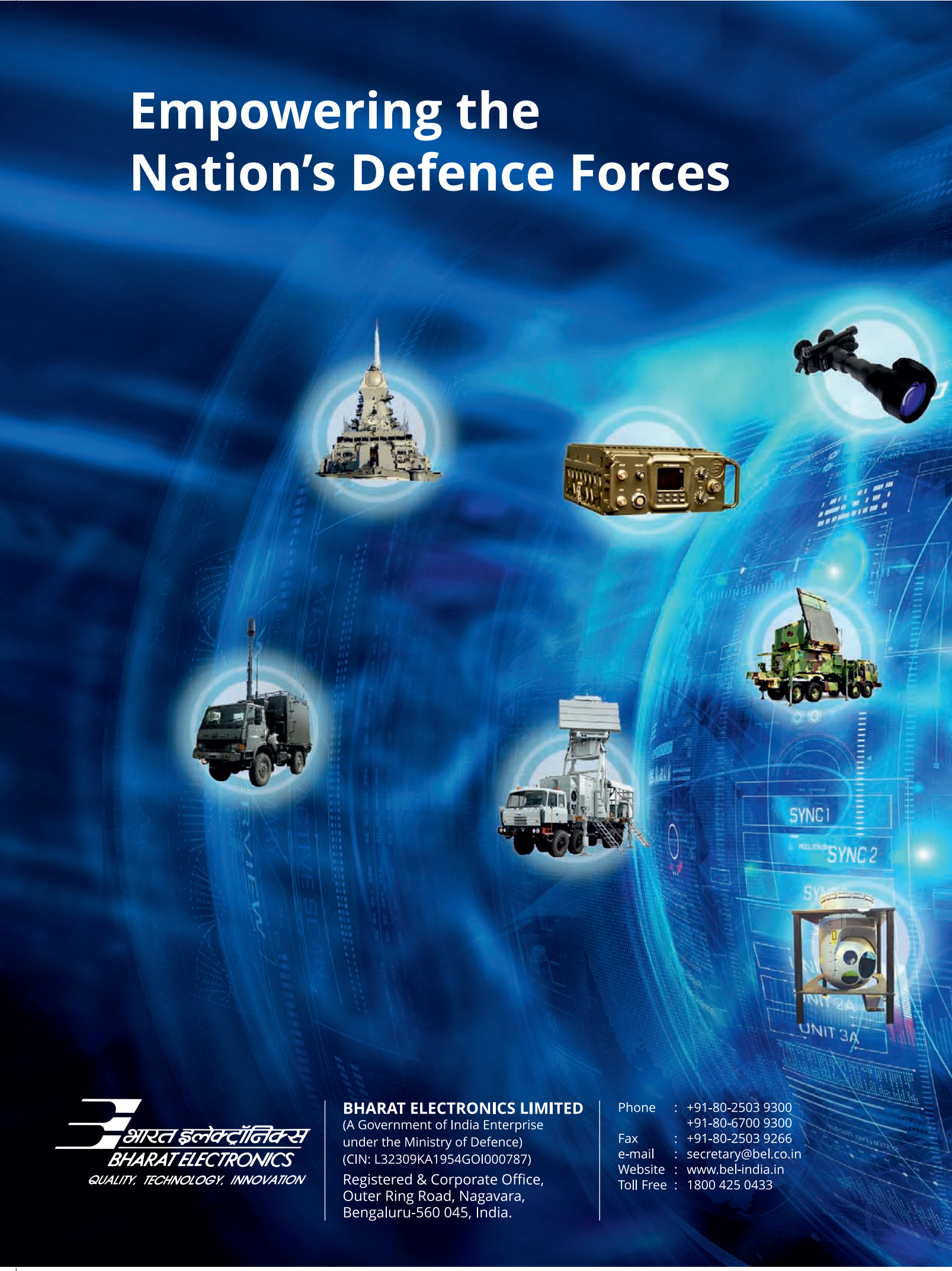
NOTES

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

Showcasing Innovation



Empowering the Nation's Defence Forces



भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY, TECHNOLOGY, INNOVATION

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