



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

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ई-मेल/E-mail : secretary@bel.co.in

वेब/Web : www.bel-india.com

To

Manager (Listing),
BSE Ltd.,
Floor 25, PJ Towers,
Dalal Street, Fort
Mumbai - 400 001

Fax No.: 022 22723121

No. 17565/4/SE/MUMC/SEC

5th October 2016

Dear Sir/Madam,

Sub: Annual Report.

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015, please find enclosed herewith copy of Annual Report (Which includes Business Responsibility Report & Sustainability Report) for the financial year 2015-16.

This is for your information and record.

Thanking you,

Yours faithfully,

for Bharat Electronics Ltd.


S. Sreenivas

Company Secretary

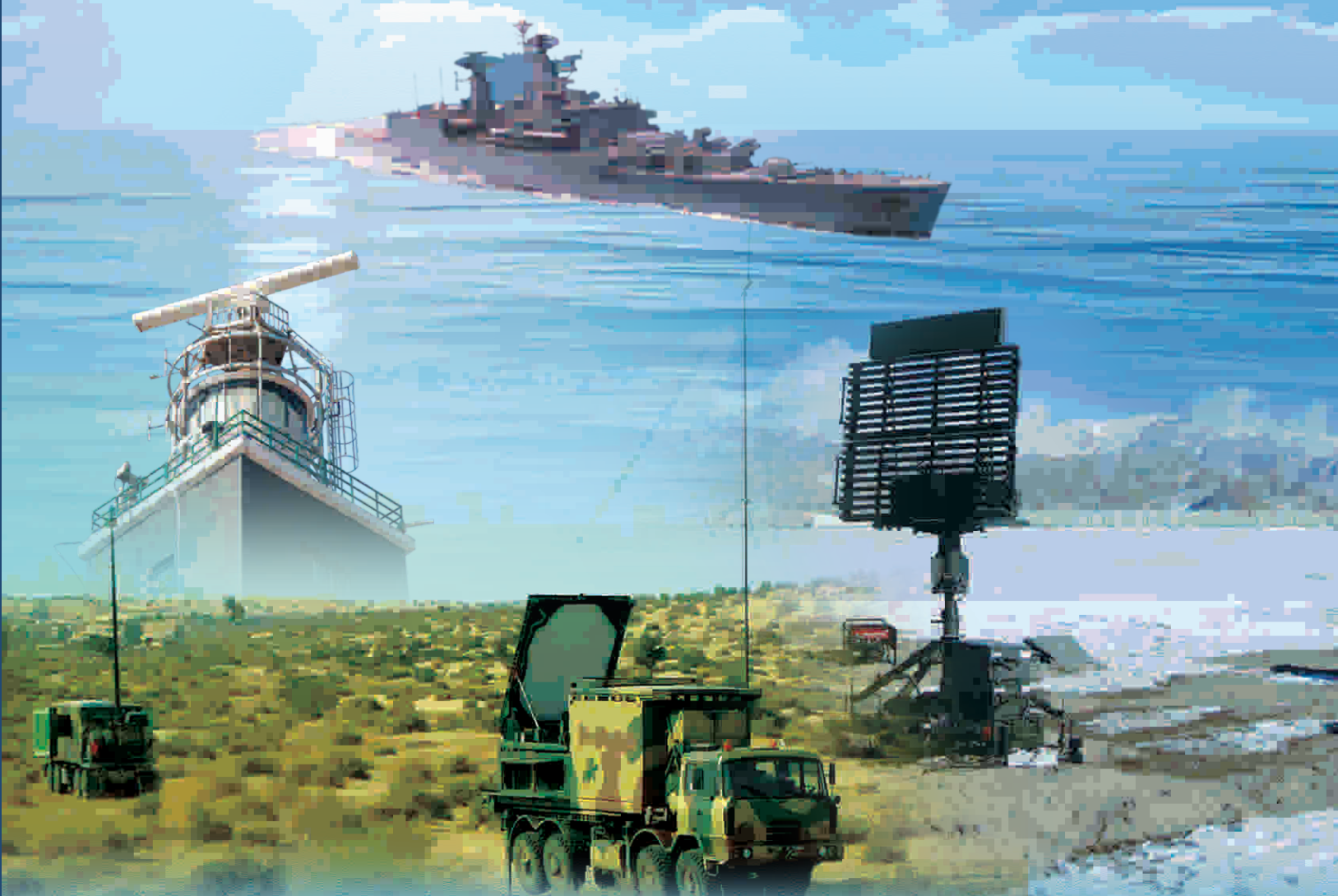
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एक कदम स्वच्छता की ओर

Annual Report

2015 - 16



 **भारत इलेक्ट्रॉनिक्स**
BHARAT ELECTRONICS

QUALITY. TECHNOLOGY. INNOVATION.

Empowering the Nation's Defence Forces



'Rajbhasha Kirti' national award for 'Surabhi',
the Hindi house magazine of BEL's Bangalore Complex



Foundation stone laying ceremony of Defence
Systems Integration Complex at Palasamudram, Andhra Pradesh

Corporate Vision, Mission Values and Objectives

Vision

To be a world-class enterprise in professional electronics.

Mission

To be a customer focused, globally competitive company in defence electronics and in other chosen areas of professional electronics, through quality, technology and innovation.

Values

- ❖ Putting customers first.
- ❖ Working with transparency, honesty & integrity.
- ❖ Trusting & respecting individuals.
- ❖ Fostering team work.
- ❖ 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 & team work.
- ❖ To give value for money to customers & create wealth for shareholders.
- ❖ To constantly benchmark company's performance with best-in-class internationally.
- ❖ To raise marketing abilities to global standards.
- ❖ To strive for self-reliance through indigenisation.



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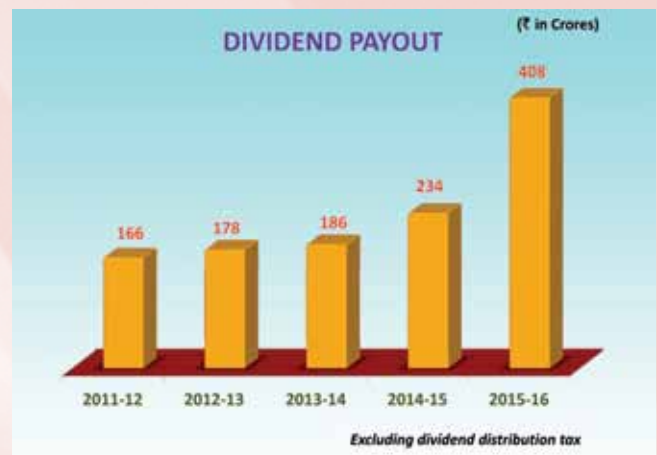
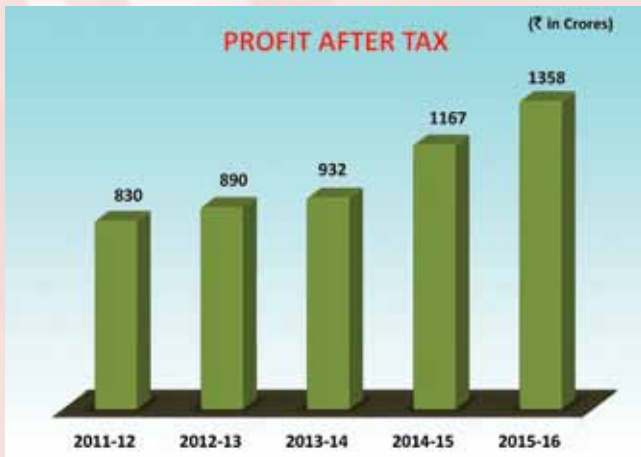


Financial Highlights

- ❖ Turnover registered a growth of 12.35% from ₹ 6,694.57 Crores in 2014-15 to ₹ 7,521.64 Crores in 2015-16.
- ❖ Value of Production has increased from ₹ 6,658.54 Crores in 2014-15 to ₹ 7,782.09 Crores in 2015-16. An increase of 16.87%.
- ❖ Profit after tax rose by 16.31% from ₹ 1,167.24 Crores in 2014-15 to ₹ 1,357.67 Crores in 2015-16.
- ❖ Increase of Profit after tax to Turnover Ratio from 17.44% in 2014-15 to 18.05% in 2015-16.
- ❖ Turnover per employee has increased from ₹ 0.69 Crores in 2014-15 to ₹ 0.76 Crores in 2015-16.
- ❖ Earning Per Share has increased from ₹ 48.64 in 2014-15 to ₹ 56.57 in 2015-16.
- ❖ Book Value per Share has increased from ₹ 328.54 in 2014-15 to ₹ 363.91 in 2015-16.
- ❖ Net Worth has grown from ₹ 7,885.03 Crores in 2014-15 to ₹ 8733.83 Crores in 2015-16.



Financial Highlights



Chairman's Letter

Dear Shareholders,

It gives me immense pleasure to write to you and share through this letter the achievements and financial highlights of your company during the past year. Your company has achieved the growth targets in revenues and profits amidst the challenging business environment. The continued focus on R&D, infrastructure and talent in a scenario of fast changing technologies, facilitated the company to meet its targeted growth. At ₹ 32,02,182 Lakhs (as on 1 April 2016) the order book continues to be healthy. The projections for order inflow for next 2-3 years, as per our marketing plan, are likely to remain robust. Your company has maintained its leadership position in supplying equipments / 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 ₹ 752,164 Lakhs during 2015-16 against ₹ 669,457 Lakhs in 2014-15, thereby registering a significant growth of 12.35%. A

A Significant Growth of 12.35% in Turnover

steep growth of 47% in exports has resulted in achieving an all time high Export turnover of US\$ 85.00 Million compared to US\$ 57.85 Million the

previous year. The indigenously developed Naval Air Surveillance Radar was

exported to Myanmar for the first time. The other products exported during the year include Ship borne EW System, Thermal Imaging based Fire Control System, Communication Equipment, Electronic Voting Machines etc.

All the 9 manufacturing Units of the company have performed well. The Profit After Tax for 2015-16 was ₹ 135,767 Lakhs against ₹ 116,724 Lakhs last year, an increase of 16.31% over previous year. The Net Worth of the company has grown from ₹ 788,503 Lakhs to ₹ 873,383 Lakhs in year 2015-16.

R&D expenditure at 9.36% of turnover



R&D has been the main focus area of your company for increasing indigenisation and value addition in our products / systems. The total expenditure on R&D as a percentage of turnover during the year was 9.36% which is one of the highest among the defence PSUs. It is our constant efforts on indigenous developments that have led us to achieve 86% of our turnover from indigenous products. Only 14% of our revenues came from products manufactured through Technology

Revenue from defence business is 82%

transfer from foreign OEMs. Defence being the mainstay of the company, has contributed 82% of sales revenue, with the balance 18% coming from the civilian sector.

Some of the major products / systems introduced during 2015-16 are 3D Surveillance Radar, L-Band 2D Air Surveillance Radar for Navy, Coastal Surveillance Radar, Satcom Terminals, Software Defined Radio (Naval Version-NC), Tactical Access Switch, Advanced Composite Communication System (ACCS), Versatile Media Secrecy Device, Citizen Verification Devices, Integrated Sonar Suite for Submarines, IAC MOD O/C Ref System, Integrated EW System for Mountainous Terrain, Laser Warning System, Gunner Sight for T90, Driver Sight for MBT Arjun etc.

Major Orders received during the year include Integrated Air Command and Control System, Weapon Locating Radar, HHTI with LRF, Ground based Mobile ELINT, Integrated Communication System, USHUS, Electronic Ammunition Fuze, Armoured Engineering Reconnaissance Vehicle and Shakti System for P71.

Filed applications for 12 Patents

I have the privilege to inform you that during this year, your company has filed applications for 12 Patents in the areas of Networking, RF and Microwave, Image Processing, Avionics etc. As many as 98 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 :

- Foundation stone laid for setting up of Defence Systems Integration Complex in Anantapur district of Andhra Pradesh

- Successfully completed supply of all systems for 6 Squadrons of Akash to Indian Air Force.
- Supplies for Project L-70 Gun Upgrade program commenced.
- An all time high Export turnover of US\$ 85 Million.
- State-of-the-art Additive Manufacturing facility set up at Bengaluru Unit
- Near Field Test Range and EMI/EMC Test Facilities set up for testing of modern Radars at Ghaziabad Unit.
- Procurements from MSMEs has increased from 8% in 2014-15 to 20% during 2015-16
- 'Long term Vendor Development and Outsourcing policy' has been released.
- "Make in India Cell" has been setup to implement BEL's outsourcing policy.

Procurement from MSMEs : 20%

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

- Raksha Mantri Award in the category of institutional, best performing division, indigenization, design effort for the years 2012-13 and 2013-14.
- ELCINA-EFY award for excellence in Electronic hardware manufacturing and services in Quality and Exports category.
- "Leadership Award – Embedded/VLSI Industry" for the year 2015 under the category of Best Electronic System Design & Manufacturing (ESDM) in the Government Sector. The award was conferred by "Mentor Graphics and Silicon India" on 6 November 2015 at Bengaluru.
- "Gold Award" in the ICQCC (International Convention of Quality Control Circle) held at Changwon, Korea for the case study on "Testing of Tx/Rx Sub-Modules".
- Won Four Awards instituted by Society of Defence Technologists (SODET) for the year 2014-15 in the categories of Technology Development and Technology Innovation.
- Conferred with the 'Dun & Bradstreet India's Top PSUs Award 2015' in the Electrical & Electronics Sector by Dun & Bradstreet (D&B), the world's leading provider of global business information, knowledge and insight.

Future Outlook

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

Backed by a healthy order book and orders in pipeline, we are targeting a turnover growth of 12-15% during 2016-17. Segments like Radar and Missile systems, Communication and Network Centric Systems, Tank Electronics, Gun upgrades & EO systems and Electronic Warfare & Avionics systems will continue to drive the Company's growth in the coming 4 to 5 years. Capacity enhancements and creation of new test facilities help the Company in achieving the targeted growth. Sensing growth opportunity in the civil segment we are pursuing business in the field of Homeland Security, Telecom and Smart City elements.

The future looks promising as well as challenging. The Defence Sector is increasingly being opened up for private sector participation with evolutions of Defence Procurement Procedure. All this has pushed the company towards much higher competitiveness and productivity through initiatives for enhancing value addition. It is extremely important for BEL to stay abreast of technology and develop new products regularly. Thrust on R&D across the company will continue with roadmaps drawn for future products, acquisition of key technologies and filing of patents. The company is also laying greater emphasis on working closely with DRDO labs, other research institutions and academic institutions as well as niche technology companies for development of new products and systems. The important projects planned for execution this year are Akash Weapon System, 3D TCR, Weapon Locating Radar, Schilka Upgrade, Communication Equipment, Night Vision Devices, L70 upgrade, IACCS etc. On the export front, your Company has acquired orders worth US\$ 25.1 Million this year. The export order book as on 1 April 2016 is US\$ 120 Million including Offset orders of US\$ 24 Million.

New Strategic Initiatives

Your company is working on new strategic areas like Electronic Ammunition Fuzes, Homeland Security Solutions, Navigational Complex Systems and Inertial

Navigation Systems in line with the emerging needs of the Customers.

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 per the Listing Agreement with Stock Exchanges/SEBI (LODR) Regulations, 2015 and the guidelines issued by the Department of Public Enterprises for CPSEs, forms part of the Directors' Report.

The corporate performance of BEL measured in terms of the economic, environmental and societal parameters augers 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.

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 also 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.

Best wishes,

Sincerely,



S K Sharma

Chairman & Managing Director

Bengaluru

28 July 2016

Awards



Raksha Mantri's Institutional Award for 'Excellence in Performance' (2013-14)



Dainik Bhaskar India Pride Award (Defence category) for the year 2015-16



India's Top PSUs Award 2015 for the top Indian company in the Electrical & Electronic Equipment sector

Highlights

*Induction of Akash Weapon System
into the Indian Army*



*Inauguration of Integrated Test Bed facility
for Missile and Weapon Systems
integration at Bangalore Complex*



*Foundation stone laying ceremony of
Defence Systems Integration Complex at
Palasamudram, Andhra Pradesh*



Highlights



Induction of Akash Missile System into the Indian Air Force



Partnership agreement between Thales and BEL-Thales Systems Limited for the joint development of PHAROS fire control radar



Felicitation of Mr S K Sharma, CMD, by Mr Rajnath Singh, Union Home Minister, during Adanya Chetana Seva Utsav 2016

CSR Highlights

BEL's Corporate Social Responsibility (CSR) Policy includes Health Care, Education, Rural Development, Environment Protection and Conservation of Resources



Inauguration of the new building of Government Higher Primary School, Thirumale, Magadi town, Karnataka, constructed by BEL as part of its CSR activities



The new building of the Government Higher Primary School, Ballupet, Karnataka, built by BEL as part of its CSR activities

Board of Directors

(as on 1 August 2016)



Mr Sunil Kumar Sharma
Chairman & Managing Director



Mr M L Shanmukh
Director (Human Resources)



Dr Ajit T Kalghatgi
Director
(Research & Development)



Mr P R Acharya
Director (Finance)



Mr Girish Kumar
Director
(Bangalore Complex)



Mr Nataraj Krishnappa
Director (Other Units)



Mrs Kusum Singh
Joint Secretary (P&C),
Ministry of Defence,
Department of Defence Production
Government Director



Dr Bhaskar Ramamurthi
Director, IIT Chennai
Independent Director



Dr R K Shevgaonkar
Professor, IIT Mumbai
Independent Director



Mrs Usha Mathur
IRAS (Retd)
ex-Secretary to
Govt. of India
Independent Director



Mr Sharad Sanghi
Entrepreneur
Independent Director

Principal Executives

(as on 1 August 2016)

CORPORATE OFFICE

Chief Vigilance Officer

Mr S Shiva Kumar, IAS

General Managers

Mr M M Joshi

Mr D C Das

Mrs Shikha Gupta

Mr Veeresh D Bevinamarad

Mr C P Suresh

Mr V Kiran

Mr Koshy Alexander

Mr Hema G Acharya

Company Secretary

Mr S Sreenivas

UNITS

Executive Directors / General Managers

Bengaluru

Mr M V Gowtama

Mr Sanmoy Kumar Acharya

Mr S S Gokhale

Cdr T Jagannath (Retd.)

Mrs Rani Vergis

Mr G Arunachalam

Mrs Anandi Ramalingam

Cdr S Gopakumar (Retd.)

Mr B S Ravi

Mr A Ravisankaran

Mr M S Shanmugadevasenapathy

Mr M R Srivathsa

Mr M Sivagnanam

Mr K M Shivakumaran

Chennai

Mr R Srinivasan

Ghaziabad

Mr R K Handa

Mrs Ruchi Garg

Mr Charan Singh

Mr Joydeep Majumdar

Hyderabad

Mr R N Bagdalkar

Kotdwara

Mr Manoj Kumar

Machilipatnam

Mr T N Ramesh

Navi Mumbai

Mr M M Pandey

Panchkula

Mr K Baljit Chander

Pune

Mr Dinesh Kumar Batra

R&D Establishments

CRL, Bengaluru

Mr V Mahesh

Chief Scientist

CRL, Ghaziabad

Mr Ranjan Banerjee

Chief Scientist

Product Development & Innovation Centre

Mr Vinay Kumar Katyal

General Manager

Chief Technical Officers

Mr M V Raja Sekhar

Mr V Nanda Kumar

Mrs K Hemalatha

AUDITORS

Statutory Auditors

M/s. Badari, Madhusudhan & Srinivasan, Bengaluru

Branch Auditors

M/s. Malani Somani Chandak & Associates, Pune
 M/s. Ved and Company, Ghaziabad
 M/s. Rao & Narayan, Vijayawada

Cost Auditors

M/s. P S V & Associates
 Bengaluru

The Past Decade

(₹ in lakhs)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Sales & Services	395269	410254	462369	521977	552969	570363	601190	617423	669457	752164
Value of Production	401275	411137	527327	524788	552080	579358	628991	612690	665854	778209
Other Income	19781	27824	22997	37641	38933	70312	60993	42847	47795	53215
Materials	213522	206889	304106	302454	312931	366903	408463	358356	374453	405121
Employee Benefits Expense	51968	65917	75579	100958	104186	108123	111079	103043	126345	130185
Depreciation / Amortization	8459	9264	10560	11594	12204	12080	13071	14210	15396	16893
Interest / Finance Cost	80	25	1077	53	73	60	78	340	138	450
"Other Expenses (including Excise Duty, Prior period items, Extraordinary & Exceptional items)"	41780	39736	49319	42867	45504	55019	57174	77439	67360	111969
Profit Before Tax	105247	117130	109684	104502	116115	107485	111459	117474	146669	180914
Provision For Tax	33431	34456	35108	32415	29968	24495	22476	24312	29945	45148
Profit After Tax	71816	82674	74576	72087	86147	82990	88983	93162	116724	135767
Dividend (Amount)	14400	16560	14960	15360	17280	16640	17840	18640	23360	40800
Dividend (%)	180	207	187	192	216	208	223	233	292	170
Equity Capital	8000	8000	8000	8000	8000	8000	8000	8000	8000	24000
Reserves & Surplus	249231	313295	370368	424526	490571	554221	622369	693724	780503	849383
Loan Funds	171	138	121	73	41	10	1	0	0	0
Gross Block	132480	143076	157990	170217	178900	190158	207323	222667	248515	276666
Cumulative Depreciation / Amortization	93913	101727	111245	121221	130529	139142	149778	157572	171405	180824
Inventory	124635	135157	242096	244871	246032	279182	327108	337014	342688	421324
Debtors / Trade Receivables	169341	205571	227653	216836	289681	268686	333467	412854	378614	371190
Working Capital	200996	263090	313556	365629	NA	NA	NA	NA	NA	NA
Working Capital (As per Revised Sch VI / Sch III)	NA	NA	NA	NA	430800	478994	544494	607714	690982	702964
Capital Employed	239563	304438	360301	414625	NA	NA	NA	NA	NA	NA
Capital Employed (As per Revised Sch VI / Sch III)	NA	NA	NA	NA	479171	530010	602039	672809	768092	798806
Net Worth	257135	321295	378368	432526	498571	562221	630369	701724	788503	873383
Earning Per Share (in Rupees)*	29.92	34.45	31.07	30.04	35.89	34.58	37.08	38.82	48.64	56.57
Book Value Per Share (in Rupees)*	107.14	133.87	157.65	180.22	207.74	234.26	262.65	292.39	328.54	363.91
No. of Employees	12357	12371	11961	11545	11180	10791	10305	9952	9703	9848

* EPS & Book Value normalised for the previous periods due to issue of Bonus Shares

Boards' Report

To the Members,

Your Directors take pleasure in presenting their Report and the Audited Financial Statements for the financial year ended 31 March, 2016 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	2015-16	2014-15
Value of Production	778,209.47	665,854.35
Turnover (Gross)	752,164.14	669,456.53
Profit before tax	180,914.47	146,668.67
Profit Before Depreciation, Finance Cost and Tax	198,257.29	162,203.54
Finance Cost	450.08	138.38
Depreciation	16,892.74	15,396.49
Profit Before Tax	180,914.47	146,668.67
Provision for Tax	45,147.88	29,944.58
Profit After Tax	135,766.59	116,724.09
Add : Balance brought forward from previous year	343,461.64	296,682.52
Balance available for Appropriation	479,228.23	413,406.61
Interim Dividend paid	6,000.00	4,800.00
Proposed Final Dividend	34,800.00	18,560.00
Tax on Dividend	8,305.92	4,738.10
Transfer to General Reserve	40,000.00	40,000.00
Transfer to Capital Reserve	2.17	-
Other appropriation	1780.22	1846.87
Reserves & Surplus	849,383.34	780,502.89
Net Worth	873,383.34	788,502.89
Earnings Per Share (in ₹)*	56.57	48.64
Book Value Per Share (in ₹)*	363.91	328.54

* EPS & Book Value normalised for the previous periods due to issue of Bonus Shares

Distribution of Value of Production for 2015-16 is given below :

Particulars	Amount (₹ in Lakhs)	Percentage
Materials	405,120.63	52.06
Employee Cost	130,184.94	16.73
Other Expenses (Net)	45,096.69	5.79
Depreciation & Amortization	16,892.74	2.17
Provision for Tax	45,147.88	5.80
Profit After Tax	135,766.59	17.45
Total	778,209.47	100.00

Company's turnover for the year 2015-16 has increased to ₹ 752,164.14 lakhs from ₹ 669,456.53 lakhs in 2014-15, registering a growth of 12.35%. Profit after Tax for the year is ₹ 135,766.59 lakhs as against ₹ 116,724.09 lakhs in the previous year. Turnover from indigenously developed products is 86%. Supplies to the defence contributed to 82% of turnover as against 87% in 2014-15.

During the year 2015-16, your Company had issued bonus shares in the ratio of 2:1 (two fully paid up equity shares of ₹ 10/- each for every equity share held) to all its shareholders. As a consequence the paid up share capital of the company increased from ₹ 8,000 Lakhs to ₹ 24,000 Lakhs.

Dividend

The Board has recommended a Final Dividend of ₹ 14.50 per equity share (145%), ₹ 34,800 lakhs for the year 2015-16. An interim dividend of ₹ 2.5 per equity share (25%), ₹ 6000 lakhs has already been paid for the year 2015-16. Thus, the total dividend for the year 2015-16 is ₹ 17 per equity share (170%), ₹ 40,800 lakhs (excluding corporate dividend tax) on the enhanced paid up capital after bonus issue during the year as against 292% (₹ 29.20 per share), ₹ 23,360 lakhs paid in the previous year.

Provision of ₹ 7,084.46 lakhs has been made for corporate dividend tax on the final dividend proposed. Corporate dividend tax of ₹ 1,221.46 lakhs has already been paid on the interim dividend paid for the year 2015-16.

Amount Transferred to Reserves

An amount of ₹ 40,000 lakhs is proposed to be transferred to General Reserves for the financial year 2015-16.

Major Orders Executed

Major Projects executed during the year for tri services and non-defence customers include: Akash Weapon System (Army & Airforce), 3 Dimensional Tactical Control Radar to Army, Fire control Systems to Navy, Low Level Light Weight Radar (Aslesha) to Airforce, Integrated Sonar Suite to Navy, L Band Surveillance Radar for Export (Myanmar), Passive Night Vision Devices (PNVD) to Army, V/UHF Search Receiver to Pipavav and GRSE, Electronic Voting machines (EVMs) to ECI and Export (Namibia), Thermal Imaging Fire Control

System (TIFCS) to Elbit, Schilka Gun Tank Upgrade to Army, Ship Data Network and New Generation Sonars to Navy.

Some of the significant achievements during the year :

- BEL is setting up a Defence Systems Integration Complex in Anantapur District of Andhra Pradesh. It will be the largest such facility in the country once it is commissioned, covering an area of over 900 acres. This facility will enable BEL to expand its Missile systems business and will carry out manufacturing & integration for the ongoing and upcoming projects. It will have state-of-the-art infrastructure such as Assembly Hangars and Hard Stands for Radars and Weapon integration, RF radiation sources for target simulation, Automatic Test Equipment, Clean Rooms for electronic assembly, Non-Explosive & Explosive Integration Buildings, Missile Storage buildings, Environmental Test Chambers, Fire Stations, Solar Power Plant, Estate and Admin buildings.
- Indigenously developed Surface-to-Air 'Akash' Missiles of Airforce version successfully test-fired from Integrated Test Range on 28 January 2016 as part of User trial. The missile can fly at supersonic speed ranging from Mach 2.8 to 3.5 and can engage aerial targets upto a range of approximately 25 km. The Missile System was formally inducted into the Indian Air Force in July 2015.
- BEL has successfully completed supply of all systems of Akash Missiles to Indian Airforce.
- Supply for project L-70 Gun Upgrade program commenced. The activity involves Up-gradation of Gun for improved firing performance in local mode for Air Defence application.
- The e-File Management (FLM) for procurement files has been successful at 5 Units in addition to 4 Units implemented earlier.

Exports

BEL achieved an all time high export sales of US\$ 85.07 Million registering a growth of 47% over the previous year's export turnover of US\$ 57.85 million. BEL has an export order book of US\$ 120 million as on 1 April 2016 which includes offset order book of US\$ 24 million. The targeted export sales for the year 2016-17 is US\$ 112 million. The long term export plan of BEL is to reach sustained export sales to total sales turnover ratio of 10% from the current level of 7.3%.

During this year, indigenously developed Naval Surveillance Radars RAWL 02 MK-IIA based on SSPA was exported for the

first time. Other major range of products exported includes TI based Electro Optical Fire Control Systems, CoMPASS, Electronic Voting Machines, Communication equipment, Radar Warning Receiver, Casings, Stators, Electro Mechanical parts etc.

BEL is fully geared up to meet the expectations of "Make in India" program in the field of Professional defence electronics equipment development and manufacturing with a focus on exports.

BEL has a dedicated International Marketing Division for providing an increased thrust for harnessing the export potential of defence electronics products and systems, which represent its core area of business. BEL has been exporting various products and systems to friendly countries of India. Apart from this, BEL is interacting with electoral commissions of various democratic countries to market Electronic Voting Machines. Having established a coastal surveillance radar system for few neighboring countries, BEL is interacting with Ministry of External Affairs on a regular basis for supply of these systems to other friendly countries of India.

BEL has identified the market segments and has a structured market plan for its products and systems. BEL has been visiting customers on a periodic basis to understand their requirements, acquisition process and to establish long term customer relationship for enhancing export business.

BEL is focusing on the opportunities in the areas of helping OEMs to meet their offset obligations in various RFPs of MOD, on account of the "Offset" policy incorporated in Defence Procurement Procedure (DPP). In this regard BEL is closely working with various major foreign Aerospace and Defence companies. BEL has also identified contract manufacturing (both build to print and build to spec) as one of the areas to address the emerging opportunities with OEMs. Further, efforts are being made to establish long-term supply chain relationships with global players.

BEL has participated in three International Exhibitions to showcase its products & capabilities and for creating brand awareness among global supply chain partners. BEL publishes periodic advertisements in international/defense magazines / periodicals / journals to enhance the visibility of BEL. BEL participated in the International Fleet Review IFR 2016

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conducted by Indian Navy, the Make in India Week 2016, Mumbai and Defexpo 2016, Goa with a focus on exports.

BEL has been receiving awards for Excellence in Exports under the category "Electronics & Communication (excluding IT/BT) - Medium and Large" from the Government of Karnataka during the last 5 consecutive years.

MoU with Government

Your Company has been signing a Memorandum of Understanding (MoU) every year with the Government of India, Ministry of Defence. Performance of BEL for the year 2014-15 has been rated as "Excellent" in terms of the MoU with the Government. The MoU rating for 2015-16 is under review by the Government.

Order Book Position

The order book of Company as on 01 April 2016 is around ₹ 3,202,182 Lakhs. The order book comprises mainly major programs like Integrated Air Command Control System, Battlefield Surveillance System, Akash Weapon System, Weapon Locating Radar, Hand Held Thermal Imager with Laser Range Finder, Ground Based ELINT, Command Information Decision Support System, Fire Control System, Gun / Tank Upgrades Communication Sets, New Generation Radars and Sonars etc.

Finance

Your company has embarked on several investment proposals which should help in maintaining a healthy growth rate in the top line. During this financial year, the company has been able to meet the incremental working capital requirements and additional funds required for capital investments entirely from internal resources without resorting to borrowing. Effective cash management and a healthy Balance Sheet has helped the company to retain the highest rating by ICRA in both short term and long term. As a measure of good corporate governance initiative, during the year, the company has transferred the amount set aside for leave encashment liability to a separate policy managed by Life Insurance Corporation of India with a view to delineate the amount from the operations of the Company.

The Inventory position (net) of the company as on 31 March 2016 was ₹ 421,324 lakhs as against ₹ 342,688 lakhs as

on 31 March 2015. This works out to 208 days of value of production (DPE) as on 31 March 2016 as against 188 days as on 31 March 2015. The increase in inventory in the year end will help to meet the sales of 1st two quarters of the current financial year.

The position of Trade Receivables (net) as on 31 March 2016 was ₹ 371,190 lakhs as against ₹ 378,614 lakhs as on 31 March 2015. This works out to 180 days as against 206 days of turnover for the previous year. This has been possible due to better performance in collection of receivables.

Deposits

The Company does not have any Public Deposit Scheme at present. However, the matured past Public Deposit amount with the Company was ₹ 36.95 lakhs as on 31 March 2016. Out of these 34 deposits amounting to ₹ 36.50 lakhs are not claimed or not paid as these accounts are frozen on advice by Karnataka Lokayukta, remaining mature deposits of ₹ 0.45 Lakhs as on 31 March 2016 is unpaid due to in-sufficient documents/records produced by Depositors. The entire amount of Public Deposit outstanding as on 31 March 2016 is included in the Current Liability Note of the Balance Sheet.

Research & Development

Research and Development has been the core strength of BEL. Focused attention was given for Development of Technology modules and Products during the year 2015-16 by Planning and Review Mechanism. Apart from in-house efforts, BEL has close co-operation with DRDO, other National Research and development agencies and Academic institutions. The R&D activities have been carried out in all the business segments namely; Radars, Military Communication, Naval Systems, Missile Systems, Electronic Warfare, Avionics, C4I systems, Electro-optics, Tank Electronics, Gun up-upgrades, Civilian equipments & Systems and Components during this period.

Development & Engineering (D&E) Divisions attached to all the Strategic Business Units (SBUs) of BEL concentrated on the development of Products and Systems in their respective areas of business segments. Central-D&E and two Central Research Laboratories (CRLs) of the company supported all the D&E Divisions by way of developing core technology modules and software required for the development of Products and Systems. Product Development & Innovation Centre (PD&IC) has started functioning within Bangalore Complex with focus on development of certain new products.

The turnover analysis of the Company for the year 2015-16 indicates that 39% of the turnover is from in-house developed products, 47% of the turnover is from products developed in association with DRDO and other National Labs and remaining 14% is from products of foreign ToTs.

Development of New Products

R&D Divisions of BEL have completed development of several new products /system/ technology modules during 2015-16. The following are some of the new Products and System developed and introduced during 2015-16 :

- **3D Surveillance Radar** operates in S-band for deployment in diverse terrains like Plains, Deserts, Mountain tops and High Altitude regions. This Radar is used by Indian air force.
- **L-band 2D Air Surveillance Radar for Navy** has been developed and supplied to Myanmar. The Radar is used for deployment in Large and Medium size Naval Ships and onshore establishments which provides video signals for display purposes and tracks for target track generation.
- **Coastal Surveillance Radar** is developed for Coastal Surveillance Phase 2 projects with a completely solid state, coherent Radar which operates in both X and S-bands.
- **Man-pack Satcom Terminal** is developed to support Voice/Data, SMS services to Defence Services through GSAT6 Satellite.
- **Software Defined Radio- (Naval Version - NC)** is a Multimode, Multiband Ship borne two channel V/UHF radios supporting secure voice/ data services, having networking capability.
- **Tactical Access Switch** provides support to Local / Trunk switching IP/MPLS based for Voice, Video, Data as well as aggregation and switching facility for traditional TDM Voice Switches.
- **Advanced Composite Communication System (ACCS)** is an IP based Voice and Data Integrated Communication System to facilitate Ship-to-Ship, Ship-to-Shore and Ship-to-Air Communications using VLF/MF/HF, V/UHF bands Radios.
- **Versatile Media Secrecy Device** is unified single encryption device for Voice, Data, & Super G3 Fax over IP network.

- **Citizen Verification Device** is a handheld device designed for Data collection and Survey by Registrar General of India. This is used for Sample Survey Registration System.
- **Integrated Sonar Suite for S3/S4** Platform consists of Passive Sonar, Active Sonar, Intercept Sonar, Obstacle Avoidance Sonar, Own noise measurement system and Underwater Communication System. The system is mounted on submarine for underwater surveillance purpose.
- **IAC MOD O/C Reference System** is a common reference developed for testing older version as well as new IAC MOD C. It has interfaces with sensors like Sonar, Radar, GPS. This system carries out Contact Motion Analysis and generates fire control solutions for designated targets.
- **Integrated EW System** for Mountainous Terrain has COM and Non-COM segments as well as satellite interception, is configured with man portable units for ease of deployment on mountainous terrain.
- **Laser Warning System** can detect incoming laser threat and calculate angle of arrival to enable the protection counter measure.
- **Gunner Sight** for T90 is an independent surveillance Sight with Enhanced Range capability to facilitate tank gunner to detect, acquire, and its destruction during day and night.
- **Driver Sight** for MBT Arjun/Arjun Catapult Driver Sight is a State-of-the-art real time Thermal imaging Camera using uncooled IR detector to give Stereoscopic Vision with depth perception for driver comfort. It provides clear vision and all weather driving capability.

Scientists from Central Research Laboratories and other R&D divisions of BEL have contributed 98 Technical Papers in the national and international journals during the year.

Following awards have been received by R&D teams during the year :

- SODET (Gold, Silver, Bronze) Awards for Technology Development and SODET (Gold) for Technology innovation for the year 2014-15.

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- Young Scientist Award from IETE for CRL Scientist and D&E Engineer of MR SBU for the year 2015.
- RM Awards (2012-13)
 - a) **Indigenization :**
 - Design & Development of Retrofit Security Solution for SHAKTI
 - Indigenization of AK 630 GUN Drive
 - b) **Design Effort :**
 - L-70 Gun Up gradation
 - Systems of IACCS Networks
- RM Awards (2013-14)
 - a) **Indigenization :**
 - Configuration, Development and Engineering Weapon Control Modules (WCM 176) for AK 176 Gun Mount
 - Bharani Radar
 - b) **Design Effort :**
 - EO FCS-U1 for Control and Medium Caliber 76 mm Gun Mount and High Rate of Fire AK 630 Gun mounts
- X-Ray Inspection facility at Chennai Unit for Testing/ Troubleshooting of high-end/complex Printed Circuit Boards (PCBs).
- Environmental Stress Screening (ESS) Chamber at Chennai Unit used for Testing High/Low Temperature, Damp Heat for various projects.

Quality

Your Company is focussing on its fundamental principles of enhancement in Quality, Technology and Innovation. The Quality, being first and foremost principle of business, plays a vital role in all areas of operations. Quality initiatives are being taken for improvement in operational and business performance parameters related to product design, on-time-delivery, process cycle time etc. The control on these factors result in enhancement in product quality and services rendered to the customer.

The regular customisation of SAP ERP system for programming new transaction codes to use data as per the requirements of stakeholders is playing an important role in managing process parameters resulting in growth of the company. The dedicated Customer Relation Module (CRM) and Supplier Relation Module (SRM) in SAP are enabling to enhance customer services and procurement efficiencies.

The Company is committed for improvement through process approach in line with world-class Quality Systems. All Units / Strategic Business Units / Common Services Groups are certified to ISO9001 Quality Management System (QMS) since early nineties. Seven Units/SBUs are certified for Aerospace standard, AS 9100.

All Units of Company are committed to Environment Management System through ISO 14001 Certification. The Ghaziabad Unit and Engineering Services of Bengaluru Unit are accredited to OHSAS (Occupational Health Safety and Assessment Series) 18001.

The ISO 9001:2008 version for QMS and ISO 14001:2004 version for EMS have been revised to 2015 versions in September 2015. In order to upgrade these certifications in BEL, the awareness training programmes, conversion programme, and Lead Auditor training programmes are being conducted for various SBUs/Units personnel.

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 2015-16, company has spent ₹ 525 Crores on investments (including ₹ 362 as part of CAPEX investment towards Modernization of Plant & Machinery, Test Instruments, R&D investments, infrastructure up-gradation etc). The expenditure is fully met through internal accruals. Following are some of the major facilities established during the year.

- Additional Integrated Test Bed Facility at Bengaluru Unit for Missile & Weapon System Integration.
- Near Field Test Range and EMI/EMC Test Facilities for High Tech Radars at Ghaziabad Unit.
- State-of-the-art Additive Manufacturing Facility set up at Bengaluru Unit for product development with reduced cycle time.

The calibration and maintenance departments of Bangalore Complex, Ghaziabad and Panchkula Units are certified by National Accreditation Board for Testing and Calibration Laboratories (NABL) in accordance with the standard ISO/IEC 17025 standards. The Pune unit manufacturing X-ray tubes is certified for ISO 13485 standard for medical devices. The Bharat Electronics Software Technology Centre (BSTC) at Bangalore Complex is CMMI level 5 certified. The 'D&E NCS and CRL' of BEL Ghaziabad are certified for CMMI level 3.

The EFQM (European Foundation of Quality Management) model for Business Excellence is being followed since year 2002 in BEL as another process approach for overall strategic and operational excellence leading to enhancement in competitiveness in meeting and exceeding needs & expectations of stakeholders. Its deployment status was assessed in the company through participation in 'CII-EXIM Bank Award for Business Excellence'. All Unit/SBU of BEL have 'Commendation for Strong Commitment to Excel' status. The Bengaluru and Ghaziabad Unit are at next higher level of Award i.e. 'Commendation for Significant Achievement'.

The continual improvements in product and processes are brought out through various approaches. One of such approaches is through Six Sigma methodology. Middle and senior level executives select Six Sigma projects from different areas of concern related to product and processes and bring about breakthrough improvements. In order to effectively implement Six Sigma methodology and to bring culture of improvement through analytical approach, selected senior executives (14 numbers this year) from each Unit are regularly trained as 'Black Belt' by Indian Standard Institute, Bengaluru. These Black Belts guide other executive (Green Belts) in their Six Sigma projects. Around 380 Six Sigma projects were completed in financial year 2015-16. Forty two Six Sigma projects were nominated for national level competitions/seminars and have won various categories of awards. One of the Six Sigma case studies represented BEL at the International Conference for Quality Control Circle (ICQCC) 2015, held at South Korea and was conferred with "Gold Award Certificate".

The organization creates impetus towards involvement of non-executives in the quality movement through Quality Control Circles (QCC). In the year 2015-16, 738 presentations

for improvement in product and processes were made by various QCCs. Twenty Five QC circles were nominated to participate in national competitions/conventions and all were adjudged for higher category awards. One of the QCC, who is CMD's Rolling Shield Winner in Inter Unit QCC competition, represented BEL in international convention, ICQCC 2015, held at South Korea and bagged "Gold award".

Another approach for Quality Improvement is through Suggestion Scheme, wherein employees from non executive to executive level (up to manager) are eligible to apply for suggestion and are suitably awarded on implementation of suggestion. Around 3000 suggestions were given by employee this year. Selected BEL employees participated in national contest, "Excellence in Suggestion Scheme Contest 2015", conducted by Indian National Suggestion Schemes' Association (INSSAN) and bagged Second Place, also won prizes in "Slogan contest in Hindi, English" and "Poster Contest". The Awards were distributed during 26 Annual National Convention of INSAAN held on 8 & 9 January 2016, at Pune.

BEL has put in special programs for enhancement of competency of its executives in professional fields. BEL had nominated its engineers for programs like Certified Reliability Engineer (CRE) (11 Nos.), Certified Quality Engineers (CQE) (39 Nos.) and Certified Manager for Quality and Organisation Excellence (CMQ-OE) (17 Nos.). These programs were conducted by American Society for Quality (ASQ). Similarly training on Project Management Programs (PMP) (84Nos.) was also conducted by the Project Management Institute (PMI). Besides this, customised training programs on Quality were also conducted during the year.

During the year Company has adopted "Components Conditional Process for Laser Applications" and "Soldering Process for Advanced Radar Application" in order to meet the International Standards.

To assess the customer satisfaction an independent Customer Satisfaction Survey was organised through an external agency, M/s. Market Insight Consultants (MIC) NOIDA, to capture the customers' perception on quality of BEL product. Sixteen products from various Units/SBUs were offered for survey. The customer satisfaction index of 83% has come out in survey.

Human Resources

Your Company employed 9,848 persons as on 31 March 2016 as against 9,703 persons as on 31 March 2015. Of these employees, 4,594 were engineers / scientists and 2,019 were women employees as on 31 March 2016. A total of 492 executives and 173 non-executives were inducted during the year. 117 employees belonging to SC, 30 employees belonging to ST, 220 employees belonging to OBC and 23 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 2016 are as under :

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	972	25	745	50
Scheduled Tribe	320	1	147	21
OBC	1142	34	833	44
Ex-Servicemen	96	7	283	72
Physically Challenged	95	3	126	14

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 attached.

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

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of Sexual Harassment of Woman at Workplace (Prevention, prohibition

and Redressal) Act and Rules framed thereunder, the Company has implemented the policy on prevention, prohibition and redressal of sexual harassment at the workplace, which has been uploaded on the Company's intranet portal. All women, permanent, temporary or contractual including those of the service providers are covered under the policy.

An internal Complaints committee has been constituted in each of the nine constituent units including Corporate Office to redress complaints relating to sexual harassment. During the year, the Company received 2 complaints on sexual harassment. The complaint has been investigated and appropriate action has been taken. There were no complaints pending for more than 90 days.

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

Awards and Recognitions

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

- Raksha Mantri Award in the category of institutional, best performing division, indigenization, design effort for the years 2012-13 and 2013-14.
- ELCINA-EFY award for excellence in Electronic hardware manufacturing and services in Quality and Exports category.
- "Leadership Award – Embedded/VLSI Industry" for the year 2015 under the category of Best Electronic System Design & Manufacturing (ESDM) in the Government Sector. The award was conferred by "Mentor Graphics and Silicon India" on 6 November 2015 at Bengaluru.
- "Gold Award" in the ICQCC (International Convention of Quality Control Circle) held at Changwon, Korea for the case study on "Testing of Tx/Rx Sub-Modules".
- BEL won Four Awards instituted by Society of Defence Technologists (SODET) for the year 2014-15 in the

categories of Technology Development and Technology Innovation.

- BEL had been conferred with the 'Dun & Bradstreet India's Top PSUs Award 2015' in the Electrical & Electronics Sector by Dun & Bradstreet (D&B), the world's leading provider of global business information, knowledge and insight.

Environment Management

Your Company has long been integrating sustainability in its operations systematically with best practices. On the lookout for sustainable development, sets in clean and green surroundings. All the Units of the Company have committed for maintaining an environmental friendly work processes and strongly believes that environmental sustainability results in designing economically viable and reliable products. BEL sets objectives in compliance to DPE guidelines, further approaches towards adopting breakthrough technology for enhancing environmental performances of the products right from design to disposal. BEL looks beyond its boundary for compliance to environmental impacts. In all the Units of BEL, practicing of conservation of natural resources like energy conservation, water conservation and reduction in waste generation is inculcated as a routine approach. BEL looks beyond obvious opportunities available for improving the performance against environmental commitments.

The Sustainability Report annexed to this report contains further details on environment management and sustainable development initiatives.

Subsidiaries and Joint Ventures

BEL Optronics Devices Ltd (BELOP), engaged in the business of manufacturing of Image Intensifier Tubes, has become wholly owned subsidiary of BEL during the year on acquisition of the remaining shares from M/s. Specified Undertaking of the Unit Trust of India (SUUTI). Your Company has made further investment to the tune of ₹ 44.88 Crores (19,51,385 equity shares of ₹ 100/- each at a premium of ₹ 130/- per share) in the equity shares of BELOP by subscribing to rights issue made by BELOP.

During the year BELOP acquired the upgraded XR-5 technology under ToT agreement to upgrade the technology for manufacturing Image Intensifier Tubes. BELOP achieved a turnover of ₹ 10,663.55 lakhs for the year as against

₹ 10,264.93 lakhs in the previous year. The profit after tax (PAT) for the year was ₹ 242.77 lakhs as against ₹ 366.69 lakhs in the previous year.

The Joint Venture Company (JVC) with General Electric, USA, viz., GE BE Pvt Ltd., continues to perform well. This JVC manufactures CT Max and other latest version X-Ray Tubes. BEL supplies some parts required for the products manufactured by this JVC. GE BE Pvt Ltd recorded a turnover of ₹ 79523 lakhs for the year as against ₹ 72,564 lakhs in the previous year. The profit after tax (PAT) was ₹ 12669 lakhs for the year as against ₹ 11,752 lakhs in the previous year. The JVC declared 200 % dividend for the year 2015-16 and BEL will receive ₹ 5,200 lakhs as dividend from this JVC on BEL's share of investment for the financial year 2015-16.

M/s. BEL-THALES Systems Limited (BTSL), a subsidiary, was formed for design, development, marketing, supply and support of civilian and select defence radars for Indian and global markets. Your Company holds 74% of the equity capital of BTSL. Your Company has made further investment to the tune of ₹ 9.47 Crores by subscribing to 9,47,200 equity shares of ₹ 100/- each during the year. During the second year of its operation, it incurred a loss of ₹ 247.16 Lakhs.

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

Consolidated Financial Statements

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

Vigilance

The Company's Vigilance Organization is headed by a Chief Vigilance Officer (CVO), an IAS Officer. Permanent Vigilance Officers were posted in each of the Units and in the SBUs. Vigilance Committees were formed in 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 & Managing Director is the Chairman the Committee and

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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 contracts/sub-contracts and processes on continual basis, conducts regular and surprise inspections and investigates instances of any suspected transactions referred to it. Any employee or third parties can refer any suspected transaction to the notice of CVO for investigation which are examined as per the Complaint Handling Policy of the Company. Online complaint management system has been made operational and online complaints can be filed through accessing the Vigilance Portal in BEL web site.

During the year 2,663 Purchase Orders/ Contracts have been reviewed. CTE Type intensive examination has been restructured with the formation 5 IE teams. Intensive Examination of 17 High value Procurements and 20 Works Contracts has been taken up during the year. Regular and surprise checks/inspection has also been conducted by the field Vigilance Officers. During the year, 82 Complaints, including the 11 Complaints referred by CVC/MOD/CBI were received and 69 Complaints including 8 Complains 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 for investigation.

During the year 322 Probationary Engineers at the induction level, 307 Executives and 662 Non Executives were given Basic awareness program on Vigilance. Apart from this, 360 Senior Executives were given Customised Training Program on Vigilance, Cyber Crimes and Preventive Vigilance measures. 64 Executives & 29 Non Executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 95%.

In lines with the CVC's guidelines on Leveraging Technology, to ensure transparency through effective use of website, the following information has been made available on Company's website :

- E-Procurement-about 92% of the procurements excluding the ToT procurement, long term rate contract and repeat orders, were procured under e-procurement mode.
- Online registration of Vendors.
- Vendor Payment Information System.

- E 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.
- Details of awarded Contracts/Purchase Orders issued on nomination / single tender basis value exceeding ₹ 5 lakhs.
- Purchase procedures, sub contract procedures and works manual.
- Complaint handling policy and Whistle Blower Policy.
- Corruption Risk Management Policy is framed and issued for implementation.
- Vendors' Directory, after removing defunct vendors.
- File Life cycle Management System has been implemented across the company and the coverage is about 52% of the total files generated in the Company.
- On line filing APRs is implemented for all the Executives and the Executives have filed their Annual declaration of Assets and Liabilities (APR) in SAP for the year 2014 and 2015.

Vigilance setup in BEL has been continuously endeavoring to bring transparency, fairness and equity in all transactions and processes of the company through creating 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 :

- 1) Vigilance Awareness Week 2015 was marked with special address by eminent personalities including Justice M N Venkatachalaiah, former Chief Justice of India and Shri A S Kiran Kumar, Chairman, ISRO.
- 2) Vigilance awareness week 2015 was observed during October 2015. The observance of the Week was marked with Walkathon and Cycle rally by BEL School Children, Tree plantations and distribution of saplings, unveiling of Vigilance Slogan Boards, Screening of Inspirational films for the School Children and series of lecture by distinguished personalities and Competitions.
- 3) Training programs were organised for Vigilance Officers through Guest lectures by faculties from CBI, Bengaluru, Cyber Security Council of India, Data Security Council of India.

- 4) Two days training program on "Promoting Transparency in Public Procurement and Integrity Pact" was organized by Vigilance in association with Transparency International India which was inaugurated by CMD of BEL and the key note address was delivered by R Srikumar, former Vigilance Commissioner, Vigilance Commission.
- 5) About 2600 BEL employees have successfully completed the Online Certified Program on Public Procurement organized by World Bank.
- 6) The Vigilance News letter "JAGRITI" was revived with the fourth volume released on 30-06-2015. The Improved 9 Volume of "JAGRITI" was released on 31 March 2016.

Integrity Pact

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

The tenure of Mr N K Sinha, IAS (Retd), former Secretary, Planning Commission and former Chairman, PESB as an Independent External Monitor (IEM) expired on 12.04.2015. As recommended by the CVC, the Company has appointed Mr M D Paliath, IDAS (Retd) and Mr Shankar Narayan, Dy CAG (Retd) for monitoring implementation of Integrity Pact in the Company. During the financial year 2015-16 the

IEMs reviewed 98 contracts and held structured meetings with the Chairman & Managing Director.

Procurement from MSMEs

Your Company has been providing increased thrust on enhancing procurement from MSMEs and is implementing Public Procurement Policy for Micro, Small & Medium Enterprises (MSMEs) as per the guidelines / notification issued by the Ministry of MSMEs. Out of the total procurement during 2015-16, 20.17% was sourced from MSME vendors.

In order to facilitate MSMEs, the company is deploying all efforts to classify the existing vendors into Micro, Small & Medium Enterprises in the company's procurement system through web-based real time centralized ERP System (SAP). Online Vendor registration forms are available in the Company's official website (www.bel-india.com). Industry Promotion and Nodal Officers are nominated to assist vendors regarding Procedure for Registration, understanding the requirements of BEL, report grievances, if any, etc. Some of the other initiatives include uploading of company's procurement plan for MSMEs based on the production plan, with periodic update and details of Unit / SBU specific Industry Promotion Officers in the company's official website, participation in various vendor development programmes like exhibitions, workshops, establishment of industrial estate to give maximum encouragement to ancillaries etc. During the year, Five Training programmes were conducted for MSME and 782 new indigenous vendors were added.

Implementation of Official Language Policy

Your company is committed to adhere to the OL policies of the Government of India. During 2015-16, efforts made towards implementation of Official Languages include :

Committee of Parliament on Official Language conducted OL inspections of CRL/GAD (20.05.2015) and Bangalore Complex (20.01.2016). MoD officials conducted OL inspections of Chennai Unit (20.11.2015) and CRL/BG (14.03.2016). Corporate OL Audit team conducted OL inspections at Panchkula, Chennai, Machilipatnam, Pune Units and Regional Offices at Vizag and Mumbai. CMD attended Hindi Salahkar Samiti Meeting of Dept. of Defence Production, MoD under the chairmanship of Raksha Mantri held on 17.02.2016.

Company has achieved the targets prescribed in the Annual Program 2015-16 issued by Dept. of OL, MHA, GoI to transact official work in Hindi. Hindi Month was observed in all the Units and Offices of the Company. During Hindi 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. Training on Unicode is being imparted for all Executives and Employees. A program on Professional Paper Presentation in Hindi was organized by BEL/CO under the aegis of TOLIC (Undertakings) Bengaluru on 25.02.2016.

During the year, CRL/BG was notified by GoI under rule 10(4) of OL rules indicating that 80% or more staff have working knowledge in Hindi and individual orders were issued under rule 8(4) of OL Rules for those having proficiency in Hindi to do their Official work in Hindi. Thus, number of notified Units/Offices of company reaches to 14. OL Portal is in place to facilitate OL implementation across the company and to provide latest inputs pertaining to OL and is being updated. Hindi language has been enabled in SAP. Most of the Units have uploaded data pertaining to OL Training Roster on SAP. Company's website is available in Hindi and English and efforts are on to progressively have the entire website in bilingual. Efforts are on to ensure the progressive use of Hindi in all spheres of activities of the Company.

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.com. 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 2015-16 the Company received and attended 1070 requests for information under RTI Act. Most of the requests were for information related to recruitment, service related matters, third party and commercial secrets information.

Board Meetings / Change in Directors and Key Managerial Personnel

During the year 5 Board meetings were held, the details of which form part of the Corporate Governance Report.

Following are the details with regard to the Directorate and Key Managerial Personnel of your Company during the financial year :

Sl. No.	Name of the Director	Designation	Date of appointment	Date of cessation
1	Mr J Rama Krishna Rao	Director	03.11.2014	26.08.2015
2	Mrs Kusum Singh	Director	26.08.2015	NA
3	Dr Bhaskar Ramamurthi	Director	02.12.2015	NA
4	Dr R K Shevgaonkar	Director	02.12.2015	NA
5	Mrs Usha Mathur	Director	23.12.2015	NA
6	Mr Sharad Sanghi	Director	07.01.2016	NA
7	Mr S M Acharya	Director	NA	25.03.2016
8	Lt Gen V K Mehta (Retd)	Director	NA	25.03.2016
9	Mr Vikram Srivastava	Director	NA	25.03.2016

There was no change in the Key managerial Personnel of the Company viz., Mr S K Sharma, Chairman & Managing Director, Mr P R Acharya, Director (Finance) & Chief Financial Officer and Mr S Sreenivas, Company Secretary.

The following Additional Directors are being appointed as Directors on terms as set-out in the Notice of the 62 Annual General Meeting ;

Mrs Kusum Singh, Dr Bhaskar Ramamurthi, Dr R K Shevgaonkar, Mrs Usha Mathur, Mr Sharad Sanghi, Mr Girish Kumar and Mr Nataraj Krishnappa.

Mr M L Shanmukh, Director (HR) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Directors' Responsibility Statement :

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

- 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 2016 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
- f) systems to ensure compliance with the provisions of all applicable laws were in place and same were adequate and operating effectively.

Significant and material orders

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

Events Subsequent to the Date of Financial Statements :

Material changes and commitments affecting the financial position of the company which have occurred between 31 March, 2016 and date of signing of this Report are NIL.

Related Party Transactions

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee as also 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.com. 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

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

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

Pursuant to the requirement under the Companies (Corporate Social Responsibility) Rules, 2014, as amended, a report on CSR activities for financial year 2015-16 is annexed to this report 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. Badari, Madhusudhan & Srinivasan, Chartered Accountants, Bengaluru, as Statutory Auditors for the financial year 2015-16 for audit of accounts of Bengaluru, Hyderabad, Chennai Units and Corporate Office. M/s. Ved & Company, Chartered Accountants, Ghaziabad were appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for the financial year 2015-16. M/s. Malani Somani Chandak & Associates, Chartered Accountants, Pune were appointed as Branch Auditors for Pune and Navi Mumbai Units for the financial year 2015-16. M/s. Rao & Narayan, Chartered Accountants, Vijayawada were appointed as Branch Auditors for Machilipatnam Unit for financial year 2015-16.

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 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. PSV & Associates, Cost Accountants, Bengaluru, as Cost Auditors of the Company for the financial year 2015-16 for conducting the audit of cost records of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr Thirupal G, Practicing Company Secretary (PCS Registration No. 6424) for the financial year 2015-16 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. During the Audit period, the Company was required to appoint a women Director on the Board w.e.f 1 April 2015. However, the said appointment was made w.e.f 26 August 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 2015-16 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.

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"**.

Risk Management

Pursuant to the Reg. 21 of SEBI (LODR) Regulations, 2015, the Company has constituted a Business 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 and 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 SEBI (LODR) Regulations, 2015 as 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 provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

Internal Financial Controls

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

Composition of Audit Committee

The Audit Committee comprises of Independent Directors viz., Mrs Usha Mathur, Chairman of the Committee, Dr R K Shevgaonkar, Dr Bhaskar Ramamurthi and Government Director Mrs Kusum Singh as its members. All the recommendations made by the Audit Committee were accepted by the Board.

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 2014-15. 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 Report for top 500 listed entities based on market capitalization. This SEBI mandate is also inserted as Regulation 34(2)(f) of SEBI (LODR) regulation 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 BR report.

Your Company has prepared a comprehensive policy framework for BR 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.com. The Company's BR report for the year is attached to this Report as **"Annexure 8"**.

Other Disclosures

Information required to be disclosed in accordance with Section 134(3)(m) of the Companies Act 2013 read with the Companies (Accounts) rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, is given at **"Annexure 9"**.

Acknowledgement

Your Directors place on record their deep appreciation and gratitude for the valuable support received from all the customers, particularly the Defence Services and the para-military forces and look forward to their continued support and co-operation in future. Your Directors also place on record their gratitude for the support received from various Ministries of the Government of India, especially the Ministry of Defence, Department of Defence Production. Your Directors express their gratitude to the Defence Research and Development Organisation and the various Research Laboratories under DRDO for the support it received, particularly in the joint development programmes and new products brought out with the help of them. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Chairman, Members and employees of the Audit Board, Statutory Auditors, Branch Auditors, Cost Auditors, Secretarial Auditor, 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
28 July 2016

Sunil Kumar Sharma
Chairman & Managing Director

Annexure 1

Form No. AOC-2

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

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

On behalf of the board of directors

Sd/-

S K Sharma

Chairman and managing Director

Bengaluru
28 July 2016

Annexure 2

REPORT ON CSR ACTIVITIES

- 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 : www.bel-india.com/CSR Sustainability/pdf/CSR Policy

- The Composition of the CSR Committee.**

Mr S K Sharma, Chairman (Chairman & Managing Director)

Mr M L Shanmukh, Member (Director Human Resources)

Mr Amol Newaskar, Member (Director, Other Units)

Mr P R Acharya, Member (Director, Finance)

Lt Gen V K Mehta (Retd), Member (Independent Director) (upto 25/3/2016)

Dr R K Shevgaonkar (from 26/03/2016 onwards)

- Average net profit of the company for last three financial years ₹ 1,26,146.76 Lakhs.**
- Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 2,522.94 Lakhs.**
- Details of CSR spent during the financial year.**

a. Total amount to be spent for the financial year;
₹ 789.27 Lakhs + (₹ 1,780.22 Lakhs)*

b. Amount unspent, if any;
Nil

c. Manner in which the amount spent during the financial year is detailed below.

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

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the Project is covered.	Projects or programs 1) Local area or other (2) Specify the State and projects or Programs were 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	Construction of Medical Ward etc. & Supply of Medical Equipment. Status : Ongoing	Promoting Health	Other : Wenlock Hospital, Mangalore, Karnataka State & Local Area : MH Kirkee, Pune & Kidwai Cancer Hospital, Bengaluru	383.00	100.00	100.00	Direct
2	Construction of Classrooms; Augmentation and Infrastructure Facility maintenance in Educational Institutions. Status : Ongoing	Promoting Education	Other : Ballupet, Hassan District; Sompura & Devanahalli, Bengaluru Rural District; Magadi Town, Ramanagar District; Kadeburu, Kandavara & Bagepalli, Chikkaballapura District; Karnataka. Local Area : Bengaluru City; Karnataka; Machilipatnam City, Krishna District, AP State	364.30	250.08	250.08	Direct
3	Construction of CC Road, under AP Govt plan for improving Smart & Heritage Village – Kuchipudi Status : Completed	Restoration of Buildings & Sites of Historical importance	Kuchipudi Village, Movva Mandal, Krishna District, Andhra Pradesh	20.00	16.92	16.92	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR Project or activity identified	Sector in which the Project is covered.	Projects or programs 1) Local area or other (2) Specify the State and projects or Programs were 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
4	Construction of Classrooms, Science Block, Library, Kitchen and Toilet Blocks at Govt. Schools Status : Ongoing	Promoting Education, Preventive Healthcare & Sanitation	Other : Ballupet, Sakleshpura Taluk, Hassan District; Mallimakanapura & Cheemasandra Villages of Hoskote Taluk, B'luru Rural District; Ronur Village, Srinivaspur Taluk, Kolar District; Kumasi Village, Kalburgi (Gulbarga) District; Hosapete, Magadi Town; Ramanagara District, Devanahalli Town, B'luru Rural District; Karnataka.	439.28	48.03	48.03	Direct
5	e-Sagu-IT driven Personalized Agri-facilitator Status : Ongoing	Rural Development project	Other : Rangareddy District, Telengana State	35.00	18.82	18.82	Direct
6	Improving Adopted Villages in 7 States under the Hon'ble PM's "Swachh Bharat Abhiyaan" Status : Ongoing	Promoting Preventive Healthcare & Sanitation	In 7 States : Krishna Dist. AP; Thiruvallur & Kancheepuram Dist. TN; Rangareddy Dist. Telengana; Raigad & Pune Dist. Maharashtra; Kasganj & Mathura Dist. UP; Pauri Garhwal Uttarakhand & Panchkula Dist. Haryana	591.55	68.51	68.51	Direct
7	Providing Skill Training Programme for 57 Trainees in the backward districts of Amravati, Maharashtra State Status : Completed	Enhancing Vocational Skills	Other : Amravati, Maharashtra State	44.00	30.48	30.48	Direct
8	Contributing to "Asian Shooting Olympic Qualifying Games, New Delhi during Jan-Feb 2016." Status : Completed	Promoting Olympic Sports	Local : New Delhi	65.00	65.00	65.00	Direct
9	Improving Road Safety, environment, Cleanliness and empowerment of Communities. Status : Ongoing	Environmental Improvement, Safety education on public roads etc	Local : Jalahalli, Bengaluru City; Nandambakkam, Chennai City, Machilipatnam City & Mallapur, Hyderabad.	430.00	49.08	49.08	Direct
10	Green Initiative at INS Valsura, Jamnagar & in Villages around Bhadohi Town, UP Status : Ongoing	Ensuring Environmental Sustainability	Other : Jamnagar, Gujarat State & in Villages surrounding Bhadohi Town (Near Varanasi) UP	75.00	19.99	19.99	Direct
11	CSR Admin Overheads	-	-	122.36	122.36	122.36	
	TOTAL			2569.49	789.27	789.27	

- In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report : The unspent amount relates to identified projects, for which the funds have been set apart and would be spent as the project progresses.
- 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
28 July 2016

Sunil Kumar Sharma
Chairman & Managing Director

Annexure 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 **[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies** **(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2016 according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made there under ;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder ;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder ;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ;
 - (d) SEBI (Share 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 **(Not applicable during the audit period).**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements / the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Stock Exchange(s), as applicable.

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

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

- (i) Department of Public Enterprises Guidelines ;
- (ii) Guidelines issued by Ministry of Defence ;
- (iii) Order/Regulations issued by the Govt. of India from time to time ;
- (iv) E-Waste (Management & Handling) Rules, 2011 ;

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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. During the Audit period, the Company was required to appoint a women Director on the Board w.e.f 1 April 2015. However the said appointment was made w.e.f 26 August 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. 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 are captured and recorded as part of the minutes.

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

I further report that during the audit period the company has issued bonus shares to its Members in the ratio of 2:1 (Two Equity Shares for One Equity Share held).

Bengaluru
27 May 2016

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

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

'Annexure A'

To
The Members
BHARAT ELECTRONICS LIMITED
OUTER RING ROAD
NAGAVARA, Bengaluru- 560045, KARNATAKA

My report of even date is to be read alongwith 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 my audit.
- (2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- (3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Bengaluru
27 May 2016

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

Annexure 4**EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31 March 2016

[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 Enterprises (India) Limited #30, Ramana Residency, 4 th 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	Weapon Systems	2927	(Supplies to the Defence for 2015-16 contributed to 82% of turnover)
2	Radar & Fire Control Systems	3312	
3	Communication	3210	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company(s)	CIN / GLN	Holding / subsidiary / Associate	% of shares held	Applicable Section
1	GE BE Private Limited No. 60, Export promotion industrial park, Whitefield, Bengaluru-560066.	U31909KA1996PTC020482	Associate	26	2(6)
2	BEL Optronics Devices Limited EL 30 J Block MIDC, Bhosari, Pune-411026	U31909PN1990GOI058096	Subsidiary (wholly owned)	100	2(87)
3	BEL-Thales Systems Limited CNP Area, BEL Industrial Estate, Jalahalli, Bengaluru-560013.	U32106KA2014GOI076102	Subsidiary	74	2(87)

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.	60,015,859	-	60,015,859	75.02	180,042,630	-	180,042,630	75.02	0.00
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1) :	60,015,859	-	60,015,859	75.02	180,042,630	-	180,042,630	75.02	0.00
(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)	60,015,859	-	60,015,859	75.02	180,042,630	-	180,042,630	75.02	0.00
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	6,718,490	2,900	6,721,390	8.40	19,901,645	8,700	19,892,945	8.29	-0.11
b) Banks / FI	112,206	-	112,206	0.14	84,277	-	84,277	0.04	-0.10
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	5,477,551	-	5,477,551	6.85	15,286,782	-	15,286,782	6.37	-0.48
g) FIIs	2,746,002	-	2,746,002	3.43	9,590,384	-	9,590,384	4.00	0.57
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1) :	15,054,249	2,900	15,057,149	18.82	44,854,388	8,700	44,863,088	18.69	-0.13
*Change in the percentage shareholding due to bonus issue was not considered.									
(2) Non-Institutions									
a) Bodies Corporate	2,416,917	301	2,417,218	3.02	5,252,648	903	5,253,551	2.19	-0.83
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	1,899,270	11,886	1,911,156	2.39	5,794,782	31,886	5,826,668	2.43	0.04
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	168,500	-	168,500	0.21	3,160,118	-	3,160,118	1.32	1.11
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Trusts	7,075	-	7,075	0.01	19,355	-	19,355	0.01	-
ii) NRIs	99,406	-	99,406	0.12	361,405	-	361,405	0.15	0.03
iii) Clearing Members	323,637	-	323,637	0.40	473,005	-	473,005	0.20	-0.20
iv) Foreign National	-	-	-	-	180	-	180	0.00	-
Sub-Total (B)(2) :	4,914,805	12,187	4,926,992	6.16	15,061,493	32,789	15,094,282	6.30	0.14
Total Public Shareholding (B)=(B)(1)+(B)(2)	19,969,054	15,087	19,984,141	24.98	59,915,881	41,489	59,957,370	24.98	0.00
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	79,984,913	15,087	80,000,000	100	79,984,913	15,087	240,000,000	100	0.00

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	60,015,759	75.02	0.00	180,042,330	75.02	0.00	0.00
Prem Kumar Kataria	100	0.00	0.00	300	0.00	0.00	0.00
Total	60,015,859	75.02	0.00	180,042,630	75.02	0.00	0.00

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	60,015,759	75.02	08/04/2015	-1,649	Off market transaction for loyalty bonus of CPEE Traded fund	60,014,110	
				17/09/2015	120,028,220	Bonus Allotment	180,042,330	75.02
				31/03/2016	-	-	180,042,330	75.02
2	Prem Kumar Kataria	100	0.00	17/09/2015	200	Bonus Allotment	300	0.00
				31/03/2016	-	-	300	0.00

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2016	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1.	Life Insurance Corporation of India	5443916	6.80	01.04.2015			5443916	6.80
				10.04.2015	-9040	Transfer	5434876	6.79
				15.05.2015	-20579	Transfer	5414297	6.77
				22.05.2015	-25604	Transfer	5388693	6.74
				29.05.2015	-12066	Transfer	5376627	6.72
				05.06.2015	-20000	Transfer	5356627	6.70
				12.06.2015	-4872	Transfer	5351755	6.69
				19.06.2015	-20000	Transfer	5331755	6.66
				26.06.2015	-20518	Transfer	5311237	6.64
				10.07.2015	-1778	Transfer	5309459	6.64
				14.08.2015	-7081	Transfer	5302378	6.63
				21.08.2015	-10000	Transfer	5292378	6.62
				11.09.2015	51399	Transfer	5343777	6.68
				18.09.2015	5016	Transfer	5348793	6.69
				25.09.2015	10697586	Allotment	16046379	6.69
				16.10.2015	-22961	Transfer	16023418	6.68
				23.10.2015	-80156	Transfer	15943262	6.64
				30.10.2015	-288104	Transfer	15655158	6.52
				06.11.2015	-244771	Transfer	15410387	6.42
				13.11.2015	-38400	Transfer	15371987	6.40
				20.11.2015	-30910	Transfer	15341077	6.39
				27.11.2015	-209193	Transfer	15131884	6.30
				04.12.2015	-61469	Transfer	15070415	6.28
01.01.2016	-13102	Transfer	15057313	6.27				
08.01.2016	-3400	Transfer	15053913	6.27				
			31.03.2016				15053913	6.27

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2016	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
2	HDFC Trustee Co Ltd A/C HDFC Capital Protection OR	1476938	1.85	01.04.2015			1476938	1.85
				10.04.2015	-13500	Transfer	1463438	1.83
				17.04.2015	-4902	Transfer	1458536	1.82
				01.05.2015	-25000	Transfer	1433536	1.79
				08.05.2015	-95500	Transfer	1338036	1.67
				15.05.2015	-13000	Transfer	1325036	1.66
				05.06.2015	67300	Transfer	1392336	1.74
				03.07.2015	13000	Transfer	1405336	1.76
				10.07.2015	10000	Transfer	1415336	1.77
				21.08.2015	-28000	Transfer	1387336	1.73
				28.08.2015	28100	Transfer	1415436	1.77
				11.09.2015	17000	Transfer	1432436	1.79
				18.09.2015	-105500	Transfer	1326936	1.66
				25.09.2015	2653872	Allotment	3980808	1.66
				30.09.2015	306500	Transfer	4287308	1.79
				23.10.2015	-8000	Transfer	4279308	1.78
				30.10.2015	-50000	Transfer	4229308	1.76
				06.11.2015	-4050	Transfer	4225258	1.76
				13.11.2015	-67000	Transfer	4158258	1.73
				27.11.2015	-70000	Transfer	4088258	1.70
				04.12.2015	4050	Transfer	4092308	1.71
				18.12.2015	-50000	Transfer	4042308	1.68
				31.12.2015	-89000	Transfer	3953308	1.65
				22.01.2016	-40000	Transfer	3913308	1.63
				05.02.2016	10000	Transfer	3923308	1.63
				04.03.2016	214000	Transfer	4137308	1.72
				18.03.2016	59200	Transfer	4196508	1.75
25.03.2016	37862	Transfer	4234370	1.76				
			31.03.2016				4234370	1.76
3	Reliance Capital Trustee Co. Ltd-A/C Reliance Capital	928300	1.16	01.04.2015			928300	1.16
				10.04.2015	58014	Transfer	986314	1.23
				01.05.2015	25000	Transfer	1011314	1.26
				15.05.2015	194200	Transfer	1205514	1.51
				26.06.2015	-11000	Transfer	1194514	1.49
				31.07.2015	-25000	Transfer	1169514	1.46
				07.08.2015	-26897	Transfer	1142617	1.43
				21.08.2015	37000	Transfer	1179617	1.47
				28.08.2015	15375	Transfer	1194992	1.49
				11.09.2015	-52375	Transfer	1142617	1.43
				18.09.2015	-269250	Transfer	873367	1.09
				25.09.2015	1751234	Allotment	2624601	1.09
				30.09.2015	504000	Transfer	3128601	1.30
				23.10.2015	-85000	Transfer	3043601	1.27
				30.10.2015	16500	Transfer	3060101	1.28
				06.11.2015	532550	Transfer	3592651	1.50
				27.11.2015	50000	Transfer	3642651	1.52
				04.12.2015	217000	Transfer	3859651	1.61
				31.12.2015	69000	Transfer	3928651	1.64
				08.01.2016	246100	Transfer	4174751	1.74
15.01.2016	-172119	Transfer	4002632	1.67				

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2016	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				22.01.2016	-3315	Transfer	3999317	1.67
				29.01.2016	-43693	Transfer	3955624	1.65
				05.02.2016	-4950	Transfer	3950674	1.65
				31.03.2016			3950674	1.65
4	ICICI Prudential Value Fund Series 3	799469	1.00	01.04.2015			799469	1.00
				24.04.2015	-51813	Transfer	747656	0.93
				01.05.2015	-682	Transfer	746974	0.93
				08.05.2015	-30782	Transfer	716192	0.90
				15.05.2015	-77634	Transfer	638558	0.80
				22.05.2015	-71632	Transfer	566926	0.71
				29.05.2015	-4871	Transfer	562055	0.70
				05.06.2015	-39470	Transfer	522585	0.65
				07.08.2015	-11002	Transfer	511583	0.64
				28.08.2015	30000	Transfer	541583	0.68
				25.09.2015	1083166	Allotment	1624749	0.68
				18.12.2015	-152093	Transfer	1472656	0.61
				25.12.2015	-116906	Transfer	1355750	0.56
				31.12.2015	-37286	Transfer	1318464	0.55
				08.01.2016	-32715	Transfer	1285749	0.54
				22.01.2016	-11100	Transfer	1274649	0.53
				25.03.2016	-18898	Transfer	1255751	0.52
				31.03.2016	-18500	Transfer	1237251	0.52
5	Birla Sun Life Trustee Company Private Limited A/C	691653	0.86	01.04.2015			691653	0.86
				10.04.2015	334	Transfer	691987	0.86
				17.04.2015	28000	Transfer	719987	0.90
				24.04.2015	-4800	Transfer	715187	0.89
				08.05.2015	25637	Transfer	740824	0.93
				15.05.2015	23100	Transfer	763924	0.95
				22.05.2015	33500	Transfer	797424	1.00
				30.06.2015	-20133	Transfer	777291	0.97
				24.07.2015	-8989	Transfer	768302	0.96
				31.07.2015	-32300	Transfer	736002	0.92
				07.08.2015	13000	Transfer	749002	0.94
				14.08.2015	-15000	Transfer	734002	0.92
				21.08.2015	-125359	Transfer	608643	0.76
				28.08.2015	-8074	Transfer	600569	0.75
				04.09.2015	-33593	Transfer	566976	0.71
				11.09.2015	-61113	Transfer	505863	0.63
				18.09.2015	-21214	Transfer	484649	0.61
				25.09.2015	871326	Allotment	1355975	0.56
				30.09.2015	-45000	Transfer	1310975	0.55
				01.10.2015	-34000	Transfer	1276975	0.53
				09.10.2015	-100000	Transfer	1176975	0.49
				16.10.2015	-33250	Transfer	1143725	0.48
				22.01.2016	42600	Transfer	1186325	0.49
				26.02.2016	-22500	Transfer	1163825	0.48
				04.03.2016	-286752	Transfer	877073	0.37
				11.03.2016	90000	Transfer	967073	0.40
				31.03.2016	-20000	Transfer	947073	0.39

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2016	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
6	UTI Multi Cap Fund	678308	0.85	01.04.2015			678308	0.85
				05.06.2015	-10955	Transfer	667353	0.83
				25.06.2015	-3600	Transfer	663753	0.83
				30.06.2015	-6300	Transfer	657453	0.82
				31.07.2015	48286	Transfer	705739	0.88
				28.08.2015	-5169	Transfer	700570	0.88
				04.09.2015	-50652	Transfer	649918	0.81
				11.09.2015	-500	Transfer	649418	0.81
				18.09.2015	40500	Transfer	689918	0.86
				25.09.2015	1222459	Allotment	1912377	0.80
				09.10.2015	-9000	Transfer	1903377	0.79
				27.11.2015	-18300	Transfer	1885077	0.79
				04.12.2015	-46198	Transfer	1838879	0.77
				11.12.2015	-40330	Transfer	1798549	0.75
				18.12.2015	-62240	Transfer	1736309	0.72
				25.12.2015	4000	Transfer	1740309	0.73
				31.12.2015	8000	Transfer	1748309	0.73
				01.01.2016	2000	Transfer	1750309	0.73
				08.01.2016	10000	Transfer	1760309	0.73
				15.01.2016	10000	Transfer	1770309	0.74
22.01.2016	8000	Transfer	1778309	0.74				
29.01.2016	-14404	Transfer	1763905	0.73				
05.02.2016	8272	Transfer	1772177	0.74				
12.02.2016	6000	Transfer	1778177	0.74				
04.03.2016	-8767	Transfer	1769410	0.74				
			31.03.2016				1769410	0.74
7	TATA Capital Protection Oriented Fund Series II	574185	0.72	01.04.2015			574185	0.72
				10.04.2015	663	Transfer	574848	0.72
				17.04.2015	-1100	Transfer	573748	0.72
				05.06.2015	-3315	Transfer	570433	0.71
				19.06.2015	20512	Transfer	590945	0.74
				26.06.2015	21000	Transfer	611945	0.76
				30.06.2015	15000	Transfer	626945	0.78
				03.07.2015	5000	Transfer	631945	0.79
				24.07.2015	-2076	Transfer	629869	0.79
				31.07.2015	250	Transfer	630119	0.79
				28.08.2015	3000	Transfer	633119	0.79
				04.09.2015	1435	Transfer	634554	0.79
				18.09.2015	-31500	Transfer	603054	0.75
				25.09.2015	1206108	Allotment	1809162	0.75
				30.09.2015	-25000	Transfer	1784162	0.74
				09.10.2015	-5000	Transfer	1779162	0.74
				20.11.2015	-24000	Transfer	1755162	0.73
				04.03.2016	50000	Transfer	1805162	0.75
18.03.2016	-25500	Transfer	1779662	0.74				
			31.03.2016				1779662	0.74
8	Franklin Templeton Mutual Fund A/C Franklin Build	445000	0.56	01.04.2015			445000	0.56
				17.04.2015	10000	Transfer	455000	0.57
				24.04.2015	5000	Transfer	460000	0.58
				07.08.2015	-25000	Transfer	435000	0.54

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2016	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				25.09.2015	870000	Allotment	1305000	0.54
				06.11.2015	-115000	Transfer	1190000	0.50
				25.12.2015	-25000	Transfer	1165000	0.49
				31.12.2015	-160000	Transfer	1005000	0.42
				01.01.2016	-76500	Transfer	928500	0.39
				08.01.2016	-80660	Transfer	847840	0.35
				15.01.2016	-42791	Transfer	805049	0.34
				29.01.2016	-115049	Transfer	690000	0.29
				12.02.2016	-25000	Transfer	665000	0.28
				04.03.2016	-325000	Transfer	340000	0.14
				11.03.2016	-20167	Transfer	319833	0.13
				18.03.2016	-101933	Transfer	217900	0.09
				25.03.2016	-75000	Transfer	142900	0.06
				31.03.2016			142900	0.06
9	Vanguard Emerging Markets Stock Index Fund, Aserie	383327	0.48	01.04.2015			383327	0.48
				10.04.2015	-33206	Transfer	350121	0.44
				25.09.2015	700242	Allotment	1050363	0.44
				20.11.2015	-10479	Transfer	1039884	0.43
				27.11.2015	-9852	Transfer	1030032	0.43
				04.12.2015	-15712	Transfer	1014320	0.42
				18.12.2015	-5076	Transfer	1009244	0.42
				25.12.2015	-2502	Transfer	1006742	0.42
				15.01.2016	-6566	Transfer	1000176	0.42
				22.01.2016	-5541	Transfer	994635	0.41
				29.01.2016	-3485	Transfer	991150	0.41
				05.02.2016	-13356	Transfer	977794	0.41
				12.02.2016	-4655	Transfer	973139	0.41
				26.02.2016	-2410	Transfer	970729	0.40
				04.03.2016	-2601	Transfer	968128	0.40
				11.03.2016	2780	Transfer	970908	0.40
				18.03.2016	-9233	Transfer	961675	0.40
				25.03.2016	-14982	Transfer	946693	0.39
				31.03.2016			946693	0.39
10	Goldman Sachs CNX 500 Fund	326197	0.41	01.04.2015			326197	0.41
				10.04.2015	3531	Transfer	329728	0.41
				17.04.2015	-578	Transfer	329150	0.41
				24.04.2015	-2040	Transfer	327110	0.41
				01.05.2015	-15448	Transfer	311662	0.39
				08.05.2015	-352	Transfer	311310	0.39
				15.05.2015	1703	Transfer	313013	0.39
				22.05.2015	-3392	Transfer	309621	0.39
				29.05.2015	-672	Transfer	308949	0.39
				05.06.2015	-318	Transfer	308631	0.39
				12.06.2015	-159	Transfer	308472	0.39
				19.06.2015	-256	Transfer	308216	0.39
				26.06.2015	-958	Transfer	307258	0.38
				30.06.2015	-800	Transfer	306458	0.38
				03.07.2015	-712	Transfer	305746	0.38

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2015		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2016	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				10.07.2015	-448	Transfer	305298	0.38
				17.07.2015	-320	Transfer	304978	0.38
				24.07.2015	-224	Transfer	304754	0.38
				31.07.2015	288	Transfer	305042	0.38
				07.08.2015	2654	Transfer	307696	0.38
				14.08.2015	-7286	Transfer	300410	0.38
				21.08.2015	832	Transfer	301242	0.38
				28.08.2015	-2848	Transfer	298394	0.37
				04.09.2015	512	Transfer	298906	0.37
				11.09.2015	-40084	Transfer	258822	0.32
				18.09.2015	1242	Transfer	260064	0.33
				25.09.2015	521231	Allotment	781295	0.33
				30.09.2015	-13746	Transfer	767549	0.32
				01.10.2015	729	Transfer	768278	0.32
				09.10.2015	4409	Transfer	772687	0.32
				16.10.2015	1476	Transfer	774163	0.32
				30.10.2015	-2746	Transfer	771417	0.32
				06.11.2015	14219	Transfer	785636	0.33
				13.11.2015	-15189	Transfer	770447	0.32
				20.11.2015	3990	Transfer	774437	0.32
				27.11.2015	-5920	Transfer	768517	0.32
				04.12.2015	2100	Transfer	770617	0.32
				11.12.2015	-160	Transfer	770457	0.32
				18.12.2015	80	Transfer	770537	0.32
				31.12.2015	-560	Transfer	769977	0.32
				01.01.2016	-160	Transfer	769817	0.32
				08.01.2016	8039	Transfer	777856	0.32
				15.01.2016	80	Transfer	777936	0.32
				22.01.2016	-85	Transfer	777851	0.32
				29.01.2016	-80	Transfer	777771	0.32
				05.02.2016	3280	Transfer	781051	0.33
				12.02.2016	-12	Transfer	781039	0.33
				19.02.2016	-2880	Transfer	778159	0.32
				26.02.2016	-4400	Transfer	773759	0.32
				04.03.2016	27138	Transfer	800897	0.33
				11.03.2016	-90	Transfer	800807	0.33
				18.03.2016	-83	Transfer	800724	0.33
				25.03.2016	-15540	Transfer	785184	0.33
				31.03.2016			790761	0.33

V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

For Each of the Directors and KMP	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
At the beginning of the year	None of the Directors and KMP holds shares in the Company			
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	None of the Directors and KMP holds shares in the Company			
At the end of the year	None of the Directors and KMP holds shares in the Company			

VI) INDEBTEDNESS

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	36.95	36.95
ii) Interest due but not paid	NIL	NIL	1.92	1.92
iii) Interest accrued but not due	NIL	NIL	0	0
Total (i+ii+iii)	NIL	NIL	38.87	38.87
Change in Indebtedness during the financial year				
Addition	NIL	NIL	0	0
Reduction	NIL	NIL	0	0
Net Change	NIL	NIL	0	0
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	36.95	36.95
ii) Interest due but not paid	NIL	NIL	1.92	1.92
iii) Interest accrued but not due	NIL	NIL	0	0
Total (i+ii+iii)	NIL	NIL	38.87	38.87

VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration of MD, WTD and / or Manager**

(in ₹)

Sl. No.	Particulars of Remuneration	Mr S K Sharma	Mr M L Shanmukh	Mr Amol Newaskar	Dr Ajit T Kalghatgi	Mr P C Jain	Mr P R Acharya*	Mr Manmohan Handa	Total
1.	Gross Salary								
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	38,95,668	61,37,683	37,74,114	34,02,157	35,79,929	38,69,280	31,89,564	2,78,48,395
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	5,14,818	5,62,869	4,69,035	4,39,561	32,400	5,68,392	4,13,852	30,00,927
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission								
	- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify								
	(a) Retirement Benefit	5,50,845	4,27,070	3,94,833	6,18,914	4,73,461	5,44,622	3,58,292	33,68,037
	(b) Other Benefits (net of Perquisite value) included in 1(b) above	3,02,623	1,64,297	1,88,797	2,28,109	27,164	-5,09,969	2,42,770	6,43,791
	Total	52,63,954	72,91,919	48,26,779	46,88,741	41,12,954	44,72,325	42,04,478	3,48,61,150

* Mr P R Acharya is a Whole Time Director and is further designated as CFO (KMP).

B. Remuneration to other Directors

(in ₹)

1. Independent Directors									
Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount ₹
		Mr S M Acharya	Lt Gen V K Mehta (Retd)	Mr Vikram Srivastava	Dr Bhas-kar Rama-murthi	Dr R K Shevga-onkar	Mrs Usha Mathur	Mr Sharad Sanghi	
1.	- Fee for attending Board/ Committee Meetings	5,50,000	2,60,000	3,30,000	20,000	20,000	20,000	Nil	12,00,000
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. Other Non Executive Directors					
Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount ₹
		Mr J Rama Krishna Rao	Lt Gen C A Krishnan	Mrs Kusum Singh	
1.	- Fee for attending Board/Committee Meetings	NIL	NIL	NIL	NIL
2.	- Commission	NIL	NIL	NIL	NIL
3.	- Others, please specify	NIL	NIL	NIL	NIL
	Total (B)(2)				NIL
	Total (B)= (B)(1)+ (B)(2)				Nil

C. Remuneration to Key Managerial Personnel other than MD / WTD / Manager (in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	10,91,529	-	10,91,529
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	1,41,724	-	1,41,724
	(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, specify	-	Nil		Nil
5.	Others :-				
	(a) Retirement Benefit	-	2,94,547	-	2,94,547
	(b) Other Benefits (net of Perquisite value)	-	1,72,785	-	1,72,785
	Total	-	17,00,585	-	17,00,585

VIII. Penalties / Punishments / Compounding of offences :

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

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;*

The global macroeconomic landscape is currently characterized by weak economic growth with declining prices of a number of commodities, reduction in crude oil prices, turbulent financial markets and volatile exchange rates. As per the estimates of the International Monetary Fund (IMF), the global growth averaged 3.1% in 2015, declining from 3.4% registered in 2014.

Even in these difficult and uncertain circumstances, India's growth story has largely remained positive on the strength of domestic absorption, registering a robust growth of 7.6% in 2015-16, becoming one of the fastest growing major economy in the world. India's other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement during the period. However, weak growth in advanced and emerging economies has taken its toll on India's exports. As imports also declined, principally on account of reduced prices of crude oil, the trade and current account deficits continue to be moderate.

Given the fact that the government is committed to carrying the reform process forward, aided by the prevailing macroeconomic stability, it appears that conditions do exist for raising the economy's growth momentum and achieving growth rates of 8% or higher in the next couple of years.

The World military spending totaled almost \$1.7 trillion in 2015, with an increase of 1% in real terms from the previous year, according to the Stockholm International Peace Research Institute (SIPRI). The increase in 2015 is the first in military spending since 2011. The United States remained by far the world's biggest spender in 2015 followed by China, Saudi Arabia and Russia as other top spenders.

India moved up one spot in the global rankings to reach 6th position, accounting for 3.1% share of world military expenditure in 2015. India's Aerospace and Defence market is among the most attractive globally and the Indian government is keen to leverage this advantage to promote investments in the sector. Foreign defence contractors are showing their confidence in India by expanding their tie-ups with Indian companies.

Amidst the economic growth, the security environment of India remains complex with the Country facing a range of internal, regional and global issues and challenges. The need to enhance preparedness to address the consequences of instability and volatility in parts of the immediate and extended neighborhood remains a key priority.

In these circumstances, the Union Budget 2016 was presented by setting aside about ₹ 3,40,922 Crores for the Ministry of Defence (MoD) as per the new format with inclusion of Demand No.20 i.e., Defence - Miscellaneous Revenue & Capital (erstwhile Defence - Civil Estimates). However, for the purpose of comparing, the reconciled figure of Defence budget is at ₹ 2,49,099 Crores. The analysis of the reconciled figures shows that the defence budget 2016-17 has witnessed a negligible growth of less than 1% compared to the last year budget. Though, there was an increase in revenue budget by 6.98% from ₹ 1,52,139 Crores to ₹ 1,62,759 Crores, the capital budget has decreased by 8.7% from ₹ 94,588 Crores to ₹ 86,340 Crores. However, as compared to the revised estimate (RE) for overall budget (₹ 224,636 Crores) and capital budget (₹ 81,400 Crores) of 2015-16, the growth amounts to 11% and 6% respectively.

Though the, Indian Army has the biggest share in defence resources, followed by the Air force, Navy and the DRDO, only 21% of total allocation of Indian Army is earmarked for capital expenditure, whereas for Navy and Air Force the capital expenditure is around 44% of their respective allocations earmarked.

The budget had a mixed impact on the 'Make in India' initiative in defence sector. On the positive side, there are a slew of tax-related measures to incentivize the domestic industry. On the other side, though there is no allocation of budgets under the "Make" projects category, the government will be able to make provisions for the same, as an when the need arises.

In the latest Defence Procurement Procedure (DPP) 2016, the Government has introduced a new procurement category called Buy-IDDM (Indian Designed, Developed and Manufactured) to encourage the indigenously designed and developed products/solutions. BEL has always been in the forefront in promoting indigenous design, development and manufacture of products / solutions. This category of acquisition is likely to benefit the company in the long run and enable to channelize the resources to develop and deploy more indigenous products with the help of MSME's and private sector industry in India.

In the last two years, private sector participation in India's defence sector has been rising and large Indian private sector conglomerates have increased their exposure to Indian defence market. This is facilitated by several policy interventions by Government support and specifically the 'Make in India' Program. The impact of these initiatives has created more opportunities for domestic industry to tie-up with Global defence companies for products and technologies. Increased focus on the Indian defence market by Indian private sector and global players is likely to further increase the competition for BEL in the coming years.

(b) *SWOT Analysis*

Strengths

- Clearly defined Vision, Mission, Objectives and Values
- Established Defence Electronics player in India
- Good Image and reputation
- Good work ethics
- Strong multi layered in-house R&D resulting in technology and new product development
- Joint development with technology partners for complementary technologies
- Committed work force with good infrastructure and manufacturing facilities
- Well established systems and procedures including ERP
- Decades of experience resulting in excellent domain knowledge and core competencies in all areas of Defence electronics
- Wide product range with strong product support network
- Strong relationship with Defence and Government agencies
- Active learning from domestic and foreign collaborators
- Experience and expertise in executing large System Integration Projects
- Financially sound and continuously profit making
- Long term commitment to customers

Weaknesses

- Gaps in some of the new technology areas
- Conservative approach in Business Development & Marketing
- Dependence on Defence market

Opportunities

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

- Growing Defence budget allocation towards modernization and upgrade programs
- Growing opportunities in Maintenance, Repair, Overhaul and Upgrade programs of Defence
- Increased impetus on modernisation of central paramilitary forces
- Growing market for Solar based power plants and allied non-defence areas such as Homeland Security, Smart City elements, Digital India etc.

Threats

- Increasing competition from Indian Private industry and foreign OEMs including their JVs in the Defence sector
- Rapid changes in technology
- Difficulty in sourcing few critical technologies
- Predatory pricing by private sector

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

To ensure sustained performance and growth, the company has undertaken the following initiatives :

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

The Company is working in many strategic areas such as AESA based modern Radars, Next Generation Electronic Warfare Suites, Air Defence Systems, Tactical Communication Systems, Battlefield Management Systems, Passive Night Vision Devices, Multi-sensor Stabilisation Systems, etc.

The Company has entered into many strategic alliances for addressing these emerging requirements of Indian Defence forces with Defence laboratories, Ordnance Factory Board, DPSUs and other reputed global / Indian companies. The various products / systems include Surface-to-Air Missile (SAM) systems,

Air Defence Radars, Tactical Communication Systems, Battlefield Management System, Sonar Systems, Next Generation Night Vision Devices, Gun upgrades/new gun programmes, Inertial Navigation Systems, Medium-Altitude Long-Endurance Unmanned Aerial Vehicles (UAVs), Electronic Ammunition Fuses, Electronics Systems for Futuristic Infantry Combat Vehicle (FICV), Satcom Terminals, Missile Containers etc.

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

The Joint Venture Company with Thales, BEL-THALES Systems Limited is presently operational and is engaged in Design, Development, Marketing, Supply and Support of Civilian and select Defence Radars for Indian and Global markets. The JVC has entered into a strategic co-operation contract with Thales to jointly develop PHAROS, a fire control radar for both gun and missile systems.

The Company is looking out for similar joint venture partnerships / special purpose vehicle arrangements with reputed companies of complementary strengths in technology to address emerging new business opportunities. The company is in the process of forming a Special Purpose Vehicle with Rolta to address the Battlefield Management System Program.

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

In the changing business environment, with Government's firm resolve to achieve self reliance in Defence by encouraging participation of private sector in Defence, indigenous development of Defence products would be of paramount importance. Reinforcing in-house R&D as well as co-development would be the key to enhancement of business. BEL has taken several steps towards enhancement of in-house R&D with increased level of engagement with

DRDO / national Labs, Academia and other institutions. BEL has also given more thrust to its collaborative R&D efforts with more partners being roped in for launching of projects.

(iv) Thrust on exports and offsets

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

The Company is also pursuing possibilities to export products and systems to friendly countries with the approval of MoD. Currently, the Coastal Surveillance Systems, Naval Air Surveillance Radars, Sonars, Night Vision Devices and Electronic Voting Machines are being promoted to South East Asian, Middle East and African countries.

(v) Modernisation & Expansion of infrastructure and facilities

The Company has been investing significantly towards modernisation and expansion of its infrastructure to meet the business needs of the Company.

The Company is setting up a Defence Systems Integration Complex at Palasamudram, in Ananthpur district of Andhra Pradesh. It will be the largest such facility in the country once it is commissioned, covering an area of over 900 acres.

The Palasamudram facility will enable BEL to expand its Missile systems business and to carry out manufacturing & integration for the ongoing and upcoming projects. It will have state-of-the-

art infrastructure such as Assembly Hangars and Hard Stands for Radars and Weapon integration, RF radiation sources for target simulation, Automatic Test Equipment, Clean Rooms for electronic assembly, Non-Explosive & Explosive Integration Buildings, Missile Storage buildings, Environmental Test Chambers, Fire Stations, Solar Power Plant, Estate and Admin buildings. The proposed Complex will be a world-class facility with Automated Guided Vehicles and Industrial Robots for material movement and handling.

The facility will be built in 3 to 4 phases as various projects mature with an estimated investment of about ₹ 500 Crores over next 3-4 years. In the first phase, the hangars for Weapon Systems Integration and Missile sub-systems integration will be built. In the subsequent phases, the plant and machinery, test facilities, etc will be established in a progressive manner.

The Company is also planning to set up a plant at Nimmaluru in Krishna District of Andhra Pradesh to make IR seekers, night vision devices and thermal imaging cameras with an investment of about ₹ 250 Crores. The plant is expected to be operational in next 3 years.

Technology up-dation and R&D

Challenges :

Core technologies of BEL's business involve applications of fast 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 latest technologies in the various fields of BEL's business areas, quickly master the emerging technologies and apply them during the development of new products. The technologies required to manufacture various products in the areas of BEL's business are required to be developed and upgraded continuously to meet emerging

User requirements, including overcoming obsolescence issues. The need for constant technological upgrades along with the need for maintaining legacy systems, places an enormous responsibility on BEL to be not only current in the world class technologies but also to be innovative in finding means to tackle obsolescence issues.

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 short, medium and long term technology roadmaps, increased investments in R&D and setting up of a company-wide knowledge Management system to harness the complete potential of the R&D Engineers and sharing of accumulated R&D knowledge in various fields amongst the R&D engineers. BEL is enhancing its efforts for in-house developments and also further strengthening the close co-operation with DRDO and other National Labs and R&D organizations including academia to enhance indigenous developments. BEL is also taking collaborative R&D initiatives for joint developments with reputed foreign companies and Indian MSMEs to quickly harness specialized technologies into the new products.

R&D Initiatives :

Following are some of the new initiatives undertaken by BEL in the areas of R&D and Technology development during the year 2015-16 :

- R&D Divisions across all the SBUs and Units of BEL, supported by the Central-D&E, Product Development & Innovation Centre (PD&IC) and two Central Research Laboratories (CRLs) located at Bangalore and Ghaziabad, have continued to contribute State-of-the-art Products with cutting edge technologies.

- R&D Divisions of BEL continued to actively interact with the National Labs, namely, DRDO, ISRO, CSIR, C-DAC, C-DOT and leading academic institutions like IITs, NITs and IISc for the development of specialized indigenous technologies.
- BEL invested more than 9.36% of its turnover in R&D during 2015-16.
- Control Electronics Group is formed in Central-D&E to focus development on Missile Control Electronics.
- The existing Knowledge Management Portal is being expanded to cover functions like HR, Finance, Marketing, Production areas apart from R&D groups. IET Digital Library access to all SBUs through Internet has been provided.
- R&D Engineers are encouraged to take up higher Studies (M. Tech program) conducted by DIAT, Pune every year in some specialized courses.
- A Committee is constituted to identify the technical training courses required for updating Knowledge of R&D Engineers and for addressing futuristic product/System requirements.
- Around 99 technical papers were published by Scientists 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-house R&D efforts, Technology Development and Innovative ideas.
- Thrust is given for Collaborative R&D effort through Private industries and MSMEs. BEL Website is open throughout the year for inviting applications from firms for empanelment. Outsourcing policy on Vendor development has been modified and released to support the above activity.

- BEL has filed 12 Patents during 2015-16 in the areas of; method for Prioritization of Instant Messages, Low Loss Harmonic rejection Filter, Compact High power Harmonic suppression Switched filter Bank, Detail Component extraction based Auto focusing system and method for Cameras, High power Bipolar Driver, method for QoS delivery in Tactical IP network, Texture based classification of Aerial Imagery, Method for Reference Image Retrieval system, Detection of Yellow License Plates from vehicle front view Snapshots, Detection of License Plates from Vehicle front view Snapshots, and Engagement and disengagement mechanism for Airborne equipment on Aircraft using Ball Screw assembly.

(d) *Diversification / Expansion plans*

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

The Company is putting efforts to enter into the new areas in Defence and Non-Defence for further expanding its business. Attempts are being made to enter into areas like Indigenous SAM Systems, Airborne Radars, Image Intensifier Tubes and Thermal Imaging detectors for Night vision Devices, Inertial navigation Systems, Navigational Complex System, Electronic Ammunition Fuses and Pressurised Missile Containers in the defence Sector. In the Non Defence domain, opportunities related to Critical Infrastructure Protection, Air Traffic Management Radars, Intelligent Traffic Management Systems, Solar Power Plants and select Smart City / Digital India opportunities are being focused.

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

1. Risk Management

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

The Risk Management Policy outlines Risk Management (RM) structure, their roles and responsibilities, in the Company. A comprehensive framework for identification, evaluation, prioritization, treatment etc. of various risks associated with different areas of operation such as technology, product, market, human resources, finance, operations etc, are also defined in the policy.

In accordance with the policy, a two tier risk management structure at Corporate and SBU/Units has been established for effective management of the risks. The Corporate risks are managed by Corporate Risk Management Committee (CRMC), which is headed by GM (Strategic Planning)/CO and coordinated by AGM (Quality)/CO as Corporate Risk Champion.

The CRMC consists of senior executives from cross functional areas like Strategic Planning, Technology Planning, Finance, Quality and Human resources. The Corporate Risk Champion is ably supported by Unit Risk Management Committees (URMCs). The URMCs are headed by their respective SBU/Unit heads and coordinated by Unit Risk Champions, who are of the level of Addl. General Manager or Sr. Dy. General Manager with functional heads as committee members. The CRMC, URMC members and other senior executives have undergone Management development program for Enterprise Risk Management (ERM), conducted by Indian Institute of Management, Kozhikode.

A Board level committee, consisting of Director (Marketing), Director (Finance), Director (Bangalore Complex) and General Manager (Strategic Planning)/CO, is in place to monitor the Risk Management Policy.

Based on the feedback received from various Units, certain risks have been identified by the CRMC in various areas like Technology, Marketing, Finance and HR. These risks are being addressed by introducing suitable policies and processes which emphasize decision making based on thorough analysis of data. This eventually leads to incorporation of suitable risk mitigation measures at the decision making stage itself.

Some of the risk mitigation strategies adopted by the Company are listed below :

Risk	Mitigation Strategies
Strategy risks	
Critical Business Issues	Management Committee Meetings, Business Workshops
Financial risks	
Financial sanctions	Sub-delegation of powers
Commercial proposals	Well laid out pricing policy
Technology risks	
R&D projects progress	Preliminary / Critical Design Reviews
R & D project sanction	Review by R&D Committees
Marketing risks	
Order Inflow	Marketing Forecast and Follow up
Contract related	Contract Review
Operation risks	
Sales Targets	Quarterly Roll On Plan reviews
Procurement	Procurement Policy and Procedure
Selection of Vendors	Vendor evaluation process

Although the practice of Risk Management Process is still at nascent stage in BEL, ERM process has made serious inroads in BEL's activities. The CRMC has been meeting regularly and assessing the RM implementation process

in BEL and striving to enhance effectiveness in addition to identification & mitigation of the corporate risks. Similarly URMCS are also conducting review meetings for risk management process at SBU/Unit level and are forwarding the reports quarterly to CRMC.

In order to institutionalize the ERM process and make Risk Management practices an inbuilt culture of the Company, CRMC has initiated a pilot proposal for handholding cum consultancy in two BEL SBUs with the help of external agencies, who are renowned in implementing Risk Management in various organizations. This initiative is expected to enhance the effectiveness in implementation of ERM process at BEL.

2. Cost Reduction (MS)

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

3. Indigenization

BEL has always been striving to attain self-reliance through indigenization efforts and thereby meet the strategic needs of the nation. The indigenization activity covers development initiatives thru' in-house R&D, Collaborative R&D & joint development with national labs like DRDO, ISRO, CSIR, C-DOT, Academic institutions. To give

further thrust on indigenization, the company has set up an Integrated State-of-the-art Corporate R&D Center (Product Development & Innovation Center (PD&IC)), with larger infrastructure, resources and facilities at Bangalore to keep pace with the changing technology trend, customer requirements, future business needs etc. With all these efforts, around 86% of turnover was generated from indigenous technology, during the year.

(B) Internal Control System and its Adequacy

Your Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. Your Company's Internal Control System has been designed to provide for :

- Accurate recording of transactions with internal checks and prompt reporting.
- Adherence to applicable Accounting Standards and Policies.
- Compliance with applicable statutes, management policies and procedures.
- Effective use of resources and safeguarding of assets.
- Comprehensive delegation of power for smooth decision-making.

The effectiveness of the internal controls is continuously monitored by an in house Internal Audit Department comprising of professionally qualified personnel. Internal Audit's main objective is to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes. Internal Audit also assesses opportunities for improvement in business processes, systems & controls and may provide recommendations, designed to add-value to the organisation. It also follows up on the implementation of corrective actions and improvements in business processes after review by the Management level Audit Committee, Audit Committee and Senior Management of the Company.

The scope and authority of the Internal Audit Department is derived from the Internal Audit Manual approved by the Chairman and Managing Director of the Company. The Internal Audit Manual is designed in a manner that the Audit Plan is focused on the following objectives :

- Resources are acquired economically, used efficiently and safeguarded adequately.
- All operational and related activities are performed efficiently and effectively.
- Activities being carried out in accordance with the well established Company's policies & procedures like Purchase procedures, Sub-contract procedures, Works contracts procedures, IT and Security policies & procedures, HR policies and procedures, Accounting policies and procedures, Sub-delegation of Powers, etc.
- Significant legislative and regulatory provisions and applicable laws and regulations impacting the organisation are recognised and addressed appropriately.
- Safeguarding Company's assets from unauthorized use or losses.
- Review of the identification and management of Risks.
- Opportunities identified during audits for improving management control, business targets and profitability and process efficiency are communicated to the appropriate level of management.

The audit activities are undertaken as per the Annual Audit Plan developed by the Corporate Audit Division based on the risk profile of business processes/sub-processes of various functions. The Audit Plan is approved by the Audit Committee which periodically reviews compliance to the Plan.

The significant audit observations of Internal Audit including internal control issues are reviewed by a committee comprising of functional directors as well as the Audit Committee. As BEL is a Government Company, it is subject to audit by Comptroller and Auditor General of India also.

During the year, the Audit Committee met regularly to review the reports submitted by the Corporate Audit Division. All significant audit observations and follow-up actions thereon are reported to the Audit Committee.

Government Auditors also reviewed the Internal Audit observation while conducting audit.

The Audit Committee also met the Company's Statutory Auditors to ascertain their views on the adequacy of internal control systems in the Company and their observations on financial reports. The Audit Committee's observations and suggestions were acted upon by the Management.

(C) Financial / Operational Performance

1. Strategy & Objectives

The main objectives of the financing strategy of your Company are as follows :

- To make available the required funds from internal accruals through effective cash flow management with a view to have least borrowing and consequently least interest cost;
- To maintain the highest credit rating in the short term to be able to raise funds at the most economical rates as and when required;
- To look for suitable investments for upgrading operations and diversification in order to achieve the desired growth in operations;
- To maintain highest standards of financial reporting;
- To effectively execute tax planning thereby, improving the post tax yield;
- To build in risk mitigation strategies in the business process to minimize exposure to financial risk;
- To meet the expectations of various stakeholders and to reward the shareholders through a healthy dividend and capital appreciation.

2. Performance Highlights

(₹ in Lakhs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Turnover	752,164.14	669,456.53
Total Expenditure before Financing Cost	638,121.71	587,156.47

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Profit Before Finance Cost and Tax	181,364.55	146,807.05
Operating Margin (PBIT/Gross sales) Ration	24.11%	21.93%
Profit After Tax	135,766.59	116,724.09
No. of Days Inventory/Value of Production (DPE Method)	208	188
No. of Days Trade Receivables/ Turnover	180	206
Current Ratio	1.80	2.01
Debt Equity Ratio	0	0

3. Analysis of Financial Performance of 2015-16

- Turnover registered a growth of 12.35% from ₹ 669,456.53 Lakhs in 2014-15 to ₹ 752,164.14 Lakhs in 2015-16.
- Value of Production has Increased from ₹ 665,854.35 Lakhs in 2014-15 to ₹ 778,209.47 Lakhs in 2015-16. An increase of 16.87%.
- Profit after tax rose by 16.31% from ₹ 116,724.09 Lakhs in 2014-15 to ₹ 135,766.59 Lakhs in 2015-16.
- Increase of PAT to Turnover Ratio from 17.44% in 2014-15 to 18.05% in 2015-16.
- Turnover per Employee has increased from ₹ 68.99 Lakhs in 2014-15 to ₹ 76.38 Lakhs in 2015-16.
- Earning Per Share has increased from ₹ 48.64 in 2014-15 to ₹ 56.57 in 2015-16.
- Book Value Per Share has increased from ₹ 328.54 in 2014-15 to ₹ 363.91 in 2015-16.
- Net Worth has grown from ₹ 788,502.89 Lakhs in 2014-15 to ₹ 873,383.34 Lakhs in 2015-16.

(D) Development in Human Resources

There is an integrated relationship between the key pillars of HR and the business strategy. HR processes need to connect with, support, and complement the business strategy, and be flexible enough to change with shifting priorities. Workforce requirements of the future are determined by competitive pressures, economic trends, accelerated technological development

and business strategy. The future demands continuous innovative human resource development initiatives to meet these requirements. Success is realized through employees demonstrating qualities and behaviours associated with high performance. Competencies are the tool for raising the bar on employee performance and linking the performance directly to the business strategy. Hence sustained competency development of our employees both at the individual and at the team level has been a key focus of all our human resources development initiatives.

Structured Executive Development Programs are conducted regularly with premier institutes to meet the evolving training needs of executives as they progress through various grades.

Apart from this, 360-degree feedback and Leadership Development programs were conducted to equip our managers with Leadership competencies. 4 batches of executives underwent the program last year.

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. Our "Change Management" program for senior executives aims at aligning the thinking and attitudes of our senior executives to that required for a global organization. 101 senior executives have undergone the program last year.

The advantages of teamwork and collaboration are reinforced in an Outbound learning program. This training takes the participant away from comfort zone, in an informal risk-free environment, thereby enabling the participant to experiment and explore the hidden potential. 9 cross-functional teams attended the program during the year 2015-16.

Strategizing is an important component for senior executives. "Strategy Building and Competitive Intelligence" program was organized through the faculty of a premier Management Institute and 52 senior executives attended the program.

In order to provide a conceptual framework for identifying and mitigating potential business risks, 4 two day programs on "Enterprise Risk Management" have been organized for the senior executives on the theory of Risk Management and practices, covering 124 executives.

Considering the criticality of Innovation in our business, 3 intensive programs on "Strategic Innovation" were organized through faculty from IIM to emphasize that innovation is not just a management ideology but a way of life that is required to be understood and implemented for sustained competitive advantage. 88 executives attended the program.

In order to impart concepts and principles/practices on HRM to our middle and senior level executives, 5 programs on "HR for Non HR Executives" was conducted at IIM covering 141 executives.

In order to gain an insight into financial statements analysis, budgeting, working capital management and cost management to help our non-finance executives 8 Programs on "Strategic Finance for Non Finance Executives" were conducted by senior faculty from IIM.

In order to address the Group Competency Gaps, post ODCs, 32 One Day "Competency Development Workshops" for our Executives, for addressing identified two Competencies pertaining to the Unit, were conducted during the year.

To enhance Women leadership competencies and help them understand the leadership imperatives, Two "Women Leadership Development Workshops (DEEPSHIKHA)" including one-to-one counseling based on a leadership tool was conducted for Women Executives.

In order to create awareness on gender mainstreaming and develop a diverse and inclusive workforce to make diversity a competitive edge for the organization, 8 workshops, on the topic Gender Sensitization & POSH

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Act, called SAMMAN were conducted covering 243 executives across grades.

To understand the process of patenting and IPR and to generate the requisite Intellectual Property Rights documents, 5 workshops on "Intellectual Property Rights" were organized for the D&E executives. 128 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 Advances in VLSI Signal Processing, Program on New Product Development Process, IT Best Practices in Defence Industries, Program on Lessons Learnt & Best Practices in Aerospace Quality, Course on Dielectric Resonator Antennas-Analysis & Design, Advanced Design DSP techniques, Architecting Security for Digital Transformation, Modelling and Simulation for Defence Industries etc.

A 2 day "Annual HR Conference" was organized on the theme "Imagining HR for the Future." Persons of eminence from HR/Other fields were invited as speakers. In addition to this, Presentations were made by Directors on Business and HR Officers also presented on the various Trends emerging in the area of HR.

Five General Managers were nominated to attend the "Advanced Leadership Program for Public Sector Executives" organized by Indian Institute of

Public Administration (IIPA). The program included two weeks module at the Institute campus and 2 weeks International immersion at China, Slovenia and France.

In connection with International Yoga Day, a Yoga Session was organized covering around 86 executives. The session was conducted by Isha Foundation.

A one day program on "Shakespeare for Scientists" was organized for the 32 R&D Engineers, at BEL, Bengaluru.

In connection with International Women's day, a talk on "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)" was organized for the Employees of Corporate Office. A senior Professor from National Law School, Bengaluru was invited as the speaker.

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.

Around 352 Probationary Engineers joined BEL during 2015-16 and have undergone Induction Program at CLD, Bengaluru.

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

Annexure 6

CORPORATE GOVERNANCE REPORT

Philosophy and Code of Governance

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

BEL strives to transcend much beyond the basic requirements of Corporate Governance focusing consistently towards value addition for all its stakeholders. In keeping with its professional approach, BEL is implementing the precepts of Corporate Governance in letter and spirit.

Board of Directors

Composition

Pursuant to Companies Act, BEL is a 'Government Company' as 75.02% of the total paid-up share capital of the Company is held by the President of India.

In line with the provisions of Regulation 17 of SEBI (LODR) Regulations 2015 and the Guidelines on Corporate Governance

for Central Public Sector Enterprises issued by the Dept. of Public Enterprises, Govt. of India (DPE Guidelines), the composition of Board of Directors of BEL has an appropriate mix of Executive Directors represented by Functional Directors including CMD and Non-Executive Directors represented by Government Nominee & 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, 2016, BEL Board of Directors comprises of seven Whole-time Executive (Functional) Directors including CMD, one Part-time Government (Non-executive) Director and 4 Part-time Independent (Non-executive) Directors.

There are four temporary vacancies of Independent Directors as on 31 March 2016. All the vacancies were notified to Govt. for filling up. The matter of filling up of these vacancies is under consideration of Ministry of Defence, Government of India.

Meetings and Attendance

During the financial year ended 31 March 2016, five Board Meetings were held and the maximum interval between any two meetings was not more than 120 days. The Board Meetings were held on 4 May 2015, 29 May 2015, 24 July 2015, 29 October 2015 and 27 January 2016. 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 2016 are given below :

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM held on 3 rd Sept. 2015	No. of other directorships held**	* No. of committee membership across all companies	
						As Chairman	As Member
Whole-time Functional (Executive) Directors							
1	Mr S K Sharma, CMD	5	5	Yes	1	Nil	Nil
2	Mr M L Shanmukh	5	5	Yes	1	1	2
3	Mr Amol Newaskar	5	5	Yes	Nil	Nil	1
4	Dr Ajit T Kalghatgi	5	5	Yes	2	Nil	1
5	Mr P C Jain	5	5	Yes	1	Nil	Nil
6	Mr P R Acharya	5	5	Yes	2	Nil	1
7	Mr Manmohan Handa	5	5	Yes	Nil	Nil	Nil
Part-time Government (Non-executive) Directors							
8	Lt Gen C A Krishnan (ceased to be director w.e.f 31.10.2015)	4	3	No	Nil	Nil	Nil

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM held on 3 rd Sept. 2015	No. of other directorships held**	* No. of committee membership across all companies	
						As Chairman	As Member
9	Mr J Rama Krishna Rao (appointed w.e.f. 03 Nov 2014 & ceased to be director w.e.f 26.8.2015)	3	3	No	1	Nil	Nil
10	Mrs Kusum Singh (appointed w.e.f. 26.08 2015)	2	2	No	Nil	Nil	1
Part-time Independent (Non-executive) Directors							
11	Mr S M Acharya (ceased to be director w.e.f 25.03.2016)	5	5	Yes	Nil	1	1
12	Lt Gen V K Mehta (Retd) (ceased to be director w.e.f 25.03.2016)	5	4	Yes	Nil	Nil	1
13	Mr Vikram Srivastava (ceased to be director w.e.f 25.03.2016)	5	5	Yes	1	1	2
14	Dr Bhaskar Ramamurthi (appointed w.e.f. 02 Dec 2015)	1	1	No	Nil	Nil	1
15	Dr R K Shevgaonkar (appointed w.e.f. 02 Dec 2015)	1	1	No	Nil	Nil	1
16	Mrs Usha Mathur (appointed w.e.f. 23 Dec 2015)	1	1	No	Nil	1	1
17	Mr Sharad Sanghi (appointed w.e.f. 7 Jan 2016)	1	Nil	No	Nil	1	1

None of the Directors of the Company / Key Managerial Personnel had any pecuniary relationship with the Company during the year.

Note : * Pursuant to regulation 26 of SEBI (LODR) Regulations 2015, the Chairmanship/ Membership of Audit Committee and Stakeholders' relationship Committee are considered.

** 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.

The number of directorship and committee positions given above are as notified by the Directors and it is confirmed that no Director has been a member of more than 10 committees or acted as Chairman of more than 5 committees across all companies in which he is a Director.

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

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

Details of Familiarisation & Training Programmes for Directors

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

Director about the Company, its operations, various policies and processes of the company, various divisions of the Company and their role and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practises and orientation programmes etc. conducted by various Institutes of repute. Details of training imported to Director during 2015-16 are as follows and the same has been uploaded in the website of the Company <http://www.bel-india.com/?q=news-for-investors> :

- i. Mr Vikram Srivastava, Independent Director, attended program on "Master Class for Directors" organized by Institute of Directors at New Delhi from 21 August to 23 August 2015.
- ii. Lt Gen. V K Mehta (Retd), Independent Director, attended program on "Master Class for Directors" organized by Institute of Directors at New Delhi from 21 August to 23 August 2015.
- iii. Mrs Usha Mathur, Independent Director, attended training on Capacity Building of Non-official & Government Directors of CPSEs on 29 March & 30 March, 2016, at Mumbai. The program was organized by Department of Public Enterprises.

Directors' Shareholding

None of the BEL Directors hold any shares or convertible instruments of the Company as on 31 March 2016.

Mandatory Committees of the Board

Audit Committee

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

Meeting of the Company held on 3 September 2015. The terms of reference of the Audit Committee are as specified in Section 177 of the Act, Regulation 18 of SEBI (LODR) Regulations 2015, and DPE Guidelines.

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

- Oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference as stated in Schedule II Part C of SEBI (LODR) Regulations 2015.
- Reviewing and monitoring the auditor's independence and 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.

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- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well

- as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends).
- To review the functioning of the whistle blower mechanism.

The Composition of the Audit Committee during the year 2015-16 and details of the Members participation at the Meeting of said committee are as under :

Name of the Member	Category	Attendance at the Audit Committee Meetings held on						
		28 May 2015	23 July 2015	29 Oct 2015	04 Dec 2015	22 Jan 2016	27 Jan 2016	11 Feb 2016
Mr S M Acharya, Chairman	Independent Director	✓	✓	✓	✓	✓	✓	✓
Lt Gen V K Mehta (Retd)	Independent Director	Leave of Absence	✓	✓	✓	✓	✓	✓
Mr Vikram Srivastava	Independent Director	✓	✓	✓	✓	✓	✓	✓
Mr J Rama Krishna Rao (Ceased to Director w.e.f 26.08.2015)	Government Director	Leave of Absence	Leave of Absence	NA	NA	NA	NA	NA
Mrs Kusum Singh (Appt. w.e.f. 26.08.2015)	Government Director	NA	NA	✓	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence

Note : The Audit Committee was reconstituted w.e.f 26 March 2016 with following members :

Mrs Usha Mathur, Chairman
 Mrs Kusum Singh
 Dr R K Shevgaonkar
 Dr Bhaskar Ramamurthi

Nomination and Remuneration Committee

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

The Composition of the Committee during the year 2015-16 and details of the Members participation at the Meeting of said committee are as under :

Name of the Member	Category	Attendance at the Nomination and remuneration Committee Meetings held on	
		4 May 2015	22 January 2016
Mr S M Acharya, Chairman	Independent Director	✓	✓
Lt Gen V K Mehta (Retd)	Independent Director	✓	✓
Mr J Rama Krishna Rao (Ceased to Director w.e.f 26.08.2015)	Government director	Leave of Absence	NA
Mrs Kusum Singh (Appt. w.e.f. 26.08.2015)	Government director	NA	Leave of Absence

Note : The Nomination and Remuneration Committee was reconstituted w.e.f 26 March 2016 with following members :

Mrs Usha Mathur, Chairman
 Mrs Kusum Singh
 Mr Sharad Sanghi

Some of the important functions performed by the Committee include :

- Recommending policy to the board in line with the provisions of Companies Act 2013, DPE Guidelines and Presidential Directives / Guidelines issued by Government of India.
- Approval of Performance Related Pay to the employees of the Company.

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 KMPs 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.com.

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 26 November 2015. 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 Directors expressed satisfaction with the evaluation process.

Remuneration paid to Directors during the financial year 2015-16

(Amount in ₹)

Name of Director	Salary	Perquisites	Company contribution to PF & Incremental Gratuity / leave / BERECHS	Incentive	Lease rental + Maintenance	Total
Mr S K Sharma	25,92,970	46,753	5,97,952	12,76,279	7,50,000	52,63,954
Mr M L Shanmukh	49,66,076	1,05,036	4,98,632	11,22,175	6,00,000	72,91,919
Mr Amol Newaskar	28,34,843	37,494	4,35,969	9,18,472	6,00,000	48,26,778
Dr Ajit T Kalghatgi	24,68,377	50,244	6,58,950	9,11,170	6,00,000	46,88,741
Mr P C Jain	26,79,391	39,535	5,09,414	8,84,615	Nil	41,12,955
Mr P R Acharya	29,24,221	37,658	5,44,622	9,65,824	NIL	44,72,325
Mr Manmohan Handa	24,21,401	36,783	3,90,995	7,55,299	6,00,000	42,04,478

Part-time 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 during the year 2015-16 are given below :

(Amount in ₹)

Name	Sitting Fees paid for Board & Committee Meetings
Mr S M Acharya	5,50,000
Lt Gen V K Mehta (Retd)	2,60,000
Mr Vikram Srivastava	3,30,000
Dr Bhaskar Ramamurthi	20,000
Dr R K Shevgaonkar	20,000
Mrs Usha Mathur	20,000

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. None of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2015-16.

Stakeholders' Relationship Committee

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

The Stakeholders' Relationship Committee is comprised of Mr Vikram Srivastava as the Chairman and Mr M L Shanmukh and Mr Amol Newaskar as members of the Committee.

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

The Committee met once during the year on 28 October 2015. Chairman and all members of the Committee attended the said meeting.

Transfer requests and complaints from the shareholders are attended to promptly as and when they are received. Grievances from shareholders, mainly relating to dividend payment and Annual Report, were received and resolved during the year. No grievance was pending as on 31 March 2016. There were no pending share transfers at the close of the financial year.

Note : The Stakeholders' Relationship Committee was reconstituted w.e.f 26 March 2016 with following members;

Mr Sharad Sanghi, Chairman
 Mr M L Shanmukh
 Mr Amol Newaskar

Compliance Officer

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

Mr S Sreenivas, Company Secretary
 Bharat Electronics Ltd, Regd. & Corp. Office
 Outer Ring Road, Nagavara,
 Bengaluru – 560045
 Telephone : 080 25039300
 Fax : 080 25039266
 Email : secretary@bel.co.in

Corporate Social Responsibility Committee

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

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

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

- Formulating and recommending to the Board Corporate Social Responsibility 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 at 31 March 2016 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 29 October 2015
S K Sharma Chairman	Chairman and Managing Director	✓
Lt Gen V K Mehta (Retd)	Independent Director	✓
Mr M L Shanmukh	Executive Director	✓
Mr Amol Newaskar	Executive Director	✓
Mr P R Acharya	Executive Director	✓

The Company has adopted a Corporate Social Responsibility 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.

Note : The CSR committee was reconstituted w.e.f 26 March 2016 with following members ;

Mr S K Sharma, Chairman
 Mr M L Shanmukh
 Mr Amol Newaskar
 Mr P R Acharya
 Dr R K Shevgaonkar

Risk Management Committee

BEL strives continuously to identify, evaluate, prioritize and mitigate existing as well as potential risks related to the business of the Company through its robust Risk Management framework. Pursuant to the requirements of Regulation 21 of SEBI (LODR) Regulations 2015, a Board level Committee comprising the Director (Marketing) as Chairman, Director (Finance), Director (Bengaluru Complex) and General Manager (Strategic Marketing) as members, was constituted. The Board of Directors reviews and monitors the status of Risk Management through the 'Risk Management Committee', 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.com. A write up on Risk Management Procedure forms part of the Management Discussion Analysis Report.

Other Non- Mandatory Committees

The following Sub Committees of the Board have been constituted :

R&D Committee

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

Capital Investment Committee

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

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

The following Committees consisting of functional Directors have been constituted.

Investment Committee

Investment Committee comprising the Chairman & Managing Director, the Director (Other Units), and the Director

(Finance) to approve investment of short-term surplus funds.

Selection Committee

Selection Committee comprising the Chairman & Managing Director and Whole-time Directors of relevant functional areas and one Part-time Director for filling up vacancies in the posts of General Managers/ Executive Directors.

Independent Directors' Meeting

During the year under review, the Independent Directors met on 26 November 2015, inter alia, to review :

- i. The performance of Whole Time Directors and Chairman and Managing Director.
- ii. The performance of Non-executive Directors.
- iii. Quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to perform its duties effectively.

All the Independent Directors of the Company were present at the said meeting.

Code of Conduct

Board of Directors of the Company has laid down a Code of Conduct for all Board members, KMPs and senior management of the Company under regulation 17(5) of SEBI (LODR) Regulations 2015 and DPE Guidelines. The Code of Conduct has been posted on the Company's website, www.bel-india.com. All Board members, KMPs and senior management personnel have affirmed compliance with the Code of Conduct as on 31 March 2016. A declaration to this effect signed by the Chairman & Managing Director is attached to this Report.

Whistle Blower Policy

The Company has established vigil mechanism and adopted whistle blower policy for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or 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

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Blower Policy is available on the website of the Company www.bel-india.com.

Related Party Transactions

All Transactions with related parties were in the ordinary course of business and on an arm's length pricing basis. The policy on related party transaction has been placed on the Company's website and can be accessed through <http://www.bel-india.com/?q=node/7419>.

Code for Prevention of Insider Trading and Fair Disclosure

In accordance with the SEBI (Prohibition of Insider Trading) Regulations 2015, the Company has put in place a Code of Conduct and Disclosure Procedure to prevent insider trading in the Company's securities and for transparent/ streamlined disclosure/ dissemination of information to the investors/ public. This Code is applicable to all Directors, officers (top three tiers in all the Units/ Offices of the Company), certain other specified employees at the Corporate Office and any other connected as defined in the SEBI (Insider Trading Regulations) 2015. The Company Secretary is responsible for implementation of the code. The Code of Conduct and Fair Disclosure Procedure has been posted in the Company's website www.bel-india.com.

Subsidiary Companies

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. A policy on material subsidiaries has been formulated and has been posted in the Company's website.

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

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

General Body Meetings

Details of last three Annual General Meetings are as follows :

Year	Location	Date & Time
2012-13	Rashtrakavi Kuvempu Kalakshetra Near BEL Hospital & BEL Factory Jahahalli, Bengaluru – 560 013	20 Sept 2013 at 2:30 pm
2013-14	Rashtrakavi Kuvempu Kalakshetra Near BEL Hospital & BEL Factory Jahahalli, Bengaluru – 560 013	25 Sept 2014 at 2:00 pm
2014-15	The Kalinga Hall, Hotel Lalit Ashok, Kumar Krupa High Grounds, Bengaluru - 560001	03 Sept 2015 at 10:30 am

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

- Special resolution for Amendment of Articles of Association (for buy-back of shares) was passed in the Annual General Meeting held on 20 Sept 2013.
- Special resolution for alteration of the Capital clause in the Memorandum of Association was passed in the Annual General Meeting held on 3 September 2015.
- Special resolution for alteration of the Capital clause in the Articles of Association was passed in the Annual General Meeting held on 3 September 2015.

No resolutions were put through postal ballot last year.

Disclosures

- The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. Nonetheless, transactions with related parties have been disclosed in point No. 14 of Note 31 of Notes to Accounts in the Annual Report.
- There were no cases of non-compliance by the Company and no penalties/ strictures were imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets, in the last three years.
- No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees/ ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in books of accounts.

- (d) Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.
- (e) Administrative and office expenses as a percentage of total expenses and reasons for increase, if any :

Administrative and office expenses were 4.41% of the total expenses for the year 2015-16 as against 4.67% in the previous year. The increase is nominal.

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 their job effectively.

BEL has implemented the Presidential Directives issued by the Government of India regarding implementation of Executives Pay Revision effective from 1 Jan 2007.

Means of Communication

The quarterly and annual financial results of the Company are sent to the Stock Exchanges pursuant to the requirements under SEBI (LODR) Regulations, 2015 immediately after the Board has taken them on record. The quarterly unaudited financial results are published in one of the newspapers, i.e., Economic Times/Business Standard/ Financial Express/ Business Line (in English), Business Bhaskar/Jan Satta/Rashtriya Sahara (in Hindi) and Samyuktha Karnataka/Prajavani/Vijayavani/Kannada Prabha (in Kannada).

The quarterly and annually unaudited/audited results are simultaneously posted on the Company's website, viz, www.bel-india.com. The Company has been filing all Corporate Announcements, quarterly results, shareholding pattern, other information submitted to the Stock Exchanges in terms of the SEBI (LODR) Regulation 2015. Press releases are also being sent to the Stock Exchanges and posted on the Company's website.

Reconciliation of Share Capital Audit

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

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

MCA-21 Compliance

The e-governance initiative of the Ministry of Corporate Affairs in the administration of the Act (MCA-21) provides the public, corporate entities and others an easy and secure online access to the corporate information including the filing of documents and public access to the information required to be in public domain under the statute, at any time and from anywhere. The Company has complied with all mandatory e-filing requirements under MCA-21 during 2015-16.

Listing on Stock Exchanges

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

- (1) BSE Ltd.
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
- (2) National Stock Exchange of India Ltd.
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 2015-16 to both the Stock Exchanges.

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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	INE263A01016
MCA CIN	
L32309KA1954GOI000787	

Custody Fees to Depositories

The Company has paid annual custody fees for the financial years 2015-16 & 2016-17 to both the Depositories, viz, NSDL and CDSL.

Details of Non- Compliances

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company had appointed adequate number of Independent Directors as per the Companies Act, 2013. However the company is yet to appoint the adequate number of independent directors as per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the Audit period, the Company was required to appoint a women Director on the Board w.e.f 1 April 2015. However, the said appointment was made w.e.f 26 August 2015. It is informed that the appointment of

Market Price Data

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

BEL Share Price on BSE vis-a-vis BSE sensx from April, 2015 to March, 2016.

Month	BSE Sensex Close	BEL Share Price			No of Shares Traded	Turnover (₹ in lakhs)
		High	Low	Close		
		(In ₹)	(In ₹)	(In ₹)		
Apr-15	27,011.31	3753.50	2925.00	3081.00	641871	21461.16
May-15	27,828.44	3625.00	2966.00	3582.95	537321	17492.86
Jun-15	27,780.83	3652.95	3170.00	3361.55	518566	17419.82
Jul-15	28,114.56	4017.00	3173.60	3987.05	499167	18337.06
Aug-15	26,283.09	4160.00	2953.10	3366.45	488206	17937.00
Sep-15*	26,154.83	1169.00	1071.05	1137.05	2871974	58946.50
Oct-15	26,656.83	1268.00	1131.20	1242.80	786524	9505.21

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. 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.

Compliance with Non-Mandatory Provisions

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

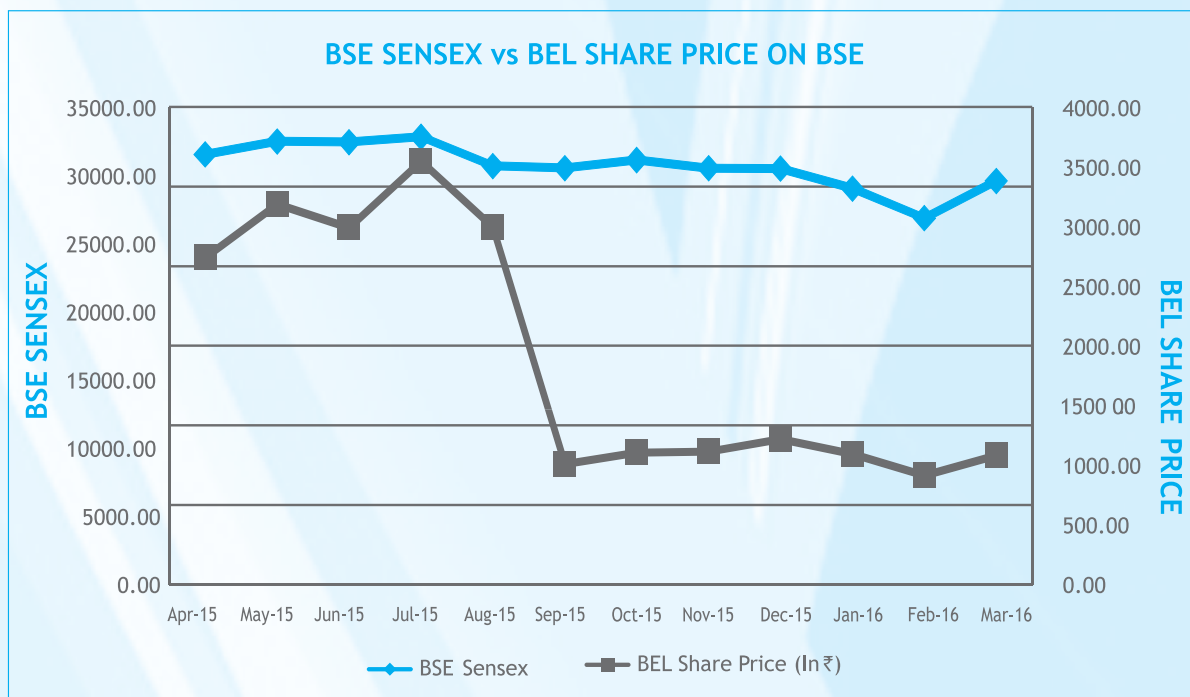
- The Company has the position of Chairman & Managing Director (Executive) & there is no Non- executive Chairman.
- The financial statements of the Company are disclosed with unmodified audit opinion.
- Process of communicating with shareholders is very robust and the procedure has been explained under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

FE Risk and Hedging Activities

The company does not have any Foreign Currency Loan, and consequently no foreign exchange exposures. As on 31 March 2016, more than 60% of Foreign Exchange Exposure on Imports are covered by exchange rate variation clause from customers and the balance is spread over 3 to 4 years which is being monitored regularly by FE Risk Management Committee.

Month	BSE Sensex Close	BEL Share Price			No of Shares Traded	Turnover (₹ in lakhs)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
Nov-15	26,145.67	1299.95	1211.00	1253.15	429341	5397.15
Dec-15	26,117.54	1382.95	1158.00	1372.90	657668	8360.25
Jan-16	24,870.69	1416.70	1160.00	1231.10	761272	9794.25
Feb-16	23,002.00	1254.50	1023.80	1029.10	720624	8196.21
Mar-16	25,341.86	1248.95	1009.00	1219.50	739071	8328.16

A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX during the year 2015-16 is presented in the following graph :



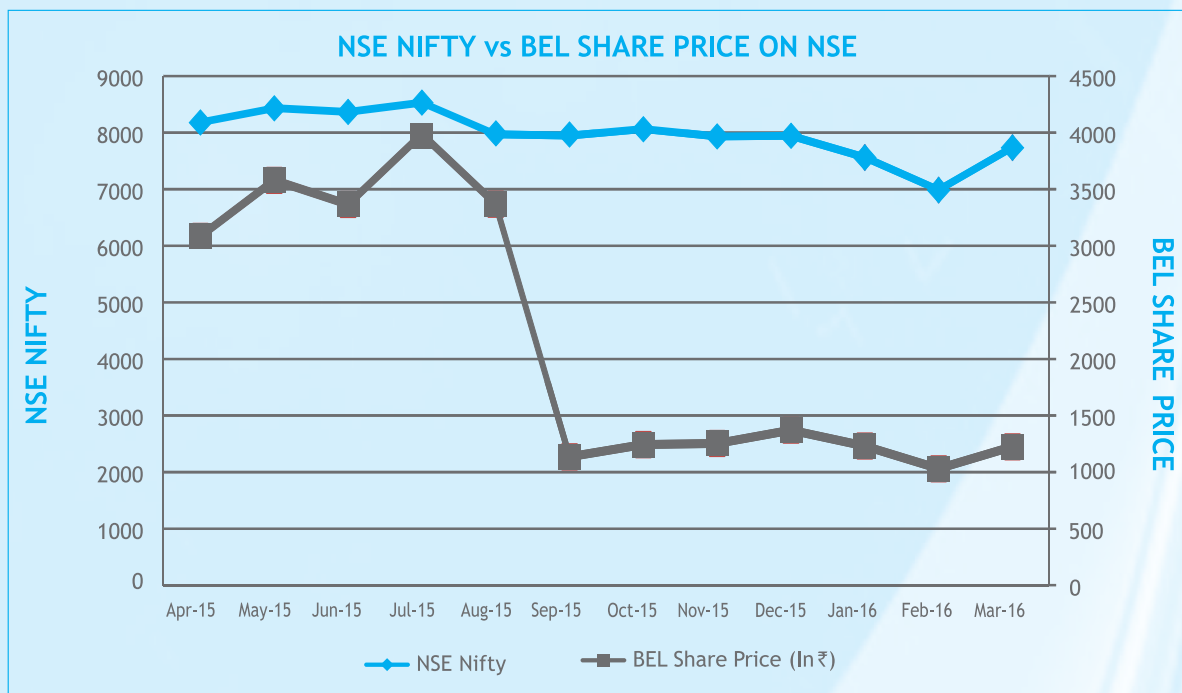
Note* : Two bonus shares for every one share were issued on 13 September 2015. Consequently, the share price of the Company is adjusted accordingly w.e.f 14 September 2015.

BEL Share Price on NSE vis-a-vis NSE Nifty from April 2015 to March 2016.

Month	NSE Nifty Close	BEL Share Price			No of Shares Traded	Turnover (₹ in lakhs)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
Apr-15	8181.50	3755.00	2924.00	3084.55	3543760	118968.65
May-15	8433.65	3628.00	2962.00	3579.30	3552668	115789.28
Jun-15	8368.5	3654.95	3162.50	3366.30	2625285	88405.73
Jul-15	8532.85	4015.00	3190.00	3985.15	2992469	109671.63
Aug-15	7971.3	4160.00	2952.00	3369.05	3058041	112333.12

Month	NSE Nifty Close	BEL Share Price			No of Shares Traded	Turnover (₹ in lakhs)
		High	Low	Close		
		(In ₹)	(In ₹)	(In ₹)		
Sep-15*	7948.9	1167.32	1068.70	1135.45	6983050	123640.44
Oct-15	8065.8	1268.80	1130.95	1243.80	5884590	71337.9
Nov-15	7935.25	1300.00	1205.00	1253.85	3610665	45483.63
Dec-15	7946.35	1382.50	1158.00	1371.10	6767108	85973.41
Jan-16	7563.55	1416.85	1158.75	1231.55	6839441	87683.51
Feb-16	6987.05	1255.50	1025.00	1029.95	5074077	58086.33
Mar-16	7738.4	1249.00	1008.00	1224.30	7763219	87598.83

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2015-16 is presented in the following graph :



Note* : Two bonus shares for every one share were issued on 13 September 2015. Consequently, the share price of the Company is adjusted accordingly w.e.f 14 September 2015.

Liquidity

The Company's shares are very liquid and are actively traded on the Indian stock exchanges. Relevant data of turnover for the financial year 2015-16 is given below :

Particulars	BSE	NSE	Total
No. of shares traded	9651605	58694373	68345978
Value (₹ in lakhs)	201175.63	1104972.46	1306148.09

Share Transfer

Integrated Enterprises (India) Ltd, Bengaluru, a SEBI registered Category I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent. 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 Enterprises (India) Ltd.

No. 30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bengaluru – 560 003
Telephone : 080 23460815 to 818 Fax : 080 23460819
Email : irg@integratedindia.in

Share Transfer System

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

Shareholding Pattern as on 31 March 2016

Sr.	Category	No. of share holders	No. of shares	% holding
1	Central Government	2	180042630	75.02
2	Mutual Funds/ UTI	148	19901645	8.29
3	Financial Institutions/ Banks	4	84277	0.04
4	Insurance Companies	20	15286782	6.37
5	Foreign Institutional Investors	138	9590384	4.00
6	Bodies Corporate	912	5253551	2.19
7	Individuals	50514	8986786	3.74
8	Trusts	7	19355	0.01
9	NRIs	1399	361585	0.15
10	Clearing Members	380	473005	0.20
	Total	53524	240000000	100.00

Top 10 Shareholders as on 31 March 2016

Sr.	Name of the shareholder	No. of Shares	% Holding
1	Life Insurance corporation of India	12741544	5.31
2	Reliance Capital Trustee Co. Ltd. (Reliance equity)	2433292	1.01
3	HDFC Trustee Company Ltd (HDFC MID – CAPOPPOR)	1595800	0.66
4	LIC Of India Market Plus Growth Fund	733816	0.31
5	ICICI Prudential Value Discovery Fund	1200000	0.50
6	Life Insurance Corporation Of India - ULIF00420091	1150311	0.48
7	Vanguard Emerging Markets Stock Index Fund	946693	0.39
8	HDFC Trustee Company Limited - HDFC Tax Saver Fund	1536000	0.64
9	CPSE ETF	788851	0.33
10	National Insurance Company Ltd	949530	0.40

Distribution of Shareholding as on 31 March 2016

No. of Equity Shares held	No. of Share holders	%	No. of Shares	%
Upto 500	50651	94.63	3167770	1.32
501 - 1000	1399	2.61	991975	0.41
1001 - 2000	640	1.20	915270	0.38
2001 - 3000	248	0.46	644716	0.27
3001 - 4000	77	0.14	279777	0.12
4001 - 5000	71	0.13	325915	0.14
5001 - 10,000	150	0.28	1077424	0.45
10001 and Above	288	0.54	232597153	96.92
TOTAL	53524	100.00	240000000	100.00

Dematerialisation of Shares

99.98% of total equity shares of the Company are held by the investors in dematerialized form with NSDL and CDSL.

Outstanding GDRs/ADRs/Warrants : Not Applicable

Transfer to IEPF Account

During the year 2015-16, the Company transferred to the Fund an amount of ₹ 2,27,336 from the Unpaid Dividend Account (₹ 1,59,878 of final dividend 2007-08 and ₹ 67,458 of interim dividend 2008-09). The unclaimed/ unpaid final dividend for the year 2008-09 and interim dividend for the year 2009-10 are due for transfer to the Fund in 2016-17. Notices to this effect have been sent to the respective shareholders to enable them to claim and receive the amount. The Company has posted on its website www.bel-india.com in a separate page titled "Information for Investors" the details of dividend payment since 2006-07 onwards and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided there to claim unpaid/ unclaimed dividend.

Credit Rating

ICRA has reaffirmed the following credit ratings of the Company for 2016-17 :

- Long-term rating of [ICRA]AAA (pronounced ICRA triple A) to ₹ 20,000 lakhs fund based bank limits.
- Short-term rating of [ICRA] A1+ (pronounced ICRA A one plus) to ₹ 270,000 lakhs non-fund based bank limits.
- Short-term rating of [ICRA] A1+ (pronounced ICRA A one plus) to ₹ 500 lakhs short-term debt programme.

The outlook on the long-term rating is 'stable'. These ratings indicate the highest credit quality in the long- and short-term.

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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 28 Feb 2017.

CEO/CFO Certification

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

Compliance

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

DPE Grading

The DPE guidelines on Corporate Governance for CPSEs provide that the CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for the year 2014-15.

Additional/General Information for Shareholders

Annual General Meeting

Date	: 22 September 2016
Time	: 02.00 p.m.
Venue	: The Siddhartha Hall, Hotel Lalit Ashok, Kumarakrupa High Grounds, Bengaluru - 560 001.

Financial Calendar 2016-17

Financial Year	: 1 April 2016 to 31 March 2017
First quarter results	: By first week of August 2016
Second quarter results	: By end of Oct 2016
Third quarter results	: By end of Jan 2017
Annual Audited results	: By end of May 2017
Annual General Meeting	: Sept 2017

Book Closure

22 August 2016 to 24 August 2016 (both days inclusive)

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

- (1) Jalahalli Post, Bengaluru – 560013 (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

Registered Office/ Address for Correspondence

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Bharat Electronics Limited,

We have examined the compliance of conditions of corporate governance by Bharat Electronics Limited, for the year ended on 31 March 2016, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges in India for the period 1 April 2015 to 30 November 2015, as per the relevant provisions of SEBI (Listing Obligation and Disclosure Requirements) ('Listing Regulations') as referred to in Regulation 15(2) of the Listing regulations for the period 1 December 2015 to 31 March 2016 and Department of Public Enterprises (DPE) guidelines on corporate governance for central public sector enterprises.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the guidance note on certification of corporate governance (as stipulated in clause 49 of the listing agreement), issued by Institute of Chartered Accountants of India and was limited to 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.

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 the above mentioned Listing Agreement, Listing Regulations and DPE guidelines. However the company is yet to appoint the adequate number of Independent Directors as per the requirements of the Listing Agreement and listing regulations. During the Audit period, the Company was required to appoint a women Director on the Board w.e.f 1 April 2015, however the said appointment was made w.e.f 26 August 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.

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.

We further state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders'/Investors' Relations Committee.

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

FRN : 005389S

S Rajendiran

Partner

Membership Number : 021883

Bengaluru
27 May, 2016

Declaration of Compliance with the Code of Conduct

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 14 May 2010, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, KMPs & Senior Management of Bharat Electronics Ltd., for the year ended 31 March 2016.

For Bharat Electronics Ltd

Bengaluru
27 May 2016

Sunil Kumar Sharma
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 Financial Statements for the year ended 31.03.2016 and that to the best of our knowledge and belief :
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or in 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) Significant changes in internal control **over financial reporting** during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) 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**.

P R Acharya
CFO & Director (Finance)

S K Sharma
Chairman & Managing Director

Annexure 7

Sustainability Report

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

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

Cleaner Technology

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

BEL understands that pollution prevention begins at the source. Keeping that in mind, several improvements and modifications have been done in the existing processes in BEL. Many of the RoHS compliant processes have been introduced in PCB manufacturing and metal finishing processes, low smoke halogen cables, low VOC metal finishing operation (Poly urethane). Automation of various equipment such as air compressors and introduction of variable frequency drives control for pumps in the Components SBU in the year 2014-15 have resulted in an annual savings of ₹ 13.8 Lakhs due to energy savings.

Emission to Air

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

Water Pollution

Wastewater generated during the manufacturing process are treated to meet Pollution Control Board norms. BEL has gone one step ahead to treat the wastewater to meet reusable standards and is recycled for purposes of production again. Likewise, domestic effluents generated are treated and recycled for horticulture purposes. In addition to reuse of treated wastewater BEL BG CX is procuring 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. Furthermore, precautions to prevent the spread of water pollution at the source were also taken up. PVC trenches were introduced at all the wet process centers of PCB division to prevent the leakage of the chemicals into the ground.

Hazardous Waste Management System

Reduce and recycle principle is followed in handling of hazardous waste. The generation of hazardous waste has

been reduced at the process level itself by the introduction of appropriate chemicals that generate less hazardous sludge in the process of detoxification of wastewater and by adopting cleaner technology. Besides, introduction of cyanide-free zinc and copper plating processes, use of sodium hydrides, sodium hypochlorite and sodium metabisulphate in place of lime, bleaching powder and ferrous sulphate, help in reduction of large volume of hazardous sludge. Reduction of the solder paste wastage from 40% to 20% was achieved by installing Solder paste mixing machine in the EWA SBU. Hazardous wastes generated are handled in a scientific way. Bharat Electronics has established a system for safe-keeping/ handling of hazardous waste by constructing an exclusive, well-protected place for the safe-keeping of the hazardous waste. BEL has tied up with the State Pollution Control Board, "Treatment, Storage & Disposal Facility" operators for disposal of landfillable solid hazardous waste. Recyclable wastes are handed over to Pollution Control Board authorised agencies for scientific processing and recycling. This system effectively prevents pollution caused by hazardous wastes.

E- Waste Management

BEL's proactive initiative helped in the established compliance to E-waste (M&H) rules, 2011. E-waste generated is handed over to Pollution Control authorised agencies for scientific processing and recycling. Handling and disposal guidelines are provided along with instrument for safe disposal of E-waste after end of use. However E-waste generated during the manufacturing process is handed over to Pollution Control Board authorised agencies for scientific processing and recovery. BEL will now establish compliance to the E-waste (M&H) rules 2016, by categorizing CFLs and mercury containing bulbs into E-waste.

Biomedical Waste

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

Solid Waste Management

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

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.

Water Management

Water conservation measures are achieved through the outcome of water audit. Several water conservation projects like automation of desmearing process for demand based water supply, automation of bore well water drawing system, level controller for water tanks, efficient dish washing system and the use of swill water with air agitation are implemented for conserving water. Implementation of these water conservation projects have led to a consistent reduction of water consumption each year. Rainwater harvesting and innovative recharging of bore wells enable us to collect the runoff water and recharge the ground water table. The large-scale rainwater harvesting reservoir at Bangalore unit has a capacity of 170 million litres with expected an annual yield of around 234 million litres. Roof top rainwater harvesting had collected 1050 m³ of rainwater in the last year which was directly used for the generation of RO water. In addition, the Reverse Osmosis (RO) waste recovery system installed recovered about 5634 m³/annum. Water Consumption at Bangalore Complex during 2015-16 was 1.60 Kilo Litre per lakh rupee of Production.

Sustainable development Initiatives

BEL has taken up sustainable development projects in the areas of air conditioning, air compressor, lighting management system, natural day light harvesting, carbon footprint and water footprint. 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 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. 30% of energy consumption during the last year is from wind energy of 5.5 MW. Additional 8.4 MW of wind energy power plant is commissioned during March 2016 in Davanagere district, Karnataka. This will result in about 90% total energy consumption of BG CX from renewable energy in addition to other energy conservation measures like HVAC automation, LED street lighting, 500 kWp roof top solar PV plant, DALI based lighting management system, star rated split AC's and energy efficient transformers.

Generation of renewable energy (Green Energy) through 2.5 MW, 3 MW and 8.4 MW capacity windmills, 500 kWp roof top solar PV plant results in reducing the release of Green House Gases into the atmosphere. With a total capacity of 5.5 MW wind energy plants 80,96,111 units generated has been wheeled during 2015-16. The expected generation during 2016-17 will be around 2,50,00,000 unit including newly commissioned 8.4 MW wind power plant.

Ecological Sustainability

BEL pursues its journey towards Ecological Sustainability, verdant greenery, right from the entrance of the BEL campus. Around 1,30,000 different species of plants are grown in the campus that are home to a variety of birds and other creatures supported by fruit and flower bearing plants. Even open areas are covered with lawns and shrubs, around 3,74,000 square metres of lawns and 23,000 metre hedges are nurtured in the campus. The green carpet helps in arresting dust, absorbing heat, low carbon sink and release of fresh oxygen. Lush, green plantations, spread over 170 acres of land stand as a testimony for Bharat Electronics commitment to afforestation.

BEL BG CX has taken the novel step of transplanting as many as 108 trees that would otherwise have been cut. These transplanted trees are growing very well. BEL has planted around 2000 trees against its afforestation programme. Transplantation of 100 Trees in Estate area of Bengaluru Complex on 31 January 2015 has been done. Inauguration of Swachh Bharat Campaign at BEL Bengaluru Complex by Planting saplings of about 800 to existing plantation in Township Area has been done. BEL is nurturing lawn area of 3,74,000 Square Meter and 23,000 meters hedges and more than 1,30,000 trees in our 685 acres of green campus. BEL has planned for planting another 2500 trees in the coming year.

OHSAS 18001(2007)

BEL cares for the well-being of its workforce as well. Construction divisions follow implementation guidelines of OHSAS 18001(2007) to address occupational and safety issues.

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.com
5. E-mail id : secretary@bel.co.in
6. Financial Year reported : 2015-16
7. Sector(s) that the Company is engaged in (industrial activity code - wise) : Radar & Communication Equipment
Electro-Optic Equipment
Electronic Components
8. List three key products/services that the Company manufactures/provides (as in balance sheet) :
 - i. Radars
 - ii. Communication Transmitters - cum - Receivers
 - iii. Electro-Optic Products
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 : New York (USA) and Singapore
 - ii. Number of National Locations :
Manufacturing Units at : Bengaluru (Karnataka), Ghaziabad (Uttar Pradesh), Panchkula (Haryana), Kotdwara (Uttarakhand), Pune and Navi Mumbai (Maharashtra), Hyderabad (Telangana), Machilipatnam (Andhra Pradesh) and Chennai (Tamil Nadu)

Regional / Marketing Offices at : New Delhi, Mumbai, Kolkata and Visakhapatnam
10. Markets served by the Company – Local/State/National/International:
National and International

Section B : Financial Details of the Company

1. Paid up Capital (INR) : ₹ 24,000 Lakhs
2. Total Turnover (INR) : ₹ 752,164.14 Lakhs
3. Total Profit After Taxes (INR) : ₹ 135,766.59 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%) : 1.89%, ₹ 2569.49 Lakhs
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 Optronics Devices Ltd, Pune
- ii. BEL-THALES Systems Ltd, Bengaluru

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

No

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

Outsourcing activity in the company is governed by well established procedure. As Quality, Delivery and Cost are of prime importance, extreme care is taken in the selection and establishment of blemish free vendors. There is a Vendor Evaluation Committee in place and the broad activities of the committee include Assessment of Capabilities & Infrastructure, Quality Accreditations,

Environmental Certifications, Vendors Client List and their registration with the Vendor, Bankers' details, vendors' credentials etc. The vendors fulfilling these conditions will only be included in the Approved Vendor Directory (AVD) of the company.

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

Section D : BR Information

1. Details of Director / Directors responsible for BR

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

DIN : 00058949
Name : Mr M L Shanmukh
Designation : Director (Human Resources)

- b) Details of the BR head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	00058949
2.	Name	Mr M L Shanmukh
3.	Designation	Director (Human Resources)
4.	Telephone number	080-25039205
5.	e-mail id	shanmukhml@bel.co.in

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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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								

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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.com under "Information for Investors"								
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 Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	Not Applicable as the Company has formulated policies based on all the nine Principles.								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

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

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

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

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

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?

The policy covers the Company. In addition, the Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹ 500 lakhs and above. 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.

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. Customer Co-ordination Cell has been set up at Bengaluru for registration of 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 customer to track progress on complaint online by getting Unique Identification Number for the registered complaint. The cell generates monthly report on summery of complaints for management.

Summary of Complaints for the Financial year 2015-16

No. of Complaints Registered	No. of Complaints Resolved	No. of Complaints Pending
6268	5682 (90.7%)	586 (9.3%)

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. Citizen Verification Device
- ii. Power Management unit for integrated traffic management
- iii. POS for FPS automation

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 in not constant and multiple electronics integration is done, production varies from manufacture of IC's to RADAR etc, product specific information not be captured. It is measured in terms of electrical energy consumption.

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

Yes

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.

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

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

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

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. Nearly one third 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 and services required for 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 and workshops of MSMEs to facilitate itself for identification of products & suppliers for procurement.

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

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

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

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

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

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

Company has well established mechanism to channelize for disposal of waste generated during the manufacture of product/ equipment through authorized recyclers/ handlers to respective Pollution control approved agencies. Metal wastes, Used Oil, Solvents and Copper bearing Etchants are totally (100%) sent to authorized recyclers for recycling and recovery. Paper, plastics are handed over to recycles. In addition left out food waste used for generation of Biogas using in the Biogas plant is in turn used for light cooking application.

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

Principle 3

- Please indicate the Total number of employees : 9,848
- Please indicate the Total number of employees hired on Contractual/temporary/casual basis : 4,469
- Please indicate the Number of permanent women employees : 2,019
- Please indicate the Number of permanent employees with disabilities : 238
- Do you have an employee association that is recognized by management? : Yes

- What percentage of your permanent employees : 91.72% is members of this recognized employee association?
- 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	02	NIL
3.	Discriminatory employment	NIL	NIL

- 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	21	41
2.	Permanent Women Employees	20	46
3.	Contract Employees	17	2
4.	Employees with Disability	21	41

Principle 4

- Has the Company mapped its internal and external stakeholders? : Yes
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders? Yes
 - SC/ST employees
 - Employees with disabilities
 - 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.

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 all facilities such as classrooms, furniture, library, etc has been constructed by the Management.

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

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

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

Special initiatives for Employees with disabilities: BEL extends special allowance and facilities for Persons with disabilities which include free transport, conveyance allowance for physically handicapped employees who do not use 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 vehicles

upto the place of work. Appliances such as hearing aids, calipers, aluminum folding sticks etc, for orthopedically handicapped, hearing and visually handicapped are also 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. Thus, 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? : NIL

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.

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

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N.

Yes. The Company addresses the issues such as climate change, global warming through energy conservation measures, like energy efficient chillers, lighting management system, building management systems. There is a thrust to use renewable energy resources such as wind and solar for energy generation and captive consumption.

3. Does the company identify and assess potential environmental risks? Y/N.

Yes. This is well established as a part of environment management system based on ISO14001 standards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

Yes. Generation of wind energy (Green Energy) through 2.5 MW capacity wind mill at Davanagere 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 2015-16 and cumulative from inception of these are provided below :

DAVANAGARE 2.5 MW wind energy power plant (0.5 MW X 5 Nos)

- | | | | |
|--|---|-------------|--------------------------------|
| a. Total Generation during 2015-16 | : | 3,392,325 | kWhrs |
| b. Total wheeled energy during 2015-16 | : | 3,069,579 | kWhrs |
| c. Reduction in CO ₂ emission | : | 3,074 tons | of CO ₂ equivalents |
| d. Carbon Credits | : | 15,856 | CERs |
| e. Cumulative wheeled from inception | : | 29,660,454 | kWhrs |
| f. Cumulative CO ₂ emission reduction | : | 32,481 tons | of CO ₂ equivalents |

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

- | | | | |
|--|---|-----------------|--------------------------------|
| a. Total Generation during 2015-16 | : | 5,552,700 | kWhrs |
| b. Total wheeled energy during 2015-16 | : | 5,026,532 | kWhrs |
| c. Reduction in CO ₂ emission | : | 5,041 tons | of CO ₂ equivalents |
| d. Carbon Credits | : | Registered with | UNFCC |
| e. Cumulative wheeled from inception | : | 37,578,648 | kWhrs |
| f. Cumulative CO ₂ emission reduction | : | 46,846 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. 33% of energy consumption during the last year is from wind energy of 5.5 MW. Additional 8.4 MW of wind energy power plant is commissioned during March 2016 in Davanagere district, Karnataka. This will result in about 90% total energy consumption of BG CX from renewable energy in addition to other energy conservation measures like HVAC automation, LED street lighting, 500 kwp roof top solar PV plant, DALI based lighting management system, star rated split AC's and energy efficient transformers.

As a part of environmental initiative, 36 new RoHS compliant components, Two environmental friendly Aqueous and Solvent Based alternatives to Trichloro ethylene (TCE) for metal degreasing and eco friendly cyanide free alkaline zinc plating process were introduced.

Incorporation of Green building concept have been introduced in all new buildings and all future buildings are going to meet Green Rating for Integrated Habitat Assessment (GRIHA) rating compliance.

Transplantation of 100 Trees in Estate area of Bengaluru Complex on 31 January 2015 is a remarkable achievement.

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 Company has good record of environment management and compliance : NIL

<http://www.bel-india.com/sites/default/files/Business-Responsibility-Policy.pdf>

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with :

- a. Federation of Indian Chambers of Commerce & Industry (FICCI)
 - b. Standing Conference of Public Enterprises (SCOPE)
 - c. Confederation of Indian Industry (CII)
 - d. Associated Chambers of Commerce and Industry of India (ASSOCHAM)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Whenever Policy guidelines are issued, suggestions are being provided. In addition, seminars/workshops are also attended for facilitating our view on the Policies.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. The Company had established the Revised CSR Policy on 16-06-14, in line with the Companies Act 2013, and the Companies (Corporate Social Responsibility) Rules 2014, which had come into effect from 01-04-14. The company is pursuing its cherished value of endeavouring to fulfil its Corporate Social Responsibilities.

A three tier structure has been established to identify and implement CSR programmes / projects focused towards community development.

Tier-1 :

The CSR Board level Committee is headed by CMD and other members are Director (Human Resources), Director (Other Units), Director (Finance) and an Independent Director.

Tier-2 :

The CSR Apex Committee is headed by a Director (Other Units) and other members are Head-HR/CO, Head-HR/BG and Head-ES/BG.

Tier-3 :

The CSR Working level Committee is headed by Executive Director (HR/CO), who is also the Nodal Officer to facilitate implementation, reporting and co-ordination of CSR projects throughout the Company. Each Unit has a CSR working level committee that identifies, submits proposal and facilitates implementation, reporting and co-ordination of CSR activities in the unit.

The programmes / initiatives / projects are taken up in line with the Schedule-VII of the Companies Act-2013, which are duly incorporated in our CSR policy and forms the guiding principle for all our programmes.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO/ government structures / any other organization?

All the CSR initiatives in the company are taken up through in-house team. The CSR initiatives being pursued by the company are broadly in the following areas :

- Education
- Health Care
- Sanitation
- Vocational Skill Development
- Protection of heritage sites
- Armed Forces Welfare
- Rural Development
- Environment Protection & Sustainable Development

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

The programmes / projects are generally chosen in the neighbourhood of the Company's Units. These programmes / projects are implemented by the in-house teams of the Company. During the year 2013-14 as per the DPE guidelines, then extant, BEL adopted 3 Gram Panchayats (viz., Malhar, Madhwar & Kadechur) of Yadgir District of Karnataka State (most backward district of Karnataka State as identified by the Planning Commission, Govt of India) for implementing various programmes / projects under its CSR initiatives. A Baseline Survey was initially carried out by the Institute of Social & Economic Change (ISEC), Bengaluru on behalf of BEL. After handing over CSR the CSR projects

to the district administration at Yadgir, BEL initiated "Impact Assessment" study of its initiatives at Yadgir which is currently in progress.

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 2015-16, an amount of ₹ 2569.49 Lakhs was set aside by the Company on various CSR programmes / projects. Some of the key programmes undertaken during the year are given in the **Annexure 2** report on CSR activities.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

Consequent to the implementation of our new initiatives on CSR programmes in 3 Gram Panchayats of Yadgir District (most backward district) of Karnataka State, various community development programmes in the areas of education, health care, environment protection and rural development have already been implemented in association with the District Administration and local communities. These programmes are likely to make an impact on the lives of the rural people and accelerate the development of the District.

- i. The CSR initiatives in 3 Gram Panchayats of Yadgir District (most backward district) of Karnataka State include various community development programmes in the areas of education, health care, environment protection and rural development that have already been implemented in the association with the district administration and local communities. These programmes are intended to make an impact on the lives of the rural people and accelerate the development of the district.
- ii. BEL is implementing "Swachh Vidyalaya Abhiyaan", an initiative of the Govt. Of India by constructing toilets for boys & girls in 114 schools across 8 States. The aim of this initiative is to

create awareness about sanitation and inculcate hygienic habits in school children of all ages. It is envisaged that this initiative will have a cascading effect- the children becoming agents of change for healthier habits in their schools, homes and communities as well.

Principle 9

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

There are a total of 586 complaints pending as on 31 March 2016. This amounts to 9.3% 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 31.03.2016.

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 stake holder in this financial year i.e. 2015-16 and for the past five years.

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

Yes. Customer satisfaction survey is conducted periodically and the outcome of the survey will be used in improving the satisfaction level.

Annexure 9

Information required to be disclosed in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo.

A. Conservation of Energy

(i) Energy conservation measures taken during the year 2015-16

- a) Automation of HVAC facilities to optimize energy consumption of air conditioning areas.
- b) Energy efficient screw chillers in AC plants for meeting variable cooling load demand.
- c) Implementation of VRV based Air conditioning for new buildings and infrastructure facilities.
- d) Energy efficient motors for pumps, blowers with variable frequency drives (VFD) for motors and centrifugal fans of cooling towers.
- e) Usage of inverter technology based energy efficient split air conditioners and 5 star rated packaged units and cold storage units.
- f) Life Cycle Cost based evaluation for procurement of distribution transformers and electrical equipments for improved energy efficiency levels.
- g) Energy audit of chilled water, compressed air and water distribution system and arresting leakages by periodic monitoring.
- h) DALI based Lighting Management System with occupancy based lighting controls and daylight harvesting at new buildings.
- i) Installation of LED Street lighting, Area lighting and LED indoor lighting for energy saving.
- j) Incorporation of Building Management Systems (BMS) for optimization of Air conditioning areas.
- k) Usage of portable chillers and air compressors to minimize energy wastage.

(ii) The steps taken by the company for utilising alternate sources of energy

- a) Wind energy generation through 5.5 MW wind power plants installed at Davanagere and Hassan, Karnataka state for captive consumption, which contributes to 30% of energy consumed by Bengaluru Complex.
- b) Wind energy power plant of 8.4 MW, commissioned during March 2016 at Davanagere, Karnataka state for captive consumption. Expected wheeling of electrical energy about 170 lakh units per annum.
- c) Installation and commissioning of Grid connected roof top solar PV power plant of 5 x100 kWp capacity at BEQI, IC, EWA, MR and Super Components Buildings of Bengaluru Complex, which generates about 7.30 lakh units of electrical energy annually.
- d) Organic waste based biogas plant of capacity 2 tons per day, commissioned at Bengaluru Complex with energy yield equivalent to 70 kgs LPG per day utilizing in canteen kitchen applications.

(iii) The capital investment on energy conservation equipments:

- a) Capital investments on energy conservation equipments made during the year for implementing the measures was around ₹ 256 Lakhs.
- b) Capital investment made for utilizing alternate (renewable) energy resources as stated at (ii) b, c & d is about ₹ 6200 Lakhs.

Additional investments made during the year for implementing the measures at (i) above was around ₹ 386 Lakhs.

B. Technology Absorption, Adaptation and Innovation :

(i) Efforts in brief, made towards technology absorption, adaptation & innovation

R&D divisions of BEL take interest in the absorption of state-of-art technologies in the areas of BEL's

business acquired either through indigenous or imported routes other than its own in-house developments.

In respect of indigenous technologies, BEL R&D divisions have worked closely with various DRDO and other National Labs, Private design houses, academic institutions etc., for either technology absorption of state-of-the-art products developed by them or by taking up of joint development programmes with them.

During the year 2015-16, important milestones achieved by R&D engineers in some of the critical R&D projects are;

- a) Completion of NC-NC demo of the complex Integrated EW System for Mountainous Terrain.
- b) Completion of internal evaluation of Medium Power Radar – Arudra jointly with DRDO and commencement of User trials.
- c) Completion of internal evaluation of avionics grade indigenized version of Receiver Front-end Unit resulting in sales.
- d) Completion of internal evaluation of indigenous Laser Range Finder for Air Defence application and commencement of integration & testing with AD Fire Control Radar – Atulya.
- e) Finalization of System Architecture of Indigenous System-on-Chip (SoC) and progressing design activities.
- f) Completion of internal evaluation of Commander TI Sight for T-90 tank and commencement of User Trials.
- g) Initiation of design & development of major R&D projects with collaborative partners like 3D Air Surveillance Radar, LTE based e-node B & UE, New Generation Sonars, etc

ii) Benefits derived as a result of the above efforts

BEL Engineers are able to absorb the indigenous technologies as a result of close interactions with DRDO

and other National Labs. This helps to commercialize the products at BEL and provide complete product life-cycle support to the customers. BEL Engineers try to bring out updates of the existing technologies and apply the technologies acquired in different applications. All these efforts help to commercialize state-of-the-art technologies for the customers, develop further business, save foreign exchange and promote self reliance.

iii) Information regarding technology imported during the last 5 years

During the last 5 years, certain technologies of interest from various countries have been imported and productionised at BEL and brought to the level of indigenous manufacture for cost reduction and improving indigenous content. BEL Engineers make efforts to absorb / assimilate the imported technologies to provide necessary product support to the customers, try to bring out updates for these products and apply the knowledge gained in the development of new products for business development.

iv) Expenditure on R&D

During 2015-16, BEL has spent a sum of ₹ 70,426.72 lakhs on R&D. The expenditure on Revenue account was ₹ 66,420.82 lakhs and on Capital account was ₹ 4005.90 lakhs. The total R&D expenditure with respect to turnover during the year was 9.36%.

C Foreign Exchange Earnings and Outgo

- i) Activities relating to exports; initiatives taken to improve the exports; development of new export market for products and export plans :

Members are requested to refer to the Board's Report under the paragraph of "Exports", for this information.

- ii) Total foreign exchange used and earned:

Foreign Exchange Earnings on account of export (FOB) was ₹ 55873.26 lakhs as against ₹ 35,847.41 lakhs in the previous year. Foreign Exchange Outgo was ₹ 227933.14 lakhs as against ₹ 184,655.75 lakhs in the previous year.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED,

Report on the Standalone financial statements

We have audited the accompanying standalone financial statements of **BHARAT ELECTRONICS LIMITED ("the Company")**, which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam.

In the light of observations arising in our Auditor's Report from the audit of Comptroller & Audit General of India, our Independent Auditor's Report dated 27 May 2016 has been revised to incorporate Annexure III, the directions of Comptroller & Audit General of India and our findings thereon.

This report supersedes our Independent Auditor's Report dated 27 May 2016.

Management's Responsibility for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness

of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide

a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2016.
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Other Matters

- a) 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 ₹ 3,81,908.39 lakhs as at 31 March 2016 and total revenues of ₹ 1,81,023.18 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 & Audit 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 Units, is based solely on the report of such branch auditors.
- b) We draw attention to Note No. 31(6) regarding disclosures required under Para 5 of Part II to Schedule III of the Companies Act, 2013 (under General Instructions for preparation of Statement of Profit and Loss) [erstwhile Para 5 of Part II to Schedule VI of the Companies Act, 1956 (under General Instructions for preparation of Statement of Profit and Loss)].
- c) We draw attention to Note No. 31(12) regarding disclosure of segment information as required under AS-17.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Companies (Auditor's Report) Order, 2016, issued by the Central Government in terms of sub-section 11 of section 143 of the Companies Act, 2013 and based on the comments in the auditors' report of the respective branches, we give in the annexure a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable. (Annexure 1).
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, Hyderabad and Chennai branches and Corporate Office has been carried out by us. In the case of New York and Singapore Offices and other offices not visited by us, and in respect of which the accounts are maintained at Corporate Office, 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 Unit's 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account of the Company.
 - e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) On the basis of the written representations received from the Directors as at 31 March 2016 taken on

- record by the Board of Directors, none of the Directors is disqualified as on 31 March 2016 from being appointed as a Director in terms of Section 164 (2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company's financial statements and the operating effectiveness of such controls, a separate report is annexed (Annexure II).
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements as at 31 March 2016 – Refer Note 31 (8) to the financial statements.
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- 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 under Section 143 (5) of the Act, which is applicable to the Company, findings on the directions issued by Comptroller and Auditor General of India is annexed (Annexure III).

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number : 005389S

(S.RAJENDIRAN)

Partner

Membership No. 021883

Bengaluru
15 July 2016

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report of even date to the members of the company on the Standalone financial statements for the year ended March 31, 2016, We report that :

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation 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. We draw your attention to Note No. 9 to the financial statements.
- (ii) The raw materials, stores and spare parts, tools, work-in-progress, semi-finished goods and finished goods inventory (excluding stock with third parties and material in transit) have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and the nature of its business.

As informed to us, no material discrepancies have been noticed on such verification. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt in the books of account.

In respect of materials with sub-contractors, confirmations have been received generally 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 account

- (iii) According to the information and explanations given to us, the Company has granted unsecured loan to one 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 explanations 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 its subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 are not prejudicial to the company's interest.
 - (b) In case of the loans granted to the Company listed in the register maintained under section 189 of the Act, the borrower has been regular in the payment of interest and repayment of principal as stipulated.
 - (c) There is no amount overdue for more than 90 days.
- (iv) According to the information and explanations given to us, in respect of loans, investments, guarantees, and security, the provisions of section 185 and 186 of the Companies Act, 2013 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.

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, Bangalore and the balance of ₹ 0.45 lakhs though matured is unpaid due to legal issues.

In our opinion and according to the information and explanations given to us and based on our examination of records, the Company has complied with the provisions of Section 73 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

(vi) The Company pursuant to sub-section (1) of section 148 of the Companies Act for the maintenance and audit of cost records prescribed by the Central Government has maintained cost records. We are of the opinion that, prima facie, the prescribed cost accounts and cost 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) The Company is regular in remittance of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues. According to the information and explanation given to us, no undisputed statutory dues are outstanding as at 31 March 2016, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed amounts that remain unpaid as at 31 March 2016 for a period of more than six months from the date they became payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues with the exception of the following :

Name of Statute	Nature of Dues	Financial year to which amount relates	Amount (₹ in Lakhs)	Forum where dispute is pending
Sales Tax Act	Sales Tax dues	1995-96 to 1997-98, 2005-2015	4971.49	Various levels of Appellate authority
Sales Tax Act	Sales Tax dues	2000-01	361.16	Uttarakhand high court Nainital
Central Sales tax Act	Central Sales Tax (CST)	1980-81, 1991-92, 2005-06 to 2007-08, 2011-12	2194.00	Various levels of Appellate authority
Central Excise Tax	Excise Duty, Modvat Credit	1991-92	38.56	Commissioner (Appeals)
Customs Act	Customs Duty	2012-13	103.52	CESTAT
Customs Act	Customs Duty	-	123.23	Assistant Commissioner of Customs
Finance Act 1994- Service Tax	Service Tax	2007-08, 2009-10	113.96	CESTAT
Finance Act 1994- Service Tax	Revisionary Showcause Notice	2008-09	34.01	Commissioner
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, Chennai.
ESI Act, 1948	Interest and damages towards late deposits	-	3.52	Punjab and Haryana High Court, Chandigarh
Total disputed amount			7995.24	
Total amount paid under protest pending final order			3426.90	

- (viii) On the basis of examination of records of the Company and information and explanations given to us, the Company has not defaulted in repayment of dues to a bank, financial institution or others.
- (ix) The requirement relating to application of moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans for the purposes for which they were raised are not applicable to the Company.
- (x) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company or by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the Management, that causes the financial statements to be materially misstated.
- (xi) According to the information and explanations given to us and based on the examination of records, the provisions in relation to disbursement of managerial remuneration is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The provisions in relation to compliance of Nidhi Company with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability maintenance of ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability is not applicable to the Company.
- (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 and the details have been disclosed in the Financial Statements vide Note No. 31(14), as required by the applicable accounting standards.
- (xiv) The provisions in relation to preferential allotment or private placement of shares or fully or partly convertible debentures during the year under pursuant to the requirement of section 42 of the Companies Act, 2013 are not applicable, since no such issues have been made by the Company.
- (xv) According to the information and explanations given to us and on the basis of examination of 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 Companies Act, 2013 are not applicable.
- (xvi) The requirement of registration under section 45-IA of the Reserve Bank of India Act, 1934 is not applicable to the Company.

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number : 005389S

(S.RAJENDIRAN)

Partner

Membership No. 021883

Bengaluru
15 July 2016

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

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

We have audited the internal financial controls over financial reporting of Bharat Electronics Limited ("the Company") as of March 31, 2016 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 control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 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, 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 2016, 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 **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number : 005389S

(S. RAJENDIRAN)

Partner

Membership No. 021883

Bengaluru

15 July 2016

ANNEXURE III TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

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

Sl. No.	Directions/Sub-directions	Action Taken	Impact on Financial Statement
1.	Whether the company has clear title/lease for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	Yes, the Company holds clear title/lease for freehold and leasehold lands. 1) In case of Freehold land measuring 1010.26 acres, (Bangalore Complex and Hyderabad Units), sale deeds are pending finalization. 2) Title deeds of land measuring 14.02 acres (Bangalore Complex, Panchkula and Kotdwara Units) are under litigation. 3) In case of leasehold land for Windmill Generators at various locations for land measuring to 19.07 acres, lease agreements are pending finalization. 4) Disputed Demand of ₹ 5.12 crores for additional compensation from TSIIC towards land aggregating to 22.375 acres included in Contingent Liabilities.	Nil
2.	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	The total write off during the year aggregating to ₹ 142.29 crores as detailed in the annexure.	Annexure A
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	Yes, proper records are maintained for the inventories lying with third parties and there is no such case of gift received from Govt. or other authorities.	Nil

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Registration Number : 005389S

(S. RAJENDIRAN)

Partner

Membership No. 021883

Bengaluru
15 July 2016

Annexure – A

Amount (₹ In crores)

Sl. No.	Particulars	Total Amount written off	Write off Against Provision/Accumulated Depreciation (₹)	Impact in P/L (₹)
1.	Bad debts/LD/advances written off	54.62	54.38	0.25
2.	Write off of Raw materials, Stores & Components	5.70	5.69	*0.01
3.	Fixed Assets write off	81.97	74.73	**7.24
Total Write Off		142.29	134.80	7.50

* Represents value reduction of obsolete stores and materials.

** Represents loss of ₹ 7.23 Crores caused due to floods at Chennai Unit.



Inspection/BEL Accs(2015-16)/2016-17/ 87
सं/No.

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर - 560 001
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

दिनांक / DATE. 21 July 2016

To

Shri S.K. Sharma,
Chairman and Managing Director,
M/s. Bharat Electronics Limited,
PO Nagavara, Outer Ring Road
Bengaluru - 560 045.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2016.

I forward herewith **Nil Comments Certificates** of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2016.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(E.P. Nivedita)

Pr. Director of Commercial Audit.

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

द.भा / Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

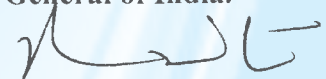
फैक्स / Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S.BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of M/s. Bharat Electronics Limited, Bengaluru for the year ended 31 March 2016 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 27 May 2016 and **revised report dated 15 July 2016.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. Bharat Electronics Limited, Bengaluru for the year ended 31 March 2016. 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. **In view of the revision made to include Annexure III containing the directions issued by the Comptroller & Auditor General of India and compliance thereto under section 143(5) of the Companies Act, 2013 to the Independent Auditor's Report as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer 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.**



(E.P. Nivedita)

Pr. Director of Commercial Audit.

Place: Bengaluru

Date: 21 July 2016

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 2016.

The preparation of consolidated financial statements of M/s. Bharat Electronics Limited, Bengaluru for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is 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 27 May 2016 and **revised Audit Report dated 15 July 2016.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of M/s. Bharat Electronics Limited, Bengaluru for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of M/s. Bharat Electronics Limited, Bengaluru, M/s. BEL Optronics Devices Limited, Pune and M/s. BEL-Thales Systems Limited, Bengaluru but did not conduct supplementary audit of the financial statements of M/s. GE BE Private Limited, Bengaluru for the year ended on that date. **Further, section 139(5) and 143(6)(b) of the Act are not applicable to M/s. GE BE Private Limited, Bengaluru being private entity for appointment of their Statutory Auditor or for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision made to the Independent Auditor's Report to correct paragraph (a) in Other matters to delete reference to BEL Multitone Private Limited as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to statutory auditors' report under section 143(6) (b) read with section 129(4) of the Act.

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



(E.P. Nivedita)

Pr. Director of Commercial Audit.

Place: Bengaluru

Date: 21 July 2016

Significant Accounting Policies

1. BASIS OF ACCOUNTING

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014], 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 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 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. REVENUE RECOGNITION

(i) Revenue from sale of goods is recognised as under :

- a. In the case of FOR contracts, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the company at the request of the customer.
- b. In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.
- c. In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion/delivery period is more than

24 months and the value of the equipment/system is more than ₹ 100 crores, revenue is recognised on the "percentage completion" method. Percentage completion is based on the ratio of actual costs incurred on the contract upto the reporting date to the estimated total cost of the contract.

Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised upto 25% progress only to the extent of costs. After this stage, revenue is recognised on proportionate basis and a contingency provision equal to 20% of the surplus of revenue over costs is made while anticipated losses are recognised in full.

- d. If the sale price is pending finalisation, revenue is recognised on the basis of price expected to be realised. Where break up prices of sub units sold are not provided for, the same are estimated.
 - e. Price revisions and claims for price escalations on contracts are accounted on admittance.
 - f. In case of a composite contract, where separate fee for installation and commissioning is not stipulated and the supply is effected and installation and commissioning work is pending, the estimated costs to be incurred on installation and commissioning activity is provided for and revenue is recognised as per the contract.
 - g. Sales exclude Sales Tax / Value Added Tax (VAT) and include Excise Duty.
- (ii) Revenue from Service Income is recognised as under :
- a. Where installation and commissioning is stipulated and price for the same agreed separately, revenue relating to installation and commissioning is recognised on conclusion of installation and commissioning activity.
 - b. Revenue in respect of Maintenance Contracts is recognized on accrual basis.
 - c. Revenue in respect of other categories of services is recognized on rendering of service.
- (iii) Other income is recognised on accrual.

4. FIXED ASSETS, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS UNDER DEVELOPMENT :

(i) **Tangible Assets :**

Tangible Fixed Assets are stated at cost less accumulated depreciation / amortisation including where the same is acquired in full or in part with government grant. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition, cost of computer software which is an integral part of the related hardware, and also includes borrowing costs during the acquisition / construction phase, if it is a qualifying asset requiring substantial period of time to get ready for intended use. The cost of Fixed Assets acquired from a place outside India includes the exchange differences if any, arising in respect of liabilities in foreign currency incurred for acquisition of the same upto 31.03.2007.

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

(ii) **Intangible Assets :**

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

Cost of Developmental work under progress, is classified as "Intangible Assets under Development".

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

(iii) **Impairment of Assets :**

The Company assesses the impairment of assets with reference to each Cash Generating Unit (CGU) at each Balance Sheet date if events or changes in circumstances, based on internal and external factors, indicate that the carrying value may not be recoverable in full. The loss on account of impairment, which is the difference between the carrying amount and recoverable amount, is accounted accordingly. Recoverable amount of a CGU is its Net Selling Price or Value in Use whichever is higher. The Value in Use is arrived at on the basis of estimated future cash flows discounted at Company's pre-tax borrowing rates.

"Intangible Assets under development" are assessed for impairment at end of each year.

Reversal of impairment provision is made when there is an increase in the estimated service potential of an asset, either from use or sale, on reassessment after the date when impairment loss for that asset was last recognised.

5. DEPRECIATION / AMORTISATION

Tangible depreciable Fixed Assets are generally depreciated on straight-line method over the useful life of the assets estimated by the Management and in the manner prescribed in Schedule II to the Companies Act, 2013.

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

Special instruments are amortized over related production.

Intangible Assets in respect of the ERP software (SAP) acquired for internal use is amortized over a period of three years on straight-line method.

Internally generated Intangible Assets are amortised on a straight line over their estimated useful life subject to a maximum period of ten years.

Prorata depreciation / amortization is charged from / upto the date on which the assets are ready to be put to use / are deleted or discarded.

Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

Borrowing costs that are specifically attributable to qualifying assets as defined in Accounting Standard AS 16 are added to the cost of such assets until use or sale and the balance expensed in the year in which the same is incurred.

7. RESEARCH & DEVELOPMENT EXPENDITURE

- (i) Expenditure on Research activity is recognized 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-sales contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

Where such developmental projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.

- (iii) Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Accounting Standard (AS) 26 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.
- (iv) Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on closure of project, the amount will be either capitalised if

further economic benefit is expected from its use or charged off.

- (v) R&D expenditure on Fixed Assets is capitalised.

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

The amount lying in Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

The amount lying in Deferred Income on account of Revenue Expenses is transferred to the credit of Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

Grants in the nature of promoter's contribution are credited to Capital Reserve.

9. INVESTMENTS

- (i) Investments are categorised as Trade Investments or Other Investments. Trade investments are the investments made to enhance the Company's business interests.
- (ii) Investments are further classified either as long-term or current based on the Management's intention at the time of purchase. Long term investments are valued at acquisition cost. Any diminution in the value other than of temporary nature is provided for. Current investments are carried at lower of cost or fair value.

10. INVENTORY VALUATION

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. Finished goods at factories include applicable excise duty. Adequate provision is made for inventory which are more than five years old which may not be required for further use.

11. TRADE RECEIVABLES AND OTHER RECEIVABLES

- (i) Full provision is made for all Trade Receivables and Other Receivables considered doubtful of recovery having regard to the following considerations :
 - a. Time barred dues from the government/ government departments / government companies are generally not treated as doubtful.
 - 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.
- (ii) Provision for bad and doubtful dues is generally made for dues outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realisable based on a case to case review.

12. INCOME TAX

Tax expense comprising current tax after considering deferred tax as determined under the prevailing tax laws are recognised in the Statement of Profit and Loss for the period.

Certain items of income and expenditure are not considered in tax returns and financial statements in the same period. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset / liability. The effect on deferred tax assets and liabilities due to change in such assets / liabilities as at the end of the accounting period as compared to the beginning of the period and due to a change in tax rates are recognised in the Statement of Profit and Loss for the period.

13. 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.

14. FOREIGN CURRENCY TRANSACTIONS

Foreign exchange transactions including that of integral foreign branches are recorded using the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated

at period-end rates. The resultant exchange difference arising from settlement of transactions during the period and translations at the period end, except those upto 31.03.2007 relating to acquisition of Fixed Assets from a place outside India, is recognised in the Statement of Profit and Loss. Exchange differences relating to the acquisition of Fixed Assets were adjusted in the carrying cost of the Fixed Assets till 31.03.2007.

Premium or discount arising at the inception of the forward exchange contract is amortised as income / expenditure over the life of the contract. Premium arising at the time of entering into an Options contract is charged off at the time of inception of the Contract.

The exchange rate differences on the amount of forward exchange contracts between the rate on the last reporting date / the rate at the time of entering into a contract during the period and the rate on the settlement date / reporting date are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

In accordance with the announcement of ICAI on Accounting for Derivatives, Forward Exchange Contracts / Options Contracts entered into to Hedge the Foreign Currency Risk of a "Firm Commitment" or a Highly Probable forecast transaction and outstanding as on reporting date are valued on Marked to Market basis and losses, if any, are adjusted in the Statement of Profit and Loss. Any gain on Marked to Market valuation is not recognized by the company keeping in view the principle of prudence as enunciated in AS-1- Disclosure of Accounting Policy.

Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period when the cancellation or renewal occurs.

15. 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.

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.

- (ii) (a) Defined contribution to Employee Pension Scheme is made on monthly accrual basis at the applicable rates.
- (b) Defined contribution to Superannuation Pension Scheme is made on Annual basis at the applicable rates.
- (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) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

Prior period adjustments and extraordinary items having material impact on the financial affairs of the Company are disclosed.

17. 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.

18. PROVISIONS AND CONTINGENT LIABILITIES

Provisions for losses and contingencies arising as a result of a past event where the Management considers it probable that a liability may be incurred, are made on the basis of the best reliable estimate of the expenditure required to settle the present obligation on the Balance Sheet date, and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. Significant variations thereof are disclosed.

Contingent liabilities to the extent the Management is aware, are disclosed by way of notes to the accounts.

19. CASH FLOW STATEMENT

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statements.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S Rajendiran
Partner
Membership No. 021883

Bengaluru
27 May 2016

S K Sharma
Chairman & Managing Director

S Sreenivas
Company Secretary

P R Acharya
Director (Finance)

Balance Sheet as at 31 March 2016

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	1	24,000.00	8,000.00
(b) Reserves & Surplus	2	849,383.34	780,502.89
		873,383.34	788,502.89
(2) Government Grants			
	3	624.97	910.51
(3) Non - Current Liabilities			
(a) Other Long-Term Liabilities	4	206.32	107.57
(b) Long-Term Provisions	5	51,338.21	43,328.96
		51,544.53	43,436.53
(4) Current Liabilities			
(a) Short term borrowing	31.4	-	-
(b) Trade Payables	6		
- Total outstanding dues of MSE		643.62	404.91
- Total outstanding dues other than dues of MSE		116,195.23	112,209.09
(c) Other Current Liabilities	7	694,995.65	540,167.59
(d) Short-Term Provisions	8	64,839.34	34,338.58
		876,673.84	687,120.17
TOTAL		1,802,226.68	1,519,970.10
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	95,772.85	77,053.53
(ii) Intangible Assets	10	68.92	56.93
(iii) Capital Work-in-Progress	11	22,187.49	13,965.54
(iv) Intangible Assets under Development	12	20,784.00	11.99
(b) Non-Current Investments	13	31,794.63	1,911.53
(c) Deferred Tax Assets (Net)	14	37,232.61	33,779.59
(d) Long-Term Loans & Advances	15	7,253.09	6,156.58
(e) Other Non-Current Assets	16	7,494.93	8,932.79
		222,588.52	141,868.48
(2) Current Assets			
(a) Inventories	17	416,788.63	336,943.20
(b) Trade Receivables	18	371,190.22	378,614.33
(c) Cash & Bank Balances	19	733,194.20	588,153.06
(d) Short-Term Loans & Advances	20	52,657.24	69,042.78
(e) Other Current Assets	21	5,807.87	5,348.25
		1,579,638.16	1,378,101.62
TOTAL		1,802,226.68	1,519,970.10

Significant Accounting Policies & Note No. 1 to 31 form part of Financial Statements.

As per our report attached

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883

S Sreenivas
Company Secretary

Bengaluru
27 May 2016

Statement of Profit & Loss for the year ended 31 March 2016

(₹ in Lakhs)

PARTICULARS	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
I. REVENUE FROM OPERATIONS			
(i) Turnover			
(a) Sale of Products		670,074.36	611,603.66
(b) Sale of Services		82,089.78	57,852.87
(c) Gross (a+b)		752,164.14	669,456.53
(d) Excise Duty		36,755.80	1,902.69
(e) Net Turnover (c-d)		715,408.34	667,553.84
(ii) Other Operating Revenues	22	14,106.87	16,711.81
TOTAL [i(e)+ii]		729,515.21	684,265.65
II. OTHER INCOME	23	53,215.25	47,795.18
III. TOTAL REVENUE (I + II)		782,730.46	732,060.83
IV. EXPENSES			
(a) Cost of Material Consumed		368,257.32	326,534.05
(b) Cost of Stores & Spares Consumed		2,926.83	3,967.10
(c) Purchases of Stock in Trade		33,936.48	43,952.00
(d) Changes in Inventories of Finished Goods, WIP & Scrap	24	(26,045.33)	3,602.18
(e) Employee Benefits Expense	25	130,184.94	126,345.08
(f) Finance Costs	26	450.08	138.38
(g) Depreciation and Amortization Expense	9 & 10	16,892.74	15,396.49
(h) Other Expenses	27	74,436.89	65,531.99
TOTAL EXPENSES (a to h)		601,039.95	585,467.27
V. Profit before exceptional & extraordinary items & tax (III - IV)		181,690.51	146,593.56
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		181,690.51	146,593.56
VIII. Extraordinary items	28	1,101.72	-
IX. Profit for the year (VII-VIII)		180,588.79	146,593.56
X. Prior Period Items (Net)	29	325.68	75.11
XI. Profit for the year before tax (IX+X)		180,914.47	146,668.67
XII. Tax Expense			
- Current Year		48,600.00	36,600.00
- Earlier Years		0.90	(2,825.29)
- Deferred Taxes		(3,453.02)	(3,830.13)
Total Provision for Taxation		45,147.88	29,944.58
XIII. Profit for the year after tax (XI - XII)		135,766.59	116,724.09
XIV. Earnings per equity share:	30		
(1) Basic [in Rupees]		56.57	48.64
(2) Diluted [in Rupees]		56.57	48.64

Significant Accounting Policies & Note No. 1 to 31 form part of Financial Statements.

As per our report attached

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883

S Sreenivas
Company Secretary

Bengaluru
27 May 2016

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 1		
SHARE CAPITAL		
Authorised Capital		
25,00,00,000 (10,00,00,000) Equity Shares of ₹ 10 each	25,000.00	10,000.00
Issued, Subscribed & Fully Paid-up Capital		
24,00,00,000 (8,00,00,000) Equity Shares of ₹ 10 each	24,000.00	8,000.00

i. Reconciliation of No. of Shares

Particulars	2015 - 16		2014 - 15	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00
Add: Shares issued during the year (Bonus Shares)	160,000,000	16,000.00	-	-
Less: Shares Bought Back, etc., during the year	-	-	-	-
Shares outstanding at the end of the reporting period	240,000,000	24,000.00	80,000,000	8,000.00

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2016 is given below :

Name of Shareholder	2015 - 16		2014 - 15	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	180,042,330	75.02%	60,015,859	75.02%
Life Insurance Corporation of India	12,741,544	5.31%	4,476,641	5.60%

- iii. Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. **NIL** NIL
- iv. The aggregate value of calls unpaid (including Directors and Officers of Company) **NIL** NIL
- v. The Company has only one class of shares viz, Equity Shares.
- vi. 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.
- vii. Each Shareholder has a right to receive the dividend declared by the Company.
- viii. 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.
- ix. During the year, the company issued 160,000,000 fully paid equity shares of ₹ 10/- each as bonus share to the existing shareholders in the ratio of two fully paid equity share of ₹ 10/- each for every one fully paid equity share of ₹ 10/- each.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Land Valuation Reserve	200.64	200.64
b) Capital Profit :		
At the beginning of the year	4,667.43	4,667.43
Add : Transfer from Surplus for the period	2.17	-
	4,669.60	4,667.43
c) On acquisition of Machilipatnam Unit	0.85	0.85
d) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	4,921.09	4,918.92
GENERAL RESERVE		
At the beginning of the year	432,122.33	392,122.33
Add : Transfer from Surplus for the period	40,000.00	40,000.00
Less : Amount capitalised during the period (Refer Note 1)	16,000.00	-
	456,122.33	432,122.33
SURPLUS		
At the beginning of the year	343,461.64	296,682.52
Add : Profit for the period	135,766.59	116,724.09
Amount available for appropriation	479,228.23	413,406.61
Less : Appropriation		
Dividend on Equity Shares		
- Interim Dividend [₹ 2.50 per share (₹ 6 per share)]	6,000.00	4,800.00
- Proposed Final Dividend [₹ 14.50 per share (₹ 23.20 per share)]	34,800.00	18,560.00
Dividend Tax	8,305.92	4,738.10
Corporate Social Responsibility (CSR)	1,780.22	1,846.87
Transfer to General Reserve	40,000.00	40,000.00
Transfer to Capital Reserve	2.17	-
Surplus carried forward	388,339.92	343,461.64
	849,383.34	780,502.89
NOTE - 3		
GOVERNMENT GRANTS		
Grant from Government for Research and Other purposes		
At the beginning of the year	910.51	1,261.25
Add : Additions during the year	7.66	56.00
Less : Transfer to Statement of Profit & Loss	293.20	406.74
	624.97	910.51
	624.97	910.51
NOTE - 4		
OTHER LONG TERM LIABILITIES		
Trade Payables	56.77	1.87
Security Deposits	149.55	105.70
	206.32	107.57

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
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NOTE - 5

LONG TERM PROVISIONS

Employee Benefits

Long-term Compensated Absences	23,783.81	21,299.58
BEL Retired Employees' Contributory Health Scheme (BERECHS)	27,554.40	22,029.38
	51,338.21	43,328.96

i. Long Term Compensated Absence Scheme :

Total liability in respect of Long Term Compensated Absences	26,222.72	24,106.47
Less : Amount expected to be paid within next twelve months (Refer Note 8)	2,438.91	2,806.89
	23,783.81	21,299.58

ii. The amount of Liability on long term compensated absences has been bifurcated between current and non current based on the report of Actuary.

iii. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Long Term Compensated Absences :

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	2015 - 16	2014-15
a) Expenses Recognised in the Statement of Profit & Loss :		
Net Expenses Recognised in the Statement of Profit & Loss [Leave Encashed : ₹ 2,766.54, Provision : ₹ 2,116.24]	4,882.78	7,814.97
b) Principal Assumptions :		
Discounting Rate	8.10%	7.75%
Rate of increase in compensation level	7.50%	7.50%
c) Amounts to be recognised in Balance Sheet :		
Liability recognised in Balance Sheet [as per Actuarial Valuation]	26,222.72	24,106.47

iv. BEL Retired Employees' Contributory Health Scheme (BERECHS)

a) Total liability in respect of BERECHS	29,704.77	23,817.02
Less : Expected to be payable within next twelve months (Refer Note 8)	2,150.37	1,787.64
	27,554.40	22,029.38

b) The liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary.

Notes to Accounts

(₹ in Lakhs)

- v. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of BERECHS :

The Company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is a 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 and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

Particulars	2015 - 16	2014-15
a) Change in Benefit Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	23,817.02	20,785.53
Current Service Cost	1,245.62	1,087.07
Interest Cost	1,757.29	1,835.03
Actuarial (Gain) / Loss	5,169.37	1,788.48
Benefits paid	(2,284.53)	(1,679.09)
Present Value of Obligation as at the end of the period	29,704.77	23,817.02
b) Change in Fair Value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Contributions	2,284.53	1,679.09
Benefits paid	(2,284.53)	(1,679.09)
Actuarial Gain / (Loss)	-	-
Fair value of Plan Assets at the end of the period	-	-
c) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	1,245.62	1,087.07
Interest on Defined benefit obligation	1,757.29	1,835.03
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised in the period	5,169.37	1,788.48
d) Expenses Recognised in the Statement of Profit & Loss (Expenses : ₹ 2,284.53, Provisions : ₹ 5887.75)	8,172.28	4,710.58
e) Principal Assumptions :		
Discounting Rate	8.10%	7.75%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	3.90%	3.90%
Attrition Rate	1.00%	1.00%

Notes to Accounts

(₹ in Lakhs)

Particulars	2015 - 16	2014-15
f) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	29,704.77	23,817.02
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(29,704.77)	(23,817.02)
Unrecognised Actuarial (Gains) / Losses	-	-
Liability recognised in Balance Sheet (as per Actuarial Valuation)	29,704.77	23,817.02
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	462.36	401.64
Effect on defined benefit obligation	3,468.60	2,917.96
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	(384.14)	(331.87)
Effect on defined benefit obligation	(2,881.82)	(2,411.07)

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 8		
SHORT TERM PROVISIONS		
Taxation [Net of Advance Tax ₹ 134,126.19 (₹ 92,200.00)] (Refer Note 15)	6,673.81	-
Proposed Final Dividend	34,800.00	18,560.00
Dividend Tax	7,084.46	3,778.38
Employee Benefits		
Gratuity	-	447.52
Management Contribution to BEL Superannuation (Pension) Scheme	4,998.70	3,228.00
Long-Term compensated absences	2,438.91	2,806.89
BEL Retired Employees' Contributory Health Scheme (BERECHS)	2,150.37	1,787.64
	9,587.98	8,270.05
Provision for Performance Warranty	6,693.09	3,730.15
	64,839.34	34,338.58

- i. Provision for warranty is made towards meeting the expenditure on account of performance guarantee and warranties in accordance with accounting policy No.13. The details of the same are given below :

Particulars	2015 - 16	2014-15
Opening Balance (a)	3,730.15	3,461.37
Additional Provisions made during the year (b)	3,116.98	868.21
Amounts used during the year (c) *	-	58.00
Unused Amounts reversed during the year (d)	154.04	541.43
Closing Balance (e) = (a+b-c-d)	6,693.09	3,730.15

* a) Represents amount debited to opening provision.

b) An amount of ₹ 8592.32 (₹ 5,102.25) has been debited to Natural Code Heads.

- ii. During the year the Company has recognised an amount of ₹ 7,568.02 (₹ 7,108.13) towards contribution to Employees Provident Fund and Pension Schemes in the Statement of Profit and Loss. The Guidance on Implementing AS 15 (Revised) issued by the Institute of Chartered Accountants of India states that provident funds setup by employers that guarantee a specified rate of return and which require interest shortfalls to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15(R) and actuarially valued.

Pursuant to the Guidance Note, the Company has determined on the basis of Actuarial Valuation carried out as at 31 March 2016, that there is no liability towards the interest shortfall on valuation date under para 55 and 59 of AS 15 (R) (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).

Notes to Accounts

(₹ in Lakhs)

The following table summarises the disclosure report provided by the actuary :

EMPLOYEES PROVIDENT FUND

Particulars	2015 - 16	2014-15
i) Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	156,326.03	138,914.93
Current Service Cost	25,083.94	28,586.38
Interest Cost	11,648.57	11,900.98
Past Service Cost	-	-
Actuarial (Gain) / Loss	(2,074.66)	(7,104.31)
Benefits paid	(13,970.57)	(12,830.85)
Present Value of Obligation transferred	-	(3,141.10)
Present Value of Obligation as at the end of the period	177,013.31	156,326.03
ii) Change in Fair Value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year	160,225.97	142,453.35
Expected return on Plan Assets	15,025.38	13,153.79
Contributions	20,342.58	20,563.41
Benefits paid	(13,970.57)	(12,830.85)
Actuarial Gain / (Loss) on Plan Assets	(673.79)	171.39
Fair Value of Plan Assets transferred	-	(3,285.12)
Fair value of Plan Assets at the end of the period	180,949.57	160,225.97
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	25,083.94	28,586.38
Interest Cost	11,648.57	11,900.98
Expected return on Plan Assets	(15,025.38)	(13,153.79)
Net Actuarial (Gain) / Loss recognised in the period	(1,400.87)	(7,275.70)
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit & Loss	20,306.26	20,057.87
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	177,013.31	156,326.03
Fair Value of Plan Assets at the end of the period	180,949.57	160,225.97
Difference	(3,936.26)	(3,899.94)
Unrecognised Actuarial (Gains) / Losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period :		
Present Value of Obligation	177,013.31	156,326.03
Plan Assets	180,949.57	160,225.97
Surplus / (Deficit)	3,936.26	3,899.94
Experience Adjustments on Plan liabilities - (Loss)/ Gain	2,069.74	7,112.10
Experience Adjustments on Plan Assets - (Loss)/ Gain	(673.79)	171.39

Notes to Accounts

(₹ in Lakhs)

Particulars	2015 - 16	2014-15
vi) Category of Assets as at 31 March 2016 :		
Government of India Securities and State Government Securities	44.30%/0.00%	41.08%/47.00%
High Quality Corporate Bonds	44.54%/44.89%	48.11%/50.00%
Equity Shares of Listed Companies	1.70%/5.18%	0.00%/0.00%
Special Deposit Scheme	9.46%/0.00%	10.81% /0.00%
Funds Managed by Insurer	0.00%/0.00%	0.00%/3.00%
Others	0.00%/3.29%	0.00%/0.00%
Total	100%/100%	100%/100%
vii) Principal Assumptions :		
Discounting Rate	8.10%	7.75%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	9.00%	9.20%

iii. Gratuity Scheme

As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Gratuity :

The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the Company remits funds 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 and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the actuary :

Particulars	2015 - 16	2014-15
i) Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	37,316.33	34,066.71
Current Service Cost	602.05	618.00
Interest Cost	2,741.00	2,935.04
Past Service Cost	-	-
Actuarial (Gain) / Loss	(1,098.01)	4,024.84
Benefits paid	(3,897.29)	(4,328.26)
Present Value of Obligation as at the end of the period	35,664.08	37,316.33
ii) Change in Fair Value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year	35,368.81	36,577.23
Expected return on Plan Assets	3,047.30	3,090.30
Contributions	1,947.52	-
Benefits paid	(3,897.29)	(4,328.26)
Actuarial Gain / (Loss) on Plan Assets	269.36	29.54
Fair value of Plan Assets at the end of the period	36,735.70	35,368.81
Excess of Obligation over Plan Assets	(1,071.62)	1,947.52

Notes to Accounts

(₹ in Lakhs)

Particulars	2015 - 16	2014-15
iii) Expenses Recognised in the Statement of Profit & Loss		
Opening Net Liability	-	-
Current Service cost	602.05	618.00
Interest Cost	2,741.00	2,935.04
Expected return on Plan Assets	(3,047.30)	(3,090.30)
Net Actuarial (Gain) / Loss recognised in the period	(1,367.37)	3,995.30
Past Service Cost	-	-
Negative Opening Liability not recognised during the year	-	(2,510.52)
Expenses Recognised in the Statement of Profit & Loss	-	1,947.52
Actual Return on Plan Assets	8.20%	8.86%
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	35,664.08	37,316.33
Fair Value of Plan Assets at the end of the period	36,735.70	35,368.81
Funded Status	1,071.62	(1,947.52)
Unrecognised Actuarial (Gains) / Losses	-	-
Liability recognised in Balance Sheet [after considering payment of ₹ Nil (₹ 1,500) to the Trust during the year]	-	447.52
v) Category of Assets as at 31 March 2016 :		
State Govt. Securities	6.98%	8.08%
Govt. of India Securities	2.51%	2.32%
High Quality Corporate Bonds	6.50%	8.18%
Investment with Insurer	84.01%	81.42%
Total	100.00%	100.00%
Principal Assumptions :		
Discounting Rate	8.10%	7.75%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	8.20%	8.86%

Notes to Accounts

(₹ in Lakhs)

iv. Experience adjustments for funded schemes

The disclosure with respect to paragraph 120 (n) of AS-15(R) towards experience adjustments are being made for funded schemes viz., Gratuity. [As long term compensated absences and BERECHS are not funded, such disclosure is not required].

Gratuity :

Particulars		2015-16	2014-15	2013-14	2012-13	2011-12
i)	Present Value of Obligation as at the end of the period	35,664.08	37,316.33	34,066.71	38,022.07	37,773.15
ii)	Fair value of Plan Assets at the end of the period	36,735.70	35,368.81	36,577.23	35,825.62	35,492.98
iii)	Excess of Obligation over Plan Assets – Surplus / (Deficit)	1,071.62	(1,947.52)	2,510.52	(2,196.45)	(2,280.17)
Experience Adjustments						
iv)	Experience Adjustments on Plan liabilities – (Loss) / Gain	426.85	317.27	(624.71)	(281.64)	(3,375.25)
v)	Experience Adjustments on Plan Assets – (Loss) / Gain	269.36	29.54	290.14	194.69	97.29

v. Best Estimate of Contribution to be paid

The best estimate of contribution to be paid towards Gratuity during the annual period beginning after the Balance Sheet is ₹ Nil (₹ 1,947.52). In case of Provident Fund, there is no actuarial liability assessed for shortfall in interest as at the year end.

vi. For BERECHS & Long Term Compensated Absences, Refer Note 5 for disclosure details.

Notes to Accounts

NOTE - 9 FIXED ASSETS - TANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTIZATION			NET BLOCK	
	Cost as at 01.04.2015	Additions / Adjustments during the year	Deductions / Adjustments during the year	Accumulated Depreciation/ Amortisation as at 01.04.2015	Depreciation/ Amortization for the year	Deductions / Adjustments during the year	As at 31.03.2016	As at 31.03.2015
Freehold Land *	2,312.25	8,520.12	-	-	-	-	10,832.37	2,312.25
Leasehold Land	706.35	179.78	-	124.66	11.11	-	750.36	581.69
Roads and Culverts	779.38	179.57	0.07	506.06	26.04	0.07	426.85	273.32
Buildings ++ @	32,115.44	2,794.96	38.06	11,388.70	1,097.13	35.68	22,422.19	20,726.74
Installations ++	7,199.89	301.45	173.43	5,387.70	355.73	172.57	1,757.05	1,812.19
Plant and Machinery ++	87,951.62	14,229.20	2,131.63	65,033.62	6,222.78	1,902.35	30,695.14	22,918.00
Electronic Equipment ++	59,296.14	5,381.29	2,820.48	45,557.24	4,213.12	2,670.58	14,757.17	13,738.90
Equipment for R & D Lab	32,123.98	2,858.42	1,437.28	23,699.97	3,276.98	1,367.14	25,609.81	8,424.01
Vehicles	993.53	69.07	16.85	852.29	56.09	16.85	154.22	141.24
Vehicles - Under Lease	7.11	-	-	7.11	-	-	7.11	-
Office Equipment ++	12,943.64	888.95	1,142.01	10,254.72	928.52	972.49	2,479.83	2,688.92
Furniture, Fixtures and other Equipment ++	8,552.76	805.86	348.55	5,181.39	649.67	335.62	3,514.63	3,371.37
Assets acquired for Sponsored Research **	1,420.72	-	-	1,355.82	17.17	-	47.73	64.90
Total ***	246,402.81	36,208.67	8,108.36	169,349.28	16,854.34	7,473.35	178,730.27	77,053.53
Previous Year ***	220,627.52	27,401.38	1,626.09	155,582.63	15,332.83	1,566.18	77,053.53	65,044.89

Freehold Land consists of 2039.88 acres (1,038.63 acres) and Leasehold Land consists of 309.33 acres (301.33 acres).

* Land includes 8.46 acres (8.42 acres) leased to commercial/religious organisations and in their possession.

** Assets are the property of the Government of India.

++ Additions during the year includes ₹ 1,147.49 (₹ 1,265.74) and ₹ 4.33 (Nil) in respect of the assets of Central Research Laboratories and Pune Unit respectively.

@ Additions during the year includes ₹ Nil (₹ 1,198.99) in respect of D&E Buildings.

*** Gross Block and Accumulated Depreciation include ₹ 3,424.06 (₹ 6,313.48) pertaining to assets not in active use, disposal of which is pending.

Deductions include Gross block ₹ 2878.08 and accumulated depreciation ₹ 2289.76 in respect of assets affected due to flood at Chennai Unit. Also refer note no. 31 (19).

Assets acquired fully out of non-government grants have been valued at nominal value of ₹ 1 (Rupee One only). Where such Assets have been partially funded, they have been valued after adjusting the proportionate grant amount.

Notes to Accounts

FIXED ASSETS - TANGIBLE

(₹ in Lakhs)

- a) Freehold land includes 1010.26 acres in respect of which sale deed is pending finalisation [BG Cx 913.99 acres at Palasamudram (Andhra Pradesh) and Hyderabad Unit 96.27 acres at Ibrahimpatnam, Hyderabad.
- b) Deeds containing the terms of transfer / grant of land from State Governments / State Undertakings have been registered during the FY 2014-15 in respect of 86.60 acres valuing ₹ 196.94 pertaining to Panchkula Unit. However, rectification of land area held by BEL for Township from 30.00 acres to 28.60 acres in records of HUDA and Registration Authority is in process. The title deed in respect of land measuring 0.30 acres (0.30 acres) is under litigation.
- c) 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 admeasuring 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 ₹ 65.12 (₹ 65.12) is included in Long Term Loans & Advances.
- d) 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 admeasuring 25.11 acres (25.11 acres) has not been accounted in the books of accounts.
- e) In respect of Hyderabad Unit, an amount of ₹ 502.05 (₹ 310.86) paid to Telangana State Industrial Infrastructure Corporation (TSIIC) towards procurement of additional land of 26.22 acres in Survey No. 254 to Survey No. 256 at Ibrahimpatnam is included in Long Term Loans & Advances.
- f) A demand of ₹ 255.80 (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 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.
- g) Free hold Land to the extent of 1.22 acres which was allotted by Government Authorities in return for handing over of Land measuring 1.24 acres is under litigation (Bengaluru Complex Unit) .
- h) Land acquired free of cost from the Government in some units has been accounted at a notional value by corresponding credit to Capital Reserve.
- i) The Company has installed Windmill Generator at three locations. The leasehold land of the Windmill Generator-I is capitalised in the year 2007-08 at the nominal value of ₹ 5 (Five Rupees only) as the upfront lease cost is Nil. The leasehold land of Windmill Generator-II is capitalised in the year 2007-08 at the cost of ₹ 114. The Leasehold Land of Windmill Generator -III(approx.8Acres) is capitalised in the year 2015-16 at the cost of ₹ 179.77. In all the cases the Lease Agreement for the land is pending finalization.
- j) Title in respect of 12.50 acres of land acquired through land transfer certificate is under litigation (Kotdwara Unit).
- k) Freehold Land admeasuring 36.72 acres acquired in earlier years, has been capitalised during the year at a cost of ₹ 0.42 (Chaziabad Unit).
- l) 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 / 6 / 7 / 10
Electronic Equipments	5 / 6 / 7
Vehicles	4 / 5
Office Equipments	7
Furniture & Fixtures	7 / 10
Equipments for R&D Labs	5

NOTE - 10 FIXED ASSETS - INTANGIBLE

PARTICULARS	GROSS BLOCK (AT COST)		AMORTISATION		NET BLOCK				
	Cost as at 01.04.2015	Additions / Adjustments during the year	Deductions / Adjustments during the year	Total cost as at 31.03.2016	Accumulated Amortization as at 01.04.2015	Amortization for the year	Deductions/ adjustments during the year	As at 31.03.2016	As at 31.03.2015
Intangible Assets - Others									
Enterprise Resource Planning(ERP) - Software Licenses / Implementation	2,112.24	50.39	-	2,162.63	2,055.31	38.40	-	2,093.71	68.92
Total	2,112.24	50.39	-	2,162.63	2,055.31	38.40	-	2,093.71	68.92
Previous Year	2,039.04	73.20	-	2,112.24	1,989.27	66.04	-	2,055.31	56.93
									49.77

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 11		
CAPITAL WORK IN PROGRESS		
Civil Construction	10,369.10	4,180.45
Plant and Machinery	7,694.04	7,820.67
Others	2,737.56	1,562.72
	<u>20,800.70</u>	<u>13,563.84</u>
Add : Capital Items in Transit	1,387.48	770.43
	22,188.18	14,334.27
Less : Provision	0.69	368.73
	<u>22,187.49</u>	<u>13,965.54</u>

Assets acquired fully out of non-government grants have been valued at nominal value of ₹ 1 (Rupee One only). Where such Assets have been partially funded, they have been valued after adjusting the proportionate grant amount.

NOTE - 12

Intangible Assets under Development

Internally developed	20,772.01	-
	20,772.01	-
Others		
Enterprise Resource Planning (ERP) - Software Licenses / Implementation	11.99	11.99
	11.99	11.99
	<u>20,784.00</u>	<u>11.99</u>

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015		
NOTE - 13				
NON-CURRENT INVESTMENTS (at Cost)				
TRADE, UNQUOTED				
INVESTMENT IN EQUITY INSTRUMENTS				
SUBSIDIARY :				
BEL Optronics Devices Ltd., Pune 3,783,678 (1,700,223) Equity Shares ₹ 100 each fully paid	5,661.86	936.08		
BEL-Thales Systems Limited, Bengaluru 1,657,600 (710,400) Equity Shares of ₹ 100 each fully paid	1,657.60	710.40		
JOINT VENTURE :				
GE-BE Private Ltd., Bengaluru 26,00,000 (26,00,000) Equity Shares of ₹ 10 each fully paid	260.00	260.00		
BEL Multitone Private Ltd., Bengaluru [refer note no. 31(17)] NIL (NIL) Equity Shares of ₹ 10 each fully paid	-	31.88		
Less: Provision for Diminution in value of Investment	-	-		
Value of investment written off	-	31.88		
	260.00	260.00		
OTHERS, UNQUOTED				
A) INVESTMENT IN CO-OPERATIVE SOCIETIES				
Cuffe Parade Persopolis Premises Co-operative Society, Mumbai 40 Shares (40 Shares) of ₹ 50 each fully paid	0.02	0.02		
Sukh Sagar Premises Co-op. Society, Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid	}			
Shri Sapta Ratna Co-op. Society Ltd., Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid			0.01	0.01
Dalamal Park Co-op. Society Ltd., Mumbai 5 Shares (5 Shares) of ₹ 50 each fully paid				
Chandralok Co-op Housing Society Ltd., Pune 30 Shares (30 Shares) of ₹ 50 each fully paid	0.02	0.02		
	0.05	0.05		
B) OTHER INVESTMENTS				
Mana Effluent Treatment Plant Ltd, Hyderabad 500 Shares (500 Shares) of ₹ 1000 each fully paid	5.00	5.00		
LIC of India (towards leave encashment)*	24,210.12	-		
	31,794.63	1,911.53		
Aggregate Value of Quoted Investments	NIL	NIL		
Aggregate Value of Unquoted Investments	31,794.63	1,911.53		
Aggregate Provision for diminution in value of investment	-	-		

i. Investment made in Co-operative Societies are in respect of apartments owned by the company, cost of which is included under Building in Fixed Assets.

* Represents Leave Encashment liabilities as on 31.03.2015 invested in New Group Leave Encashment Plan of LIC (Refer Note No 5).

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 14		
DEFERRED TAX ASSETS		
Deferred Tax Assets	45,894.56	40,392.65
Deferred Tax Liabilities	8,661.95	6,613.06
	37,232.61	33,779.59

Break up of Net Deferred Tax Assets is given below :

Particulars	2015 - 16	2014 - 15
Deferred Tax Asset (A)		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc	45,562.57	40,093.74
Technical Know-how fee	331.99	298.91
Total (A)	45,894.56	40,392.65
Deferred Tax Liability (B)		
Depreciation	8,599.37	6,613.06
ICDS Adjustment	62.58	-
Total (B)	8,661.95	6,613.06
Net Deferred Tax Assets (C)=(A)-(B)	37,232.61	33,779.59

NOTE - 15

LONG TERM LOANS & ADVANCES

Unsecured, Considered Good

Capital Advances	4,234.98	2,923.78
Security Deposits	1,939.18	1,760.92
Other Loans & Advances -		
Loans to Employees	755.88	837.88
Advances to Employees	37.80	0.79
Advances for Purchase	241.45	249.96
Advances to Others	27.08	73.26
Advance payment of Income Tax [Net of Provision for Tax - ₹ 134,126.19 (₹ 92,200.00)] - Refer Note 8	-	224.03
Balances with Customs, Port Trust and Other Government Authorities	15.84	81.75
Prepaid Expenses	0.88	4.21
	7,253.09	6,156.58

Unsecured, Considered Doubtful

Capital Advances	8.00	8.02
Security Deposits	111.88	81.78
Other Loans & Advances -		
Loans to Others	132.00	132.00
Advances to Employees	0.85	0.85
Advances for Purchase	384.33	431.15
Advances to Others	1,616.61	1,946.85
Advance payment of Income Tax	0.56	0.34
Balances with Customs, Port Trust and Other Government Authorities	8.12	28.93
	2,262.35	2,629.92
Less : Provisions	2,262.35	2,629.92
	-	-

i. For Related Party Disclosures refer Note 31 (14).

7,253.09	6,156.58
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Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 16		
OTHER NON CURRENT ASSETS		
Inventories		
Raw Materials & Components	31,364.50	28,169.21
Less : Provision	27,018.03	22,646.54
	4,346.47	5,522.67
Work In Progress	482.77	175.19
Less : Provision	358.66	-
	124.11	175.19
Stores & Spares	70.30	86.19
Less : Provision	54.01	52.41
	16.29	33.78
Loose Tools	96.46	71.95
Less : Provision	47.53	58.96
	48.93	12.99
	4,535.80	5,744.63
Trade Receivables		
Unsecured, Considered Doubtful		
Trade Receivables	119,480.92	103,204.49
Less : Provision	119,480.92	103,204.49
	-	-
	-	-
Others		
Unsecured, Considered Good		
Other Non-Current Assets	2,956.49	3,180.44
	2,956.49	3,180.44
Unsecured, Considered Doubtful		
Receivables Other Trade Receivables	40.18	16.53
Claims Receivables - Purchases	797.69	661.26
Other Non-Current Assets	90.21	111.79
	928.08	789.58
Less : Provision	925.44	781.86
	2.64	7.72
	2,959.13	3,188.16
	7,494.93	8,932.79

- i. Valuation of Inventories has been made as per Company's Accounting Policy. (Refer Accounting Policy 10).
- ii. In respect of Trade Receivables, necessary provisions have been made towards Doubtful Debts on the basis of Prudence and in line with Accounting Policy 11.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 17		
INVENTORIES		
Raw Materials & Components	218,855.52	168,981.83
Add : Raw Materials & Components in Transit	20,787.55	14,528.89
Less : Provisions	64.24	62.69
	239,578.83	183,448.03
Work In Progress	152,768.36	124,440.14
Finished Goods	7,981.87	8,875.16
Add : Finished Goods in Transit	5,857.48	7,565.13
	13,839.35	16,440.29
Stock in Trade	6,493.18	6,576.41
Add : Stock in Trade in Transit	441.55	2,886.21
Less : Provisions	118.29	161.73
	6,816.44	9,300.89
Stores & Spares	2,092.59	1,801.92
Add : Stores & Spares in Transit	324.10	368.92
	2,416.69	2,170.84
Loose Tools	1,047.35	831.75
Add : Loose Tools in Transit	3.26	3.38
	1,050.61	835.13
Disposable Scrap	318.35	307.88
	416,788.63	336,943.20
<p>i) Raw Materials and Components include ₹ 5501.83 (₹ 5,334.61) being materials with sub-contractors, out of which ₹ 68.23 (₹ 56.55) of materials is subject to confirmation and reconciliation. Against ₹ 68.23 (₹ 56.55), an amount of ₹ 68.02 (₹ 49.46) has been provided for. The impact, if any, on consequent adjustment for the balance amount is considered not material.</p>		
<p>ii) Stock verification discrepancies for the year are as follows : Shortages of ₹ 246.65 (₹ 163.54) and surplus of ₹ 284.27 (₹126.15). Pending reconciliation, an amount of ₹ 80.31 (₹ 66.10) has been provided for.</p>		
<p>iii) Valuation of Inventories has been made as per Company's Accounting Policy. (Refer Accounting Policy 10).</p>		
<p>iv) a. The United Nations Climate Change Secretariat has granted 15856 TON CO2EQ Carbon Credit during earlier years, for the 2.5MW BEL Grid Connected Wind Power Project at 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 ₹ 1.90 (₹ 1.90). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.</p>		
<p>b. CER under Certification : Nil (Nil) CERs.</p>		
<p>c. Depreciation & Operation Cost of Emission Reduction Equipments during the year :</p>		
(i) Depreciation	15.01	14.29
(ii) Operation Cost of Emission Reduction Equipments	84.17	81.14
Total	99.18	95.43

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 18		
TRADE RECEIVABLES		
Secured, Considered Good		
Not Exceeding Six Months	17.82	28.00
Exceeding Six Months	7.30	19.75
	25.12	47.75
Unsecured, Considered Good		
Not Exceeding Six Months	169,097.10	148,233.10
Exceeding Six Months	202,068.00	230,333.48
	371,165.10	378,566.58
	371,190.22	378,614.33

NOTE - 19

CASH & BANK BALANCES CASH & CASH EQUIVALENTS

Balance with Banks	46,488.76	42,152.36
Cash on hand	19.39	17.57
Term Deposits (incl. accrued interest)	201,831.12	160,110.77
	248,339.27	202,280.70
OTHER BANK BALANCES		
Term Deposits (incl. accrued interest) [refer Note (iii)]	484,832.91	385,852.08
Margin Money held with Banks	0.70	0.77
Unpaid Dividend	21.32	19.51
	484,854.93	385,872.36
	733,194.20	588,153.06

- 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 Other Bank balances.
- Company does not have any Term Deposits with original maturity period of more than twelve months.
- Term deposits includes ₹ 29704.77 (₹ 23817.02) relating to Bharat Electronics Retired Employee Contributory Health Scheme liability.

NOTE - 20

SHORT TERM LOANS & ADVANCES

Loans and advances to related parties

Unsecured, Considered Good

BEL Optronics Limited * (including accrued interest)	5,096.07	-
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Loans and advances to others

Unsecured, Considered Good

Security Deposits	670.68	769.75
Loans to Employees	154.88	179.15
Loans to Others	1.25	1.25
Advances to Employees	858.17	559.51
Advances for Purchase	27,384.33	55,997.61
Advance to Others	5,093.42	4,329.93
Balances with Customs, Port Trust and Other Government Authorities	10,865.91	5,394.45
Prepaid Expenses	2,532.53	1,811.13
	52,657.24	69,042.78

For Related Party Disclosures refer Note 31 (14).

* Maximum amount outstanding at any time during the year ₹ 5,142.26 (NIL)

NOTE - 21

OTHER CURRENT ASSETS

Receivables other than Trade Receivables	289.13	159.40
Claims Receivables - Purchases	792.30	3,903.86
Other Current Assets	4,726.44	1,284.99
	5,807.87	5,348.25

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 22		
OTHER OPERATING REVENUES		
Sale of Scrap	574.66	866.56
Export Benefits	1,427.01	166.20
Transport Receipts	351.34	350.09
Rent Receipts	650.75	585.46
Canteen Receipts	752.60	720.69
Electricity Charges Collected	129.22	124.99
Water Charges Collected	54.99	32.69
Provisions Withdrawn		
- Doubtful Debts, LD	1,557.56	2,544.66
- Inventory	1,202.68	1,147.46
- Loans & Advances	212.15	97.53
- Others	1,145.54	713.49
Transfer from Grants	293.20	406.74
Miscellaneous	5,755.17	8,955.25
	14,106.87	16,711.81

NOTE - 23 OTHER INCOME

Interest income on Term Deposits	45,851.11	41,974.17
Income from Long Term Investments (Dividend)*	390.00	260.00
Interest Income from Staff/IT Refund/Others*	800.65	1,709.50
Profit on Sale of Fixed Assets	30.99	123.23
Foreign Exchange Differential Gain	5,041.93	3,274.50
Miscellaneous (Net of expenses)	1,100.57	453.78
	53,215.25	47,795.18

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 Related Party Disclosures refer Note No. 31(14).

NOTE - 24 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND SCRAP [(ACCRETION)/ DECRETION]

Work-in-Progress :		
Closing Balance	152,892.47	124,615.33
Opening Balance	124,615.33	129,007.73
Add: Amount shown as Extraordinary Item	358.66	-
	(28,635.80)	4,392.40
Finished Goods :		
Closing Stock	13,839.35	16,440.29
Opening Stock	16,440.29	15,807.89
	2,600.94	(632.40)
Scrap :		
Closing Stock	318.35	307.88
Opening Stock	307.88	150.06
	(10.47)	(157.82)
	(26,045.33)	3,602.18

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 25		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus/Ex-gratia	99,628.96	96,657.60
Gratuity	-	1,947.52
Contribution to Provident and Pension Funds	7,497.99	7,030.25
Management Contribution to BEL Superannuation (Pension) Scheme*	4,638.82	5,709.82
Provision for BEL Retired Employees' Contributory Health Scheme	5,887.75	3,031.49
Welfare Expenses [including Salaries ₹ 904.44 (₹1,119.75) PF Contribution ₹ 70.03 (₹ 77.88)]	12,531.42	11,968.40
	130,184.94	126,345.08

* Includes provision towards Non Executives Pension Scheme.

NOTE - 26 **FINANCE COSTS**

Interest Expenses

Interest on Dues to Micro & Small Enterprises	9.92	4.59
Interest on Income Tax	393.60	101.70
Other Interest Expenses	21.56	7.09
	425.08	113.38
Other borrowing costs		
Loan Processing Charges	25.00	25.00
	450.08	138.38

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 27		
OTHER EXPENSES		
Power and Fuel [after adjusting ₹ 510.05 (₹ 509.94) Wind Energy Income]	4,011.80	3,578.21
Water charges	245.16	305.99
Royalty & Technical Assistance	536.88	326.20
Rent	2,591.19	2,511.10
Rates & Taxes	457.22	636.24
Insurance	759.21	762.03
Auditors Remuneration		
Audit Fees	12.27	11.72
Cost Audit Fee	4.00	3.00
Tax Audit Fees	2.19	2.19
Fees for Company Law Matters	0.10	0.10
Other Services (Certification Fees)	1.52	1.52
Reimbursement of Expenses	8.15	5.62
	28.23	24.15
Repairs & Maintenance :		
Buildings	1,775.05	2,302.26
Plant & Machinery	1,255.02	1,205.47
Others	9,043.61	7,893.76
	12,073.68	11,401.49
Bank Charges	350.18	455.17
Printing and Stationery	430.26	419.98
Advertisement & Publicity	1,205.11	1,161.38
Travelling Expenses	7,828.95	7,237.87
Hiring Charges for Van & Taxis	1,110.38	1,051.58
Excise Duty - Others	2,501.42	337.22
Packing & Forwarding	1,492.73	1,039.88
Bad Debts & Advances written off	5,462.47	269.33
Less : Charged to Provisions	5,437.53	267.51
	24.94	1.82
Provision for Obsolete/Redundant Materials	4,984.51	4,441.51
Provisions for Doubtful Debts, Liquidated damages, customers' claims and disallowances	22,530.62	19,190.71
Provision for Doubtful Advances, claims	455.21	259.23
Provision for Performance Warranty	2,962.94	326.78
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	569.73	290.57
Less : Charged to Provisions	568.81	149.92
	0.92	140.65
Corporate Social Responsibility	666.91	457.06
Others :		
Other Misc Direct Expenditure	1,340.20	2,119.69
After Sales Service	359.06	203.17
Telephones	695.72	630.76
Expenditure on Seminars & Courses	888.72	788.07
Other Selling Expenses	728.50	86.18
Miscellaneous	3,176.24	5,637.87
	7,188.44	9,465.74
	74,436.89	65,531.99

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 28 EXTRAORDINARY ITEMS		
Flood related loss (Refer Note No. 31.19)		
Fixed Assets (Net Block)	588.32	-
Capital WIP	135.10	-
Provision for Inventory	1,378.30	-
Insurance Claim admitted (Provisional)	(1,000.00)	-
	1,101.72	-

NOTE - 29 PRIOR PERIOD ITEMS

Prior Period Income :		
Others	325.68	57.57
Total Prior Period Income (A)	325.68	57.57
Prior Period Expenditure :		
Material Consumed	-	(19.92)
Depreciation	-	2.38
Total Prior Period Expenditure (B)	-	(17.54)
Total Prior Period Items Net Income / (Expenditure) [(A) - (B)]	325.68	75.11

NOTE - 30 EARNING PER SHARE

Profit for the year - Before Extraordinary items	136,487.03	116,724.09
Profit for the year - After Extraordinary items	135,766.59	116,724.09
Number of Shares used in computing earnings per share	240,000,000	80,000,000
Earnings per Share - Basic & Diluted		
Before Extraordinary items (Amount in Rupees) *	56.87	48.64
After Extraordinary items (Amount in Rupees) *	56.57	48.64

* Consequent to issue of fully paid bonus shares (in September 2015), the Earnings Per Share (EPS) have been adjusted for previous reported period in accordance with Accounting Standard (AS)20 Earnings Per Share (EPS)

NOTE - 31 GENERAL NOTES TO ACCOUNTS

- 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.
- The Company has changed the following accounting policies with effect from FY 2015-16
 - Fixed Assets, Capital Work in Progress and Intangible Assets Under Development (Policy No. 4)
 - Depreciation / Amortisation (Policy No 5).
 - Research & Development Expenditure (Policy No 7) .
 - Technical Know-How (Policy No 17).
 The above accounting policies have been changed for specifying the policy for recognition of internally generated Intangible Assets and related issues.
 The financial impact of the change in above accounting policies is as follows :
 - Decrease in expenditure by ₹ 18653.00
 - Increase in "Intangible Assets under Development" by ₹ 9546.40
 - Increase in Inventory (WIP) by ₹ 9106.60
- The Company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Unit has found indications of Impairment of its Assets and hence no provision is considered necessary.
- The Company has been sanctioned working capital limit of ₹ 290,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangable with non fund based LC limits).
 - The interest rate payable on fund based limit is linked to SBI Base Rate plus 0.25%. (Interest rate payable as on 31.03.2016 is 9.55% p.a.).
 - The amount utilised is repayable on demand. Utilisation as on 31.03.2016 is NIL (NIL).
 - The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.

Notes to Accounts

(₹ in Lakhs)

Particulars	2015-16	2014-15
5) A) Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March	34,029.99	15,481.10
B) 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	-	-

- 6) The Company being a Defence manufacturing company, has been granted exemption by Ministry of Corporate Affairs vide Notification No:2437 (E) dated 04 September 2015 from the following disclosures required under Para 5 of Part II to Schedule III of the Companies Act, 2013 (under General Instructions for preparation of Statement of Profit and Loss) under section 129(6) of the Companies Act, 2013 in view of the sensitive nature of the information. Accordingly, the following details under Para 5 of Part II to Schedule III of the Companies Act, 2013 are not disclosed :

Paragraph	Particulars
5 (ii) (a) (1)	Raw materials under broad heads
5 (ii) (a) (2)	Goods purchased under broad heads
5 (ii) (e)	Gross Income derived under broad heads
5 (iii)	Work-in-progress under broad heads.
5 (viii) (a)	Value of imports calculated on C.I.F. basis by the company during the financial year in respect of; I) Raw materials; II) Components and spare parts; III) Capital Goods :
5 (viii) (b)	Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;
5 (viii) (c)	Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;
5 (viii) (e)	Earnings in foreign exchange classified under the following heads, namely :- I) Export of goods calculated on F.O.B. basis; II) Royalty, know-how, professional and consultation fees; III) Interest and dividend; IV) Other income, indicating the nature thereof.

The above non disclosure has no financial effect.

- 7) Expenditure incurred on Research and Development during the year, which are included in the respective natural classification is given below :

Particulars	2015-16	2014-15
EXPENDITURE		
Materials	20,388.16	12,916.17
Employees Remuneration & Benefits	28,538.25	26,271.48
Depreciation	4,249.75	4,092.10
Others	13,244.66	10,315.81
Gross Expenditure	66,420.82	53,595.56
INCOME		
Sales	741.95	1,642.11
Others	4,657.29	2,845.04
Gross Income	5,399.24	4,487.15
Net Expenditure	61,021.58	49,108.41

Notes to Accounts

(₹ in Lakhs)

8) Contingent Liabilities :

Particulars	2015- 16	2014- 15
Claims not acknowledged as debts	21,154.63	17,681.39
Outstanding Letters of Credit	39,383.34	31,648.37
Others	561.63	523.35
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	16,504.73	10,954.67
Company has offered MTNL to get the Convergent Billing Project completed on BEL's risk and cost basis. Liability of the Company in this regard is not ascertainable at this stage.		

- 9) 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 will be made wherever considered necessary.
- 10) 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.
- 11) (a) "Excise Duty" which is paid during the year in respect of turnover is shown as a deduction from Turnover (Gross) in the Statement of Profit and Loss . "Excise Duty – Others" which is included in Note No. 27 - "Other Expenses" represents incremental provision of Excise Duty on Finished Goods, Excise Duty paid on Sale of Scrap and Others.
- (b) Consequent to issue of Notification no. 23/2015 dated 30.04.2015, certain category of Defence Sales have been become excisable with effect from 01.06.2015, leading to increase in excise duty levied as compared to previous year.
- 12) Ministry of Corporate Affairs has vide Notification no. 463 (E) dated 5 June 2015 exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.
- 13) 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 ₹ 52,147.40 (₹ 1,01,116.92).
- 14) Related Party Disclosure :
- (a) The related parties and their relationship with the Company are as under :
- Subsidiary Companies:
 BEL Optronics Devices Ltd.(BELOP) - Equity Holding 100% (w.e.f. 30.07.2015); and
 BEL-THALES Systems Ltd. - Equity Holding 74.00%;
 - Joint Venture Companies :
 GE BE Private Ltd. - Equity Holding 26.00%;
- BEL Multitone Private Ltd has been dissolved with effect from 15.09.2015 [Refer note no 31 (17)].

Notes to Accounts

(₹ in Lakhs)

The transactions with Related Parties are as follows. (Previous Year figures are shown in brackets).

Sl. No.	Particulars	Subsidiaries		Joint Ventures	Grand Total
		BEL Optronic Devices Ltd (BELOP)	BEL-THALES Systems Ltd #	GE BE Pvt Ltd	
1	Purchase of Goods	6,923.89	-	-	6,923.89
		(6,359.36)	-	(26.95)	(6,386.31)
2	Sale of Goods	-	-	2726.22	2,726.22
		(1.28)	-	(2,759.51)	(2,760.79)
3	Rendering Services	-	-	-	-
		-	-	-	-
4	Rent Received	-	38.63	-	38.63
		-	(12.08)	-	(12.08)
5	Interest Income	248.23	-	-	248.23
		-	-	-	-
6	Dividend Income on Investments	-	-	390.00	390.00
		-	-	(260.00)	(260.00)
7	Loan Outstanding as on 31.03.2016	5,000.00	-	-	5,000.00
		-	-	-	-
8	Trade Payables Outstanding as on 31.03.2016	629.94	-	-	629.94
		(294.52)	-	-	(294.52)
9	Trade Receivables Outstanding as on 31.03.2016	-	6.65	470.03	476.68
		-	(3.17)	(348.21)	(351.38)
10	Investment in Equity as on 31.03.2016	5,661.86	1,657.60	260.00	7,579.46
		(936.08)	(710.40)	(260.00)	(1,906.48)
11	Advances for Purchase Outstanding as on 31.03.2016	552.05	-	-	552.05
		(1,250.10)	-	-	(1,250.10)

BEL-THALES Systems Limited has been Incorporated on 28.08.2014.

- (b) (i) The amount of ₹ 15,624.00 received by the Company from MoD, upto 31.03.2013, on behalf of BELOP (out of total receivable of ₹ 26,040.00) towards funding of ToT cost of XD-4 II Tubes, being acquired by BELOP (Subsidiary) from PHOTONIS France S.A.S., has been passed on to BELOP as on 31.03.2014.
- (ii) The Company has entered into an Agreement with BELOP in April, 2013 to temporarily fund the amount of ₹ 10,416.00 (₹ 26,040.00 less ₹ 15,624.00) for enabling BELOP to make payment towards ToT for XD-4 II Tubes, pending receipt of balance amount from MoD. As on 31.03.2016, an amount ₹ 9,357.13 (₹ 9357.13) has been paid to BELOP, out of which an amount of ₹ 6400.63 (₹ 6,176.69) has been received from MoD. The balance amount of ₹ 2956.49 (₹ 3180.44) has been shown under Other Non-Current Assets (Refer Note 16).
- As per the Agreement, an amount of ₹ 304.40 (₹ 280.48) has been recovered during the financial year from BELOP towards the cost of funds in the form of Price Reduction.
- (c) Consequent to acquisition of 1,32,000 equity share held by Specified Undertaking of Unit Trust of India on 30 July 2015, BELOP has become 100 % Subsidiary of the BEL.
- (d) The Company has entered into an agreement with BELOP in July 2015 to temporarily fund its Working Capital requirement to the maximum extent of ₹ 5000 which has been fully disbursed as on 31.03.2016. As per the terms and conditions :
- (i) The principal amount will be repaid in 12 equal installments with effects from April, 2016.
- (ii) Interest will be charged on the outstanding loan amount, on monthly basis, at BEL's rate of yield on its deposits.

Notes to Accounts

(₹ in Lakhs)

(e) Management Contracts including deputation of Employees :

One Official of BEL has been deputed to BELOP (Subsidiary) and Five Officials have been deputed to BEL-THALES Systems Limited (Subsidiary) and their Salary and Other Costs is paid by BELOP and BEL-THALES respectively during the year as per terms and conditions of employment.

(f) The key management personnel & their remuneration details are as follows :

The total salary including other benefits drawn by the key management personnel during the year 2015-16 is ₹ 348.61 (₹ 305.52) as detailed below :

Names with Designation	Year	Salary & Allowances incl. Benefits*	Contribution to PF, BEL Superannuation (Pension) Scheme & Incremental Gratuity / Leave / BERECHS	Leased Accommodation	Others	Total
Shri S K Sharma, CMD	2015-16	26.40	5.98	7.50	12.76	52.64
	2014-15	24.72	9.36	7.50	8.07	49.65
Shri M L Shanmukh Dir [HR]	2015-16	50.71	4.99	6.00	11.22	72.92
	2014-15	28.97	11.04	6.00	8.81	54.82
Shri P R Acharya Director [Finance]	2015-16	29.62	5.45	-	9.66	44.73
	2014-15	27.74	6.14	-	4.46	38.34
Shri P C Jain Dir [Mktg]	2015-16	27.19	5.09	-	8.85	41.13
	2014-15	25.59	9.23	-	5.24	40.06
Dr Ajit T Kalghatgi Dir [R&D]	2015-16	25.19	6.59	6.00	9.11	46.89
	2014-15	23.41	7.36	6.00	7.15	43.92
Shri Amol Newaskar Dir [Other Units]	2015-16	28.72	4.36	6.00	9.18	48.27
	2014-15	23.71	7.07	6.00	7.21	43.99
Shri Manmohan Handa Dir [BG CX] from 24.06.2014	2015-16	24.58	3.91	6.00	7.55	42.04
	2014-15	17.19	11.71	3.23	2.61	34.74
Total [Current Year]	2015-16	212.41	36.37	31.50	68.33	348.61
Total [Previous Year]	2014-15	171.33	61.91	28.73	43.55	305.52

* includes terminal benefits at the time of retirement.

15) Interest in Joint Venture Companies (JVCs) :

Disclosure of interest in Joint Venture, as per Accounting Standard 27 is as under :

Name of Joint Ventures	Proportionate Ownership of BEL
GE BE Private Limited	26%
Country of Incorporation	India

BEL Multitone Private Ltd has been dissolved with effect from 15.09.2015 [Refer note no 31 (17)].

Notes to Accounts

(₹ in Lakhs)

The proportionate share of Assets, Liabilities, Income and Expenditure of the above JVCs are given below :

Particulars	GE BE Pvt. Ltd. (Audited)	
	2015-16	2014-15
EQUITY AND LIABILITIES		
Share Capital	260.00	260.00
Reserves & Surplus	15,459.60	18,436.86
Non-Current Liabilities		
Long-term Borrowings	25.48	34.58
Other Long Term Liabilities	-	-
Long-term Provisions	42.38	36.66
Current Liabilities		
Short Term Borrowings	-	-
Trade Payables		
- Total outstanding dues of MSE	51.48	10.14
- Total outstanding dues other than dues of MSE	2,382.12	1,987.44
Other Current Liabilities	380.38	250.12
Short-term Provisions	6,258.72	456.30
TOTAL - EQUITIES AND LIABILITIES	24,860.16	21,472.10
ASSETS		
Non Current Assets		
Fixed Assets - Tangible Assets	2,558.66	2,781.48
Capital Work in progress	173.68	35.62
Investments	-	-
Deferred Tax Assets	120.38	134.94
Long-term Loans & Advances	906.88	840.84
Other Non Current Assets	-	-
Current Assets		
Inventories	1,896.18	2,294.24
Trade Receivables	1,699.62	1,153.10
Cash & Bank Balances	322.92	900.12
Short-term Loans & Advances	17,089.80	13,255.32
Other Current Assets	92.04	76.44
TOTAL ASSETS	24,860.16	21,472.10
REVENUE FROM OPERATION		
Sale of Manufactured Products (Gross)	19,899.10	18,213.78
Less : Excise Duty	45.50	23.66
Net Sale of Manufactured Products	19,853.60	18,190.12
Sale of Services	776.88	652.86
Other Operating Revenue:		
Export Incentives	288.08	-
Scrap Sales	24.96	73.58
Total Revenue from Operations	20,943.52	18,916.56
Other Income	1,142.44	1,334.84
Total Income (A)	22,085.96	20,251.40

Notes to Accounts

(₹ in Lakhs)

Particulars	GE BE Pvt. Ltd. (Audited)	
	2015-16	2014-15
EXPENDITURE		
Cost of Material Consumed	13,202.02	12,918.10
Change in inventories of Finished Goods, WIP & Scrap	302.90	(383.76)
Employee Benefits Expenses	1,069.12	982.28
Finance Costs	16.38	8.06
Depreciation and Amortization Expense	447.72	341.64
Other Expenses	1,993.94	1,828.06
Total Expenditure (B)	17,032.08	15,694.38
Profit Before Tax (A)-(B)	5,053.88	4,557.02
Tax Expense (C)		
Current Tax	1,740.96	1,434.68
Earlier Years	4.16	(5.46)
Deferred Tax	14.56	72.28
Profit / (Loss) after Tax (A)-(B)-(C)	3,294.20	3,055.52

16) The company's share of contingent liabilities in the JVCs is as under.

Particulars	GE BE Pvt. Ltd. (Audited)	
	2015-16	2014-15
Capital Commitments	119.08	132.86
Other Commitments	-	-
Other Contingent Liabilities	1,448.98	1,429.22

17) The Honorable Karnataka High Court vide its Order no OLR 19/2015 dated 6 November 2015 has passed its final order stating that the BEL Multitone Private Ltd be dissolved with effect from 15.09.2015.

18) Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2016 is given below. (Previous year figures are shown in brackets).

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent
USD	730.81	48,570.50	198.76	13,057.42	482.61	32,308.52
	(419.03)	(26,448.60)	(328.89)	(20,446.70)	(381.73)	(24,121.31)
EURO	158.34	12,024.03	13.16	963.51	133.58	10,142.80
	(104.68)	(7,176.28)	(11.71)	(780.04)	(143.16)	(9,814.71)
GBP	29.66	2,867.31	0.55	52.08	4.22	406.41
	(20.61)	(1,930.20)	(0.74)	(67.90)	(29.73)	(2,785.31)
JYEN	51.16	30.57	-	-	-	-
	(42.15)	(22.23)	-	-	-	-

Notes to Accounts

(₹ in Lakhs)

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent
SGD	0.25	12.28	-	-	0.07	3.50
	(0.11)	(7.83)	-	-	-	-
CHF	149.15	10,367.09	-	-	1.54	106.72
	(86.96)	(5,693.98)	-	-	(1.66)	(108.65)
CANADIAN DOLLAR	-	-	-	-	0.11	5.57
	-	-	-	-	-	-
OTHERS		921.71		291.68		-
		(2,683.16)		(208.70)		-
Total (₹)		74,793.49		14,364.69		42,973.52
		(43,962.28)		(21,503.34)		(36,829.98)
Amount covered by Exchange Rate variation clause from Customers out of the above		21,075.21		-		6,266.61
		(14,497.80)		-		(16,317.97)

* includes exposures relating to outstanding Letters of Credit and Capital Commitments.

During the FY 2015-16, the Company has not entered Forward Contracts to cover Foreign Currency fluctuations in respect of Firm Commitments. There are no outstanding Forward Contracts as on 31.03.2016.

- 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. Settlement of claims by the Insurance Company is under process. The above incident has no material impact on the operation of Unit/Company. Also Refer Note no.28.
- 20) Disclosure relating to CSR Expenditure
- a) Gross amount required to be spent by the Company during the FY 2015-16 is ₹ 2522.94 (₹ 2303.93)
- b) Amount spent during the FY 2015-16 :

Sl. No.	Particulars	In cash	Yet to be paid in cash	Total	Appropriation for unspent amount	CSR Grand Total
i)	Construction / Acquisition on any asset	-	-	-	-	-
		-	-	-	-	-
ii)	Purposes other than (i) above	755.36	33.91	789.27	1,780.22	2,569.49
		(396.71)	(60.35)	(457.06)	(1,846.87)	(2,303.93)

Above expenses includes CSR Administration Overhead of ₹ 122.36 (Nil) [₹ 104.96 in cash and ₹ 17.40 yet to be paid in cash] which is grouped under Employee Benefit Expenses.

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

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883

S Sreenivas
Company Secretary

Bengaluru
27 May 2016

Cash Flow Statement for the year ended 31 March 2016

Particulars	(₹ in Lakhs)	
	2015-16	2014-15
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before extraordinary items and tax	182,016.19	146,668.67
Adjustments for :		
Depreciation and Amortization Expense	16,892.74	15,398.87
Provision for Employee Benefits	9,327.18	10,169.14
Provision for Performance Guarantee	2,962.94	268.78
Corporate Social Responsibility	789.27	457.06
Interest Income	(45,851.11)	(41,974.17)
Dividend Income	(390.00)	(260.00)
Finance Cost	450.08	138.38
Profit on Sale of Fixed Assets	(30.99)	(123.23)
Write off Investments in JVC	-	1.98
Transfer from Government Grants	(293.20)	(406.74)
Operating Profit Before Working Capital Changes	165,873.10	130,338.74
Adjustments for :		
Trade Receivables & Advances	22,258.57	81,027.39
Inventories	(78,636.60)	(5,673.75)
Trade Payables & Advances	158,602.11	(37,001.47)
Cash Generated from Operations	268,097.17	168,690.91
Receipt of Grants	7.66	56.00
Direct Taxes Paid (Net)	(41,703.06)	(33,803.21)
Cash Flow Before Extraordinary Items	226,401.77	134,943.70
Extraordinary Items	(1,101.72)	-
Net Cash from / (used in) Operating Activities	225,300.05	134,943.70
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(65,253.02)	(21,766.39)
Sale of Fixed Assets	665.95	183.14
Increase / (Decrease) in Bank Deposits & Other Bank Balances	(98,982.57)	(104,166.82)
Equity investments in Subsidiary / Others	(29,883.10)	(715.40)
Interest Received	45,851.11	41,974.17
Dividend Received	390.00	260.00
Net Cash from/(used in) Investing Activities	(147,211.63)	(84,231.30)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Corporate Social Responsibility (CSR) Expenditure	(2,021.75)	(1,071.91)
Dividend Paid (including Tax on Dividend)	(29,558.03)	(21,952.48)
Finance Cost	(450.08)	(138.38)
Net Cash from/(used in) Financing Activities	(32,029.86)	(23,162.77)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	46,058.56	27,549.63
Cash and Cash Equivalents at the beginning of the Year	202,280.70	174,731.07
Cash and Cash Equivalents at the end of the Year	248,339.27	202,280.70

Notes :

- The above statement has been prepared under indirect method as per Accounting Standard on Cash Flow Statement (AS - 3).
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and end of the period and treated as Investing Activities.
- "Cash and Cash Equivalents" consists of Cash on hand, Balances with Banks, and Deposits having a maturity period of three months or less from the date of deposit. Cash and Bank Balance shown in Note 19 is inclusive of ₹ 484,832.91 (₹ 385,852.08) being the deposits having a original maturity period of more than three months.
- Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report attached

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883

S Sreenivas
Company Secretary

Bengaluru
27 May 2016

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **BHARAT ELECTRONICS LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries referred to as "the Group") and Jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In the light of observations arising in our Auditor's Report from the audit of Comptroller & Audit General of India, our Independent Auditor's Report dated 27 May 2016 has been revised to correct Paragraph (a) in Other Matters to delete reference to BEL Multitone Private Limited.

This report supersedes our Independent Auditor's Report dated 27 May 2016.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and Jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and Jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for

ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of

their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- in the case of the consolidated balance sheet, of the state of affairs of the company as at 31 March 2016.
- in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
- in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matters

- We did not audit the financial statements of two subsidiaries viz BEL Optronic Devices Limited & BEL Thales System Limited, and the Jointly controlled entity viz. GEBE Private Limited., whose financial statements reflect total assets of ₹ 64,694.89 lakhs as at 31 March 2016, total revenues of ₹ 33,794.22 lakhs and net cash inflows of ₹ 1788.46 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 3289.81 lakhs for the year ended 31 March 2016 after adjusting loss of ₹ 247.16 lakhs of the subsidiary BEL Thales Systems Limited, as considered in the consolidated financial statements, whose financial statements 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 jointly controlled entities and our report in terms of sub-sections (3) and(11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and Jointly controlled entities, is based solely on the reports of the other auditors.

- We draw attention to Note No. 32(10) regarding disclosure of segment information as required under AS-17.
- We draw attention to Note No. 32(12) regarding confirmation of dissolution of BEL Multitone Private Limited, a Joint Venture Company by the Hon'ble High Court of Karnataka.

Our opinion on the consolidated financial statements and our report on 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

- Companies (Auditor's Report) Order, 2016 ("the Order"), dated 29 March 2016, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act is not applicable on consolidated financial statements.
- As required by Section 143(3) of the Act, we report, to the extent applicable, that :
 - 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.
 - 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 the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with, by this Report is in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Company as at 31 March 2016 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary companies and Jointly controlled entities incorporated in India, none of the directors of the Group and Jointly controlled entities incorporated in India are disqualified as at 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and Jointly controlled entities— Refer Note No 32(09) to the consolidated financial statements.
- ii. The Group and Jointly controlled entities did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and Jointly controlled entities incorporated in India.

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number : 005389S

(S. RAJENDIRAN)

Partner

Membership No. 021883

Bengaluru

15 July 2016

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT ELECTRONICS LIMITED

Report on the Internal Financial Controls 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 2016, we have audited the internal financial controls over financial reporting of **Bharat Electronics Limited** ("the Holding Company") and its subsidiary companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 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 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 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, the Holding Company, its subsidiary companies and jointly controlled companies, 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 2016, 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.

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 insofar as it relates to two subsidiary companies and one jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number : 005389S

(S. RAJENDIRAN)

Partner

Membership No. 021883

Bengaluru

15 July 2016

Significant Accounting Policies on the Consolidated Financial Statements (CFS) for the year 2015-16

1. BASIS OF ACCOUNTING

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014], 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 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 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. REVENUE RECOGNITION

(i) Revenue from sale of goods is recognised as under :

- a. In the case of FOR contracts, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the company at the request of the customer.
- b. In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

- c. In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion/delivery period is more than 24 months and the value of the equipment/system is more than ₹ 100 crores, revenue is recognised on the "percentage completion" method. Percentage completion is based on the ratio of actual costs incurred on the contract upto the reporting date to the estimated total cost of the contract.

Since the outcome of such a contract can be estimated reliably only on achieving certain progress, revenue is recognised upto 25% progress only to the extent of costs. After this stage, revenue is recognised on proportionate basis and a contingency provision equal to 20% of the surplus of revenue over costs is made while anticipated losses are recognised in full.

- d. If the sale price is pending finalisation, revenue is recognised on the basis of price expected to be realised. Where break up prices of sub units sold are not provided for, the same are estimated.
- e. Price revisions and claims for price escalations on contracts are accounted on admittance.
- f. In case of a composite contract, where separate fee for installation and commissioning is not stipulated and the supply is effected and installation and commissioning work is pending, the estimated costs to be incurred on installation and commissioning activity is provided for and revenue is recognised as per the contract.
- g. Sales exclude Sales Tax / Value Added Tax (VAT) and include Excise Duty.

(ii) Revenue from Service Income is recognised as under :

- a. Where installation and commissioning is stipulated and price for the same agreed separately, revenue relating to installation and

commissioning is recognised on conclusion of installation and commissioning activity.

- b. Revenue in respect of Maintenance Contracts is recognized on accrual basis.
- c. Revenue in respect of other categories of services is recognized on rendering of service.

(iii) Other income is recognised on accrual.

4. FIXED ASSETS, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS UNDER DEVELOPMENT :

(i) Tangible Assets :

Tangible Fixed Assets are stated at cost less accumulated depreciation / amortisation including where the same is acquired in full or in part with government grant. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition, cost of computer software which is an integral part of the related hardware, and also includes borrowing costs during the acquisition / construction phase, if it is a qualifying asset requiring substantial period of time to get ready for intended use. The cost of Fixed Assets acquired from a place outside India includes the exchange differences if any, arising in respect of liabilities in foreign currency incurred for acquisition of the same upto 31.03.2007.

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

(ii) Intangible Assets :

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

- b. Cost of Developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

Cost of Developmental work under progress, is classified as "Intangible Assets under Development".

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

(iii) Impairment of Assets :

The Company assesses the impairment of assets with reference to each Cash Generating Unit (CGU) at each Balance Sheet date if events or changes in circumstances, based on internal and external factors, indicate that the carrying value may not be recoverable in full. The loss on account of impairment, which is the difference between the carrying amount and recoverable amount, is accounted accordingly. Recoverable amount of a CGU is its Net Selling Price or Value in Use whichever is higher. The Value in Use is arrived at on the basis of estimated future cash flows discounted at Company's pre-tax borrowing rates.

"Intangible Assets under development" are assessed for impairment at end of each year.

Reversal of impairment provision is made when there is an increase in the estimated service potential of an asset, either from use or sale, on reassessment after the date when impairment loss for that asset was last recognised.

5. DEPRECIATION / AMORTISATION

Tangible depreciable Fixed Assets are generally depreciated on straight-line method over the useful life of the assets estimated by the Management and in the manner prescribed in Schedule II to the Companies Act, 2013.

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

Special instruments are amortized over related production.

Intangible Assets in respect of the ERP software (SAP) acquired for internal use is amortized over a period of three years on straight-line method.

Internally generated Intangible Assets are amortised on a straight line over their estimated useful life subject to a maximum period of ten years.

Prorata depreciation / amortization is charged from / upto the date on which the assets are ready to be put to use / are deleted or discarded.

Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

Borrowing costs that are specifically attributable to qualifying assets as defined in Accounting Standard AS 16 are added to the cost of such assets until use or sale and the balance expensed in the year in which the same is incurred.

7. RESEARCH & DEVELOPMENT EXPENDITURE

- (i) Expenditure on Research activity is recognized 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-sales contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

Where such developmental projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.

- iii. Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Accounting Standard (AS) 26 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.
- iv. Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on closure of project, the amount will be either capitalised if further economic benefit is expected from its use or charged off.
- v. R&D expenditure on Fixed Assets is capitalised.

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

The amount lying in Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

The amount lying in Deferred Income on account of Revenue Expenses is transferred to the credit of Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

Grants in the nature of promoter's contribution are credited to Capital Reserve.

9. INVESTMENTS

- (i) Investments are categorised as Trade Investments or Other Investments. Trade investments are the investments made to enhance the Company's business interests.
- (ii) Investments are further classified either as long-term or current based on the Management's intention at the time of purchase. Long-term investments are valued at acquisition cost. Any diminution in the value other than of temporary nature is provided for. Current investments are carried at lower of cost or fair value.

10. INVENTORY VALUATION

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. Finished goods at factories include applicable excise duty. Adequate provision is made for inventory which are more than five years old which may not be required for further use.

11. TRADE RECEIVABLES AND OTHER RECEIVABLES

- (i) Full provision is made for all Trade Receivables and Other Receivables considered doubtful of recovery having regard to the following considerations :
 - (a) Time barred dues from the government/ government departments / government companies are generally not treated as doubtful.
 - (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.
- (ii) Provision for bad and doubtful dues is generally made for dues outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realisable based on a case to case review.

12. INCOME TAX

Tax expense comprising current tax after considering deferred tax as determined under the prevailing tax laws are recognised in the Statement of Profit and Loss for the period.

Certain items of income and expenditure are not considered in tax returns and financial statements in the same period. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset / liability. The effect on deferred tax assets and liabilities due to change in such assets / liabilities as at the end of the accounting period as compared to the beginning of the period and due to a change in tax rates are recognised in the Statement of Profit and Loss for the period.

13. 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.

14. FOREIGN CURRENCY TRANSACTIONS

Foreign exchange transactions including that of integral foreign branches are recorded using the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at period-end rates. The resultant exchange difference arising from settlement of transactions during the period and translations at the period end, except those upto 31.03.2007 relating to acquisition of Fixed Assets from a place outside India, is recognised in the Statement of Profit and Loss. Exchange differences relating to the acquisition of Fixed Assets were adjusted in the carrying cost of the Fixed Assets till 31.03.2007.

Premium or discount arising at the inception of the forward exchange contract is amortised as income / expenditure over the life of the contract. Premium arising at the time of entering into an Options contract is charged off at the time of inception of the Contract.

The exchange rate differences on the amount of forward exchange contracts between the rate on the last reporting date / the rate at the time of entering into a contract during the period and the rate on the settlement date / reporting date are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

In accordance with the announcement of ICAI on Accounting for Derivatives, Forward Exchange Contracts / Options Contracts entered into to Hedge the Foreign Currency Risk of a "Firm Commitment" or a Highly Probable forecast transaction and outstanding as on reporting date are valued on Marked to Market basis and losses, if any, are adjusted in the Statement of Profit and Loss. Any gain on Marked to Market valuation is not recognized by the company keeping in view the principle of prudence as enunciated in AS-1- Disclosure of Accounting Policy.

Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period when the cancellation or renewal occurs.

15. 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.

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.

- (ii) (a) Defined contribution to Employee Pension Scheme is made on monthly accrual basis at the applicable rates.
 b) Defined contribution to Superannuation Pension Scheme is made on Annual basis at the applicable rates.
- (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) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

Prior period adjustments and extraordinary items having material impact on the financial affairs of the Company are disclosed.

17. 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.

18. PROVISIONS AND CONTINGENT LIABILITIES

Provisions for losses and contingencies arising as a result of a past event where the Management considers it probable that a liability may be incurred, are made on the basis of the best reliable estimate of the expenditure required to settle the present obligation on the Balance Sheet date, and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. Significant variations thereof are disclosed.

Contingent liabilities to the extent the Management is aware, are disclosed by way of notes to the accounts.

19. CASH FLOW STATEMENT

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statements.

20. BASIS OF CONSOLIDATION

The consolidated financial statements are prepared in accordance with the Accounting Standards issued by the Central Government [as notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014].

Accounting Standard 21 (Consolidated Financial Statements) in respect of the Subsidiary company and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) in respect of Joint Venture Companies.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883

S Sreenivas
Company Secretary

Bengaluru
27 May 2016

Consolidated Balance Sheet as at 31 March 2016

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	1	24,000.00	8,000.00
(b) Reserves & Surplus	2	874,606.29	803,683.58
		898,606.29	811,683.58
(2) Minority Interest	2A	475.88	610.51
(3) Government Grants	3	17,732.09	20,087.62
(4) Non - Current Liabilities			
(a) Long - Term Borrowings	4	25.48	34.58
(b) Other Long - Term Liabilities	5	219.01	109.97
(c) Long - Term Provisions	6	51,443.43	43,414.95
		51,687.92	43,559.50
(5) Current Liabilities			
(a) Short - Term Borrowings		2,838.53	2,472.87
(b) Trade Payables	7		
- Total outstanding dues of MSE		695.10	415.05
- Total outstanding dues other than dues of MSE		118,659.42	118,018.09
(c) Other Current Liabilities	8	695,419.80	540,561.65
(d) Short - Term Provisions	9	66,335.18	35,151.35
		883,948.03	696,619.01
TOTAL		1,852,450.21	1,572,560.22
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	106,689.49	88,817.76
Less : Unrealised Profit		0.12	0.12
		106,689.37	88,817.64
(ii) Intangible Assets	11	16,603.05	18,482.94
(iii) Capital Work - in - Progress	12	22,368.93	14,021.23
(iv) Intangible Assets under development	13	20,784.00	11.99
(b) Non-Current Investments	14	24,215.17	5.05
(c) Deferred Tax Assets (Net)	15	37,135.71	33,843.41
(d) Long - Term Loans & Advances	16	11,806.67	7,829.80
(e) Other Non-Current Assets	17	7,573.44	8,959.47
		247,176.34	171,971.53
(2) Current Assets			
(a) Inventories	18	421,277.10	342,421.44
(b) Trade Receivables	19	374,070.67	380,531.89
(c) Cash & Bank Balances	20	755,289.40	603,792.49
(d) Short - Term Loans & Advances	21	48,725.25	68,408.83
(e) Other Current Assets	22	5,911.45	5,434.04
		1,605,273.87	1,400,588.69
TOTAL		1,852,450.21	1,572,560.22

Significant Accounting Policies & Note No. 1 to 32 form part of Financial Statements.

As per our report attached

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883

S Sreenivas
Company Secretary

Bengaluru
27 May 2016

Consolidated Statement of Profit & Loss for the year ended 31 March 2016

(₹ in Lakhs)

PARTICULARS	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
I. REVENUE FROM OPERATIONS			
(i) Turnover			
(a) Sale of Products		692,951.22	632,951.38
(b) Sale of Services		82,919.74	58,539.52
(c) Gross (a + b)		775,870.96	691,490.90
(d) Excise Duty		37,597.14	1,958.54
(e) Net Turnover (c-d)		738,273.82	689,532.36
(ii) Other Operating Revenues	23	16,580.18	19,730.87
TOTAL [i(e) + ii]		754,854.00	709,263.23
II. OTHER INCOME	24	53,348.60	50,673.70
III. TOTAL REVENUE (I + II)		808,202.60	759,936.93
IV. EXPENSES			
(a) Cost of Material Consumed		380,239.54	342,726.93
(b) Cost of Stores & Spares Consumed		3,053.35	4,060.17
(c) Purchases of Stock in Trade		33,936.48	43,952.00
(d) Changes in Inventories of Finished Goods, WIP & Scrap	25	(25,593.45)	2,735.67
(e) Employee Benefits Expense	26	132,250.16	128,100.46
(f) Finance Costs	27	617.25	268.19
(g) Depreciation and Amortization Expense	10 & 11	19,956.80	16,615.01
(h) Other Expenses	28	77,204.76	70,225.51
TOTAL EXPENSES (a to h)		621,664.89	608,683.94
V. Profit before exceptional & extraordinary items & tax (III-IV)		186,537.71	151,252.99
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V+VI)		186,537.71	151,252.99
VIII. Extraordinary items	29	1,101.72	-
IX. Profit for the year (VII-VIII)		185,435.99	151,252.99
X. Prior Period Items (Net)	30	334.03	73.57
XI. Profit for the year before tax (IX+X)		185,770.02	151,326.56
XII. Tax Expense			
- Current Year		50,413.79	38,170.87
- Earlier Years		(0.23)	(2,857.43)
- Deferred Taxes		(3,292.30)	(3,691.64)
Total Provision for Taxation		47,121.26	31,621.80
XIII. Profit for the year before Minority Interest (XI - XII)		138,648.76	119,704.76
XIV. Minority Interest		(64.26)	(15.80)
XV. Profit for the year after Minority Interest (XIII - XIV)		138,713.02	119,720.56
XVI. Earnings per equity share :	31		
(1) Basic [in Rupees]		57.80	49.88
(2) Diluted [in Rupees]		57.80	49.88

Significant Accounting Policies & Note No. 1 to 32 form part of Financial Statements.

As per our report attached

For **Badari, Madhusudhan & Srinivasan**
 Chartered Accountants
 Firm Regn. No. 005389S

S K Sharma
 Chairman & Managing Director

P R Acharya
 Director (Finance)

S Rajendiran
 Partner
 Membership No. 021883

S Sreenivas
 Company Secretary

Bengaluru
 27 May 2016

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
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NOTE - 1 SHARE CAPITAL

Authorised Capital

25,00,00,000 (10,00,00,000) Equity Shares of ₹ 10 each	25,000.00	10,000.00
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Issued, Subscribed & Fully Paid - up Capital

24,00,00,000 (8,00,00,000) Equity Shares of ₹ 10 each	24,000.00	8,000.00
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i. Reconciliation of No. of Shares

Particulars	2015 - 16		2014 - 15	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	8,00,00,000	8,000.00	8,00,00,000	8,000.00
Add : Shares issued during the year (Bonus Shares)	160,000,000	16,000.00	-	-
Less : Shares Bought Back, etc during the year	-	-	-	-
Shares outstanding at the end of the reporting period	240,000,000	24,000.00	8,00,00,000	8,000.00

ii. Details of shareholders holding more than 5% of paid up share capital as on 31 March 2016 is given below :

Name of Shareholder	2015 - 16		2014 - 15	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	180,042,330	75.02%	60,015,859	75.02%
Life Insurance Corporation of India	12,741,544	5.31%	4,476,641	5.60%

- iii. Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. **NIL** NIL
- iv. The aggregate value of calls unpaid (including Directors and Officers of Company) **NIL** NIL
- v. The Company has only one class of shares viz, Equity Shares.
- vi. 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.
- vii. Each Shareholder has a right to receive the dividend declared by the Company.
- viii. 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.
- ix. During the year, the company issued 160,000,000 fully paid equity shares of ₹ 10/- each as bonus share to the existing shareholders in the ratio of two fully paid equity share of ₹ 10/- each for every one fully paid equity share of ₹ 10/- each.

Consolidated Notes to Accounts

	As at 31 March 2016	As at 31 March 2015
(₹ in Lakhs)		
NOTE - 2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Land valuation Reserve	200.64	200.64
b) Capital Profit :		
At the beginning of the year	4,667.95	4,667.95
Add : Transfer from Profit for the period	2.17	-
	<u>4,670.12</u>	<u>4,667.95</u>
c) Capital Reserve on Consolidation of Subsidiary	206.82	206.82
Add : Consolidation Adjustments	154.55	-
	<u>361.37</u>	<u>206.82</u>
d) On acquisition of Machilipatnam Unit	0.85	0.85
e) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	<u>5,282.98</u>	<u>5,126.26</u>
GENERAL RESERVE		
At the beginning of the year	434,648.47	394,342.97
Add : Transfer from Surplus for the period	40,329.42	40,305.50
Less : Amount capitalised during the period (Refer Note - 1)	16,000.00	-
	<u>458,977.89</u>	<u>434,648.47</u>
SURPLUS		
At the beginning of the year	363,908.85	314,556.56
Add : Profit for the period	138,713.02	119,720.56
Less : Depreciation adjustments (BELOP)	-	3.40
Amount available for appropriation	<u>502,621.87</u>	<u>434,273.72</u>
Less : Appropriation		
Dividend on Equity Shares		
- Interim Dividend [₹ 2.5 per share (₹ 6 per share)]	6,000.00	4,800.00
- Proposed Final Dividend [₹ 14.5 per share (₹ 23.20 per share)]	34,800.00	18,560.00
Dividend Tax	9,364.64	4,804.40
Corporate Social Responsibility	1,780.22	1,894.97
Transfer to General Reserve	40,329.42	40,305.50
Transfer to Capital Reserve	2.17	-
Surplus carried forward	<u>410,345.42</u>	<u>363,908.85</u>
	<u>874,606.29</u>	<u>803,683.58</u>
NOTE - 2A		
MINORITY INTEREST		
At the beginning of the year	610.51	376.72
Add : Additions during the year	332.80	249.60
Add : Transfer from Statement of Profit & Loss	(64.26)	(15.80)
Less : Consolidation Adjustments	403.17	0.01
	<u>475.88</u>	<u>610.51</u>
	<u>475.88</u>	<u>610.51</u>
NOTE - 3		
GOVERNMENT GRANTS		
Grant from Government for Research and Other purposes		
At the beginning of the year	20,087.62	22,058.27
Add : Additions during the year	7.66	1,008.25
Less : Transfer to Statement of Profit & Loss	2,363.19	2,978.90
	<u>17,732.09</u>	<u>20,087.62</u>
	<u>17,732.09</u>	<u>20,087.62</u>

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
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NOTE - 4

LONG TERM BORROWINGS

Secured

Long Term Maturity of Finance Lease Obligations

Liability on Leased Assets (Vehicles & Computers)	25.48	34.58
	25.48	34.58
i. Total outstanding liability on Leased Assets	48.62	54.34
Less : Amount expected to be paid within next twelve months. (Refer Note 8)	23.14	19.76
	25.48	34.58
ii. The above liability is secured by vehicles taken on lease. (Refer Note 10)		
iii. The terms of repayment of Finance Lease varies from 36 to 48 months.		
iv. As per the provisions of Accounting Standard 19, the following information is disclosed in respect of above Finance Lease :		
a) The net carrying amount (WDV) at the Balance Sheet date	49.66	54.34
b) Total minimum lease payments as at the reporting period date	57.20	66.04
c) The present value of minimum lease payments as at the reporting period date	48.62	54.34
d) The minimum lease amount payable with present value for each of the following periods is given below :		

Particulars	2015 - 16		2014 - 15	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
a) not later than one year	28.60	23.14	26.26	19.76
b) later than one year & not later than five years	28.60	25.48	39.78	34.58
c) later than five years	-	-	-	-
TOTAL	57.20	48.62	66.04	54.34

NOTE - 5

OTHER LONG TERM LIABILITIES

Trade Payables	56.77	1.87
Security Deposits	149.55	105.70
Payables other than Trade Payables	12.69	2.40
	219.01	109.97

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
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NOTE - 6

LONG TERM PROVISIONS

Employee Benefits

Long-term Compensated Absences	23,889.03	21,385.57
BEL Retired Employees Contributory Health Scheme (BERECHS)	27,554.40	22,029.38
	51,443.43	43,414.95

i. Long Term Compensated Absence Scheme :

Total liability in respect of Long Term Compensated Absences	26,347.47	24,208.79
Less : Amount expected to be paid within next twelve months (Refer Note 9)	2,458.44	2,823.22
	23,889.03	21,385.57

ii. The amount of Liability on long term compensated absences has been bifurcated between current and non current based on the report of Actuary.

iii. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Long Term Compensated Absences :

Particulars	2015- 16	2014- 15
a) Expenses Recognised in the Statement of Profit & Loss :	4,906.89	7,838.57
b) Principal Assumptions :		
Discounting Rate	7.75% / 7.90% / 7.99%	7.75% / 7.90% / 7.99%
Rate of increase in compensation level	5.00% / 7.50% / 10.50%	5.00% / 7.50% / 10.50%
c) Amounts to be recognised in Balance Sheet :		
Liability recognised in Balance Sheet [as per Actuarial Valuation]	26,347.47	24,208.79

iv. **BEL Retired Employees' Contributory Health Scheme (BERECHS)**

a) Total liability in respect of BERECHS	29,704.77	23,817.02
Less : Expected to be payable within next twelve months (Refer Note 9)	2,150.37	1,787.64
	27,554.40	22,029.38

b) The liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary.

v. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of BERECHS :

Particulars	2015- 16	2014- 15
a) Change in Benefit Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	23,817.02	20,785.53
Current Service Cost	1,245.62	1,087.07
Interest Cost	1,757.29	1,835.03
Actuarial (Gain) / Loss	5,169.37	1,788.48
Benefits paid	(2,284.53)	(1,679.09)
Present Value of Obligation as at the end of the period	29,704.77	23,817.02

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	2015-16	2014-15
b) Change in Fair Value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Contributions	2,284.53	1,679.09
Benefits paid	(2,284.53)	(1,679.09)
Actuarial Gain / (Loss)	-	-
Fair value of Plan Assets at the end of the period	-	-
c) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	1,245.62	1,087.07
Interest on Defined benefit obligation	1,757.29	1,835.03
Expected return on Plan Assets	-	-
Net Actuarial (Gain) / Loss recognised in the period	5,169.37	1,788.48
d) Expenses Recognised in the Statement of Profit & Loss (Expenses : ₹ 2284.53, Provisions : ₹ 5887.75)	8,172.28	4,710.58
e) Principal Assumptions :		
Discounting Rate	8.10%	7.75%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	3.90%	3.90%
Attrition Rate	1.00%	1.00%
f) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	29,704.77	23,817.02
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(29,704.77)	(23,817.02)
Unrecognised Actuarial (Gains) / Losses	-	-
Liability recognised in Balance Sheet (as per Actuarial Valuation)	29,704.77	23,817.02
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	462.36	401.64
Effect on defined benefit obligation	3468.60	2,917.96
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	(384.14)	(331.87)
Effect on defined benefit obligation	(2,881.82)	(2,411.07)

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE-9		
SHORT TERM PROVISIONS		
Taxation [Net of Advance Tax ₹ 143,546.64 (₹ 93,046.91)] (Refer Note 16)	6,303.96	-
Proposed Final Dividend	34,800.00	18,560.00
Dividend Tax	8,143.18	3,844.68
Employee Benefits		
Gratuity	38.52	498.50
Long-Term compensated absences	2,458.44	2,823.22
BERECHS	2,150.37	1,787.64
Management Contribution to Superannuation (Pension) Scheme	4,998.70	3,228.00
Provision for Pay Revision & Incentive	590.77	417.28
	10,236.80	8,754.64
Provision for Performance Warranty	6,851.24	3,992.03
	66,335.18	35,151.35

- i. Provision for warranty is made towards meeting the expenditure on account of performance guarantee and warranties in accordance with accounting policy No.13. The details of the same are given below :

Particulars	2015 - 16	2014 - 15
Opening Balance (a)	3,992.03	3,595.90
Additional Provisions made during the year (b)	3,116.98	997.12
Amounts used during the year (c) *	0.47	59.55
Unused Amounts reversed during the year (d)	257.30	541.44
Closing Balance (e) = (a+b-c-d)	6,851.24	3,992.03

* a) Represents amount debited to opening provision.

b) An amount of ₹ 8,592.32 (₹ 5,102.25) has been debited to Natural Code Heads.

- ii. The Parent Company (BEL) has separate Trusts for Provident Fund. During the year the Parent Company (BEL) has recognised an amount of ₹ 7568.02 (₹ 7,108.13) towards contribution to Employees Provident Fund and Pension Schemes in the Statement of Profit and Loss. The guidance on implementing AS 15 (Revised) issued by the Institute of Chartered Accountants of India states that provident funds setup by employers that guarantee a specified rate of return and which require interest shortfalls to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15(R) and actuarially valued.

Pursuant to the Guidance Note, the Parent Company (BEL) has determined on the basis of actuarial valuation carried out as at 31 March 2016, that there is no liability towards the interest shortfall on valuation date under para 55 and 59 of AS 15 (R) (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

The following table summarises the disclosure report provided by the Actuary :

EMPLOYEES PROVIDENT FUND

(₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
i) Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	156,326.03	138,914.93
Current Service Cost	25,083.94	28,586.38
Interest Cost	11,648.57	11,900.98
Past Service Cost	-	-
Actuarial (Gain) / Loss	(2,074.66)	(7,104.31)
Benefits paid	(13,970.57)	(12,830.85)
Present Value of Obligation transferred	-	(3,141.10)
Present Value of Obligation as at the end of the period	177,013.31	156,326.03
ii) Change in Fair Value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year	160,225.97	142,453.35
Expected return on Plan Assets	15,025.38	13,153.79
Contributions	20,342.58	20,563.41
Benefits paid	(13,970.57)	(12,830.85)
Actuarial Gain / (Loss) on Plan Assets	(673.79)	171.39
Fair Value of Plan Assets transferred	-	(3,285.12)
Fair value of Plan Assets at the end of the period	180,949.57	160,225.97
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	25,083.94	28,586.38
Interest Cost	11,648.57	11,900.98
Expected return on Plan Assets	(15,025.38)	(13,153.79)
Net Actuarial (Gain) / Loss recognised in the period	(1,400.87)	(7,275.70)
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit & Loss	20,306.26	20,057.87
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	177,013.31	156,326.03
Fair Value of Plan Assets at the end of the period	180,949.57	160,225.97
Difference	(3,936.26)	(3,899.94)
Unrecognised Actuarial (Gains) / Losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period :		
Present Value of Obligation	177,013.31	156,326.03
Plan Assets	180,949.57	160,225.97
Surplus / (Deficit)	3,936.26	3,899.94
Experience Adjustments on Plan liabilities - (Loss)/ Gain	-	7,112.10
Experience Adjustments on Plan Assets - (Loss)/ Gain	(673.79)	171.39

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
vi) Category of Assets as at 31 March 2016 :		
Government of India Securities and State Government Securities	44.30%/ 44.30%	41.08% /47.00%
High Quality Corporate Bonds	44.54% / 44.89%	48.11% / 50.00%
Equity Shares of Listed Companies	1.70%/ 5.18%	0.00% / 0.00%
Special Deposit Scheme	9.46% / 0.00%	10.81%/ 0.00%
Funds Managed by Insurer	0.00%/ 0.00%	0.00%/ 3.00%
Others	0.00% /3.29%	0.00% / 0.00%
Total	100%/100%	100%/100%
vii) Principal Assumptions :		
Discounting Rate	8.10%	7.75%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	9.00%	9.20%

iii. The Subsidiary (BEL Optronics Devices Ltd) and JVC (GE BE Pvt Ltd) are funding the Provident Fund contributions with the Government Provident Funds. BEL-THALES Systems Limited employees are on deputation from BEL and are covered under Parent's Scheme.

iv. Gratuity Scheme :

As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Gratuity :

Particulars	2015 - 16	2014 - 15
i) Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	37,634.05	34,309.42
Current Service Cost	626.96	637.48
Interest Cost	2,767.09	2,958.23
Past Service Cost	-	-
Actuarial (gain) / loss	(1,091.45)	4,057.96
Benefits paid	(3,910.03)	(4,329.04)
Present Value of Obligation as at the end of the period	36,026.62	37,634.05
ii) Change in Fair Value of Plan Assets :		
Fair value of Plan Assets at the beginning of the year	35,635.55	36,811.85
Expected return on Plan Assets	3,068.58	3,110.27
Contributions	1,995.89	13.00
Benefits paid	(3,910.03)	(4,329.04)
Actuarial gain / (loss) on Plan Assets	269.72	29.47
Fair value of Plan Assets at the end of the period	37,059.71	35,635.55
Excess of Obligation over Plan Assets	(1,033.09)	1,998.50

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	2015 - 16	2014 - 15
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	626.96	637.48
Interest Cost	2,767.09	2,958.23
Expected return on Plan Assets	(3,068.58)	(3,110.27)
Net Actuarial (gain) / loss recognised in the period	(1,361.17)	4,028.49
Past Service Cost	-	-
Negative Opening Liability not recognised during the year	-	(2,513.88)
Expenses Recognised in the Statement of Profit & Loss	19.37	2,000.05
Actual Return on Plan Assets	7.50% / 7.96% / 8.20%	7.50% / 7.99% / 8.86%
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	36,026.62	37,634.05
Fair Value of Plan Assets at the end of the period	37,059.71	35,635.55
Funded Status	1,033.09	(1,998.50)
Unrecognised Actuarial (gains) / losses	-	-
Liability recognised in Balance Sheet [after considering payment of ₹ NIL (₹ 1,500.00) to the Trust during the year]	38.52	498.50
v) Category of Assets as at 31 March 2016 :		
State Govt. Securities	6.98%	8.08%
Govt. of India Securities	2.51%	2.32%
High Quality Corporate Bonds	6.50%	8.18%
Investment with Insurer	84.01% / 100.00%	81.42% / 100.00%
Principal Assumptions :		
Discounting Rate	8.10% / 8.00% / 7.96%	7.75% / 7.90% / 7.99 %
Salary escalation rate	7.50% / 10.50% / 5.00%	5.00% / 7.50% / 10.50%
Expected rate of Return on Plan Assets	8.20% / 7.50% / 7.96%	7.50% / 7.99% / 8.86%

v. For BERECHS & Long Term Compensated Absences, Refer Note 6 for disclosure details.

Consolidated Notes to Accounts

NOTE - 10 FIXED ASSETS - TANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTIZATION			NET BLOCK		
	Cost as at 01.04.2015	Additions / Adjustments during the year	Deductions / Adjustments during the year	Total cost as at 31.03.2016	Accumulated Depreciation / Amortisation as at 01.04.2015	Depreciation / Amortisation for the year	Deductions / Adjustments during the year	As at 31.03.2016	As at 31.03.2015
Free Hold Land *	2,410.27	8,520.08	-	10,930.35	-	-	-	10,930.35	2,410.27
Lease Hold Land	729.70	179.78	-	909.48	130.39	11.36	-	767.73	599.31
Roads and Culverts	779.38	179.57	0.07	958.88	506.06	26.04	0.07	426.85	273.32
Buildings ++ @	33,451.90	2,813.64	55.74	36,209.80	12,093.77	1,136.77	48.68	23,027.94	21,358.13
Installations ++	7,748.47	305.29	173.95	7,879.81	5,813.44	375.43	173.09	6,015.78	1,935.03
Plant and Machinery ++	107,208.19	14,429.35	2,341.21	119,296.33	73,628.02	7,261.67	2,111.11	78,778.58	33,580.17
Electronic Equipment ++	59,476.56	5,385.86	2,842.37	62,020.05	45,699.43	4,221.96	2,691.80	14,790.46	13,777.13
Equipment for R & D Lab	32,123.98	2,858.42	1,437.28	33,545.12	23,699.97	3,276.98	1,367.14	7,935.31	8,424.01
Vehicles	993.53	69.07	16.85	1,045.75	852.29	56.09	16.85	154.22	141.24
Vehicles - Under Lease	99.15	26.26	18.46	106.95	44.81	27.04	14.56	49.66	54.34
Office Equipment ++	13,173.39	914.00	1,153.63	12,933.76	10,427.13	951.37	984.11	2,539.37	2,746.26
Furniture, Fixtures and other Equipment ++	8,794.20	862.05	380.20	9,276.05	5,340.55	664.66	367.25	3,638.09	3,453.65
Assets acquired for Sponsored Research **	1,420.72	-	-	1,420.72	1,355.82	17.17	-	47.73	64.90
Total ***	268,409.44	36,543.37	8,419.76	296,533.05	179,591.68	18,026.54	7,774.66	106,689.49	88,817.76
Previous Year ***	234,557.13	35,522.08	1,669.77	268,409.44	165,136.69	16,058.87	1,603.88	88,817.76	59,896.44

Freehold Land of Parent Company (BEL) consists of 2039.88 acres (1,038.63 acres) and Leasehold Land of Parent Company (BEL) consists of 309.33 acres (301.33 acres).

* Land includes 8.46 acres (8.42 acres) leased to commercial/religious organisations and in their possession.

** Assets are the property of the Government of India.

++ Additions during the year includes ₹ 1,147.49 (₹ 1,265.74) and ₹ 4.33 (Nil) in respect of the assets of Central Research Laboratories and Pune Unit respectively of BEL.

@ Additions during the year includes ₹ Nil (₹ 1,198.99) in respect of D&E Buildings.

*** Gross Block and Accumulated Depreciation include ₹ 3,639.58 (₹ 6313.48) pertaining to assets not in active use, disposal of which is pending.

Deductions includes Gross block ₹ 2878.08 and accumulated depreciation ₹ 2289.76 in respect of assets affected due to flood at Chennai Unit. [Refer note no. 31 (14)].

Assets acquired fully out of non-government grants have been valued at nominal value of ₹ 1 (Rupee One only). Where such Assets have been partially funded, they have been valued after adjusting the proportionate grant amount.

Consolidated Notes to Accounts

FIXED ASSETS - TANGIBLE

The managements have 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 / 6 / 7 / 10
Electronic Equipments	5 / 6 / 7
Vehicles	4 / 5
Office Equipments	7
Furniture & Fixtures	7 / 10
Equipments for R&D Labs	5

In respect of Subsidiaries and JVC, estimated useful lives as per Schedule II to the Companies Act, 2013 has been adopted except of in case of Continuous Process Plant in BELOP, where 15 years useful life has been adopted.

NOTE - 11

FIXED ASSETS - INTANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			AMORTISATION			NET BLOCK		
	Cost as at 01.04.2015	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Total cost as at 31.03.2016	Accumulated Amortization as at 01.04.2015	Amortization for the year	Deductions/ Adjustments during the year	As at 31.03.2016	As at 31.03.2015
Intangible Assets - Others									
Enterprise Resource Planning (ERP) - Software Licenses / Implementation	2,112.24	50.39	-	2,162.63	2,055.31	38.40	-	68.92	56.93
License Fee	1.89	-	-	1.89	0.15	0.20	-	1.54	1.73
Computer Operating System	18,916.60	-	-	18,916.60	492.35	1,891.66	-	16,532.59	18,424.25
Total	21,030.73	50.39	-	21,081.12	2,547.81	1,930.26	-	16,603.05	18,482.91
Previous Year	2,039.04	18,991.69	-	21,030.73	1,989.27	558.52	-	18,482.94	49.77

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 12		
CAPITAL WORK IN PROGRESS		
Civil Construction	10,369.10	4,180.45
Plant & Machinery	7,701.80	7,840.74
Others	2,911.24	1,598.34
	<u>20,982.14</u>	<u>13,619.53</u>
Add : Capital Items in Transit	1,387.48	770.43
	22,369.62	14,389.96
Less : Provision	0.69	368.73
	<u>22,368.93</u>	<u>14,021.23</u>

Assets acquired fully out of non-government grants have been valued at nominal value of ₹ 1 (Rupee One only). Where such Assets have been partially funded, they have been valued after adjusting the proportionate grant amount.

NOTE - 13 INTANGIBLE ASSETS UNDER DEVELOPMENT Internally developed

	<u>20,772.01</u>	-	-
Others			
Enterprise Resource Planning (ERP) - Software Licenses /implementation	11.99	11.99	11.99
	<u>11.99</u>	<u>11.99</u>	<u>11.99</u>
	<u>20,784.00</u>	<u>11.99</u>	<u>11.99</u>

NOTE - 14 NON - CURRENT INVESTMENTS (at Cost) OTHERS, UNQUOTED

a) INVESTMENT IN CO-OPERATIVE SOCIETIES

Cuffe Parade Persopolis Premises Co-operative Society, Mumbai 40 Shares (40 Shares) of ₹ 50 each fully paid	0.02	0.02	
Sukh Sagar Premises Co-op.Society, Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid	}		
Shri.Sapta Ratna Co-op.Society Ltd., Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid		0.01	0.01
Dalamal Park Co-op.Society Ltd., Mumbai 5 Shares (5 Shares) of ₹ 50 each fully paid			
Chandralok Co-op Housing Society Ltd.,Pune 30 Shares (30 Shares) of ₹ 50 each fully paid	<u>0.02</u>	<u>0.02</u>	0.05
		0.05	0.05

b) INVESTMENT IN OTHERS

Mana Effluent Treatment Plant Ltd 500 Shares (500 shares) of ₹ 1,000 each fully paid	5.00	5.00	
LIC of India (Towards Leave Encashment)*	24,210.12	-	
	<u>24,215.17</u>	<u>5.05</u>	
Aggregate Value of Quoted Investments	NIL	NIL	
Aggregate Value of Unquoted Investments	24,215.17	5.05	
Aggregate Provision for diminution in value of investment	NIL	NIL	

i. Investment made in Co-operative Societies are in respect of apartments owned by the company, cost of which is included under Building in fixed assets.

* Represents Leave Encashment liabilities as on 31.03.2015 invested in New Group Leave Encashment Plan of LIC (Refer Note No. 6).

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 15		
DEFERRED TAX ASSETS		
Deferred Tax Assets	46,232.36	40,715.39
Deferred Tax Liabilities	9,096.65	6,871.98
	37,135.71	33,843.41

Break up of Net Deferred Tax Assets is given below :

Particulars	2015 - 2016	2014 - 2015
Deferred Tax Asset (A)		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc.,	45,900.37	40,416.48
Technical Know-how fee	331.99	298.91
Total (A)	46,232.36	40,715.39
Deferred Tax Liability (B)		
Depreciation	9,034.07	6,871.98
ICDS Adjustment	62.58	-
Total (B)	9,096.65	6,871.98
Net Deferred Tax Assets (C)=(A)-(B)	37,135.71	33,843.41

NOTE - 16

LONG TERM LOANS & ADVANCES

Unsecured, Considered Good

Capital Advances	7,962.33	3,783.08
Security Deposits	2,043.96	1,853.47
Other Loans & Advances -		
Loans to Employees	755.88	837.88
Advances to Employees	37.80	0.79
Advances for Purchase	27.08	249.96
Advances to Others	241.45	73.26
Advance payment of Income Tax	-	277.41
[Net of Provision for Tax - ₹ 143,546.64 (₹ 93,046.91)] - Refer Note 9		
Balances with Customs, Port Trust and Other Government Authorities	697.04	749.69
Prepaid Expenses	41.13	4.26
	11,806.67	7,829.80

Unsecured, Considered Doubtful

Capital Advances	8.00	8.02
Security Deposits	111.88	81.78
Other Loans & Advances -		
Loans to Others	132.00	132.00
Advances to Employees	0.85	0.85
Advances for Purchase	403.92	450.74
Advances to Others	1,616.61	1,946.85
Advance payment of Income Tax	0.56	0.34
Balances with Customs, Port Trust and Other Government Authorities	8.12	57.53
	2,281.94	2,678.11
Less : Provision	2,281.94	2,678.11
	11,806.67	7,829.80

i. For Related Party Disclosures refer Note 31 (14).

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 17		
OTHER NON CURRENT ASSETS		
Inventories		
Raw Materials & Components	31,524.51	28,331.51
Less : Provision	27,178.04	22,808.84
	4,346.47	5,522.67
Work in Progress	482.77	175.19
Less : Provision	358.66	-
	124.11	175.19
Stores & Spares	70.30	86.19
Less : Provision	54.01	52.41
	16.29	33.78
Loose Tools	96.46	71.95
Less : Provision	47.53	58.96
	48.93	12.99
	4,535.80	5,744.63
Trade Receivables		
Unsecured, Considered Doubtful		
Trade Receivables	119,814.73	103,250.49
Less : Provision	119,814.73	103,250.49
	-	-
	-	-
Others		
Unsecured, Considered Good		
Others	2,956.49	3,180.44
	2,956.49	3,180.44
Unsecured, Considered Doubtful		
Receivables - Other than Trade Receivables	40.18	16.53
Claims Receivables - Purchases	797.69	661.26
Others	168.72	138.47
	1,006.59	816.26
Less : Provision	925.44	781.86
	81.15	34.40
	3,037.64	3,214.84
	7,573.44	8,959.47

- Valuation of Inventories has been made as per Company's Accounting Policy (Refer Accounting Policy 10).
- In respect of Trade Receivables, necessary provisions have been made towards Doubtful Debts on the basis of Prudence and in line with Accounting Policy 11.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at		As at
	31 March 2016		31 March 2015
NOTE - 18			
INVENTORIES			
Raw Materials & Components	220,181.66	170,963.73	
Add : Raw Materials & Components in Transit	21,365.21	15,157.36	
Less : Provisions	238.96	212.19	
	241,307.91		185,908.90
Work in Progress		155,017.81	126,774.74
Finished Goods	8,160.23	9,407.38	
Add : Finished Goods in Transit	5,857.48	7,565.13	
	14,017.71		16,972.51
Stock in Trade	6,493.18	6,576.41	
Add : Stock in Trade in Transit	441.55	2,886.21	
Less : Provisions	118.29	161.73	
	6,816.44		9,300.89
Stores & Spares	2,437.05	1,956.22	
Add : Stores & Spares in Transit	324.10	368.92	
	2,761.15		2,325.14
Loose Tools	1,047.35	831.75	
Add : Loose Tools in Transit	3.26	3.38	
	1,050.61		835.13
Disposable Scrap		318.35	307.88
	421,289.98		342,425.19
Less : Unrealised Profit on Unsold Inventory		12.88	3.75
	421,277.10		342,421.44

i) Raw Materials and Components include ₹ 5501.82 (₹ 5334.61) being materials with sub-contractors, out of which ₹ 68.23 (₹ 56.55) of materials is subject to confirmation and reconciliation. Against ₹ 68.23 (₹ 56.55), an amount of ₹ 68.02 (₹ 49.46) has been provided for. The impact, if any, on consequent adjustment for the balance amount is considered not material.

ii) Valuation of Inventories has been made as per Company's Accounting Policy. (Refer Accounting Policy 10).

iii) a) The United Nations Climate Change Secretariat has granted 15,856 TON CO₂EQ Carbon Credit for the 2.5MW BEL Grid Connected Wind Power Project at 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 ₹ 1.90 (₹ 1.90). 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 :

(i) Depreciation	15.01	14.29
(ii) Operation Cost of Emission Reduction Equipments	84.17	81.14
Total	99.18	95.43

NOTE - 19

TRADE RECEIVABLES

Secured, Considered Good

Not Exceeding Six Months	17.82	28.00	
Exceeding Six Months	7.30	19.75	
	25.12		47.75

Unsecured, Considered Good

Not Exceeding Six Months	171,935.67	150,135.95	
Exceeding Six Months	202,109.88	230,348.19	
	374,045.55		380,484.14
	374,070.67		380,531.89

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2016	As at 31 March 2015
NOTE - 20		
CASH & BANK BALANCES		
CASH & CASH EQUIVALENTS		
Balance with Banks	63,735.12	56,415.33
Cash on hand	20.68	18.34
Term Deposits (incl. accrued interest)	204,710.42	160,679.39
	268,466.22	217,113.06
OTHER BANK BALANCES		
Term Deposits (incl. accrued interest)		
- Deposits with more than twelve months maturity	113.33	49.91
- Deposits - Others [Refer note no. (ii)]	486,687.83	386,609.24
Margin Money held with Bank	0.70	0.77
Unpaid Dividend Account	21.32	19.51
	486,823.18	386,679.43
	755,289.40	603,792.49

- i) Cash and cash equivalents includes Term Deposits with original maturity period upto three months. Term Deposits with original maturity period beyond three months have been included in Other Bank balances.
- ii) Term deposits includes ₹ 29704.77 (₹ 23817.02) relating to Bharat Electronics Retired Employee Contributory Health Scheme liability.

NOTE - 21 **SHORT TERM LOANS & ADVANCES**

Unsecured, Considered Good

Inter Corporate Deposits	29.12	28.08
Security Deposits	670.68	769.75
Loans to Employees	154.88	179.40
Loans to Others	1.25	1.25
Advances to Employees	871.95	569.13
Advances for Purchase	27,446.01	54,912.39
Advance to Others	5,093.83	4,329.93
Balances with Customs, Port Trust and Other Government Authorities	11,886.80	5,797.66
Prepaid Expenses	2,570.73	1,821.24
	48,725.25	68,408.83
	48,725.25	68,408.83

For Related Party Disclosures refer Note 32(11).

NOTE - 22 **OTHER CURRENT ASSETS**

Receivables other than Trade Receivables	289.13	159.40
Claims Receivables - Purchases	792.30	3,910.88
Others	4,830.02	1,363.76
	5,911.45	5,434.04

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 23		
OTHER OPERATING REVENUES		
Sale of Scrap	599.62	940.14
Export Benefits	1,715.09	166.20
Transport Receipts	351.34	350.09
Rent Receipts	612.12	585.46
Canteen Receipts	752.60	720.69
Electricity Charges Collected	129.22	124.99
Water Charges Collected	54.99	32.69
Provisions Withdrawn		
- Doubtful Debts, LD	1,678.26	2,548.42
- Inventory	1,202.68	1,147.46
- Loans & Advances	212.15	97.53
- Others	1,145.54	713.49
Transfer from Grants	2,363.19	2,978.90
Miscellaneous	5,763.38	9,324.81
	16,580.18	19,730.87

NOTE - 24 OTHER INCOME

Interest income on Term Deposits	47,142.83	43,156.96
Interest Income from Staff/IT Refund/Others	554.10	1,710.44
Profit on Sale of Fixed Assets	22.96	124.79
Foreign Exchange Differential Gain	4,527.12	5,216.74
Miscellaneous (Net of "Nil" expenses)	1,101.59	464.77
	53,348.60	50,673.70

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.

NOTE - 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND SCRAP [(ACCRETION)/ DECRETION]

Work-in-Progress :

Closing Balance	155,141.92	126,949.93	
Opening Balance	126,949.93	130,811.12	
Add : Amount shown as Extraordinary Item	358.66	-	
	(28,550.65)		3,861.19

Finished Goods :

Closing Stock	14,017.71	16,972.51	
Opening Stock	16,972.51	16,001.07	
	2,954.80		(971.44)

Scrap :

Closing Stock	318.35	307.88	
Opening Stock	307.88	150.06	
	(10.47)		(157.82)
	(25,606.32)		2,731.93
Less : Unrealised Profit on Stock	(12.87)		(3.74)
	(25,593.45)		2,735.67

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 26		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus/Ex-gratia	101,358.70	98,062.99
Gratuity	19.37	2,000.05
Contribution to Provident and Pension Funds	7,637.02	7,162.12
Management Contribution to Superannuation (Pension) Scheme *	4,653.93	5,721.42
Provision for BEL Retired Employees Contributory Health Scheme	5,887.75	3,031.49
Welfare Expenses [including Salaries ₹ 904.44 (₹ 1,119.75) PF Contribution ₹ 70.03 (₹ 77.88)]	12,693.39	12,122.39
	132,250.16	128,100.46
* Includes provision towards Parent Company Non Executives Pension Scheme.		
NOTE - 27		
FINANCE COSTS		
Interest Expenses		
Interest on Lease Finance	7.80	7.54
Interest on Dues to Micro & Small Enterprises	10.44	5.11
Interest on Income Tax	401.66	190.85
Other Interest Expenses	127.81	3.66
	547.71	207.16
Other borrowing costs		
Loan Processing Charges	69.54	61.03
	617.25	268.19

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 28		
OTHER EXPENSES		
Power and Fuel	4,622.10	4,149.28
Water charges	248.03	311.39
Royalty & Technical Assistance	753.76	2,456.46
Rent	2,589.15	2,523.93
Rates & Taxes	562.84	671.02
Insurance	783.59	780.03
Auditors Remuneration		
Audit Fees	17.51	16.53
Cost Audit Fees	4.00	3.00
Tax Audit Fees	2.64	2.45
Fees for Company Law Matters	0.10	0.31
Other Services (Certification Fees)	2.04	2.84
Reimbursement of Expenses	8.17	5.64
	34.46	30.77
Repairs & Maintenance :		
Buildings	1,934.17	2,461.64
Plant & Machinery	1,542.31	1,497.07
Others	9,186.82	8,052.61
	12,663.30	12,011.32
Bank Charges	374.39	476.30
Printing and Stationery	433.95	424.60
Advertisement & Publicity	1,205.11	1,161.38
Travelling Expenses	7,991.79	7,382.11
Hiring Charges for Van & Taxis	1,110.38	1,051.58
Excise Duty - Others	2,501.42	381.61
Packing & Forwarding	1,492.73	1,039.88
Bad Debts & Advances written off	5,462.47	269.33
Less : Charged to Provisions	5,437.53	267.51
	24.94	1.82
Provision for Obsolete/Redundant Materials	4,984.51	4,595.11
Provisions for Doubtful Debts, Liquidated damages, customers' claims and disallowances	22,530.62	19,500.34
Provision for Doubtful Advances, claims	743.02	281.18
Provision for Performance Warranty	2,962.94	455.68
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	569.73	290.57
Less : Charged to Provisions	568.81	149.92
	0.92	140.65
Corporate Social Responsibility	731.91	457.06
Others :		
Other Misc Direct Expenditure	1,972.51	2,649.44
After Sales Service	359.06	203.17
Telephones	717.33	650.40
Expenditure on Seminars & Courses	888.72	788.07
Other Selling Expenses	728.50	86.18
Miscellaneous	3,192.78	5,564.75
	7,858.90	9,942.01
	77,204.76	70,225.51

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2016	For the year ended 31 March 2015
NOTE - 29		
EXTRAORDINARY ITEMS		
Flood related loss (Refer Note No. 32.13)		
Fixed Assets (Net Block)	588.32	-
Capital WIP	135.10	-
Provision for Inventory	1,378.30	-
Provisional Insurance Claim	(1,000.00)	-
	1,101.72	-
NOTE - 30		
PRIOR PERIOD ITEMS		
Prior Period Income :		
Others	337.98	57.58
Total Prior Period Income (A)	337.98	57.58
Prior Period Expenditure :		
Bank Charges	-	(18.37)
Depreciation	-	2.38
Others	3.95	-
Total Prior Period Expenditure (B)	3.95	(15.99)
Total Prior Period Items Net Income / (Expenditure) [(A) - (B)]	334.03	73.57
NOTE - 31		
EARNING PER SHARE		
Profit for the period - Before Extraordinary items	139,433.46	119,720.56
Profit for the period - After Extraordinary items	138,713.02	119,720.56
Number of Shares used in computing earnings per Share	240,000,000	80,000,000
Earnings per Share - Basic & Diluted		
Before Extraordinary items (Amount in Rupees) *	58.10	49.88
After Extraordinary items (Amount in Rupees) *	57.80	49.88

* Consequent to issue of fully paid Bonus Shares (in Sep 2015), the earnings per share (EPS) have been adjusted for previous reported period in accordance with Accounting Standard (AS) 20 Earnings Per Share (EPS).

NOTE - 32

GENERAL NOTES TO ACCOUNTS

1.0 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 Optronics Limited, Pune (Share Holding 100%) and BEL-THALES Systems Limited, Bangalore (Share Holding 74.00%) (Incorporated on 28.08.2014), and audited financial statements of Joint Venture Company (JVC) 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 unrealised profit / loss. In respect of JVCs, consolidation has been done on proportionate consolidation basis, after eliminating intra-group transactions and unrealised profit / loss. The financial statements of the subsidiaries and JVCs are drawn upto the same reporting date as that of the Parent Company.

Consolidated Notes to Accounts

(₹ in Lakhs)

- 1.1 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.
- 1.2 Minority 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.
- 2.0 Additional information disclosed in individual financial statements of the parent and subsidiaries / JVCs 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 in view of the Accounting Standards Interpretation ASI - 15 issued by the Institute of Chartered Accountants of India (ICAI).
- 3.0 The Parent Company has changed the following accounting policies with effect from FY 2015-16 :
- A) Fixed Assets, Capital Work in Progress and Intangible Assets Under Development (Policy No. 4)
 B) Depreciation / Amortisation (Policy No 5).
 C) Research & Development Expenditure (Policy No 7) .
 D) Technical Know-How (Policy No 17).

The above accounting policies have been changed for specifying the policy for recognition of internally generated Intangible Assets and related issue.

The financial impact of the change in above accounting policies is as follows :

- a) Decrease in expenditure by ₹ 18653.00
 b) Increase in "Intangible Assets under Development" by ₹ 9546.40
 c) Increase in Inventory WIP by ₹ 9106.60

- 4.0 The Parent Company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Units has found indications of impairment of its assets and hence no provision is considered necessary. The subsidiaries (BEL Optronics Devices Limited and BEL-THALES Systems Limited) and JVC (GE BE Pvt. 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.
- 4.1 The Accounting Policy of the parent and subsidiaries / JVCs are generally uniform except in respect of the following :
- Cost of inventories is generally assigned by using the weighted average cost formula, except in case of JVCs, which are following FIFO method for RMC and bought out items for resale (which are not material in nature and it is not practicable to quantify the proportion of such items in the CFS).
- 5.0 A) The Parent Company has been sanctioned working capital limit of ₹ 290,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).
- B) The interest rate payable on fund based limit is linked to SBI Base Rate plus 0.25%. (Interest rate payable as on 31.03.2016 is 9.55% p.a.).
- C) The amount utilised is repayable on demand. Utilisation as on 31.03.2016 is NIL (NIL).
- D) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.

6.0	Particulars	2015 - 16	2014 - 15
A)	Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March	34,375.42	15,627.31
B)	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	-	-

Consolidated Notes to Accounts

(₹ in Lakhs)

7.0 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 will be made wherever considered necessary.

8.0 Interest in Joint Venture Companies (JVCs) :

Disclosure of interest in Joint Venture, as per Accounting Standard 27, is as under :	
Name of Joint Ventures	Proportionate Ownership of BEL
GE BE Private Limited	26%
Country of Incorporation	India
BEL Multitone Private Ltd has been dissolved with effect from 15.09.2015 [Refer note no 32(12)]	

9.0 Contingent Liabilities (including share in JVCs) :

Particulars	2015 - 16	2014 - 15
Claims not acknowledged as debts	23,032.54	19,137.15
Outstanding Letters of Credit	39,388.35	31,806.34
Others	561.63	523.35
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	16,504.73	11,145.51
Parent Company has offered MTNL to get the Convergent Billing Project completed on BEL's risk and cost basis. Liability of the Company in this regard is not ascertainable at this stage.		

10.0 Ministry of Corporate Affairs has vide Notification no. 463 (E) dated 5 June 2015 exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

Consolidated Notes to Accounts

(₹ in Lakhs)

11.0 Related Party Transactions :

- A) The related party transactions during the year with JVCs are as under :
 GE BE Private Ltd. (Equity Holding 26%);

Nature of the transactions with these companies (on 100%) basis are as follows :

Sl. No.	Particulars	Joint Ventures	Grand Total
		GE BE Pvt. Ltd.	
1	Purchase of Goods	-	-
		(26.95)	(26.95)
2	Sale of Goods	2,726.22	2,726.22
		(2,759.51)	(2,759.51)
3	Dividend Income on Investments	390.00	390.00
		(260.00)	(260.00)
4	Trade Receivables Outstanding as on 31.03.2016	470.03	470.03
		(348.21)	(348.21)
5	Investment in Equity as on 31.03.2016	260.00	260.00
		(260.00)	(260.00)

Note : BEL Multitone Private Ltd has been dissolved with effect from 15.09.2015 [Refer note no 32 (12)].

- B) The key management personnel & their remuneration details are as follows :
- Shri S K Sharma, CMD
 - Shri M L Shanmukh, Director (Human Resources)
 - Shri P R Acharya, Director (Finance)
 - Shri P C Jain, Director (Marketing)
 - Dr Ajit T Kalghatgi, Director (R&D)
 - Shri Amol Newaskar, Director [Other Units]
 - Shri Manmohan Handa, Director (Bangalore Complex) from 24.06.2014
 - Shri Mahesh C Kapri, MD, GE BE Pvt Ltd

The total salary including perquisites drawn by the above key management personnel during the year 2015-16 are ₹ 374.36 (₹ 329.44) as detailed below :

Particulars	2015 - 16	2014 - 15
Salary & Allowances including benefits	236.07	193.43
Contribution to Provident Fund, Gratuity & Superannuation Fund, etc.	38.45	63.73
Leased Accommodation	31.50	28.73
Others	68.33	43.55

12.0 The Honorable Karnataka High Court vide its Order no OLR 19/2015 dated 6 November 2015 has passed its final order stating that the BEL Multitone Pvt. Ltd be dissolved with effect from 15.09.2015.

Consolidated Notes to Accounts

(₹ in Lakhs)

13.0 Chennai Unit of Parent Company was affected by floods during December 2015. Insurance policy taken by the company with United India Insurance Company Limited covers flood related losses. Settlement of claims by the Insurance Company is under process. The above incident has no material impact on the operation of Unit/Company. Also Refer Note No. 29.

14.0 Summary of Net Assets and Share in profit or loss :

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent				
Bharat Electronics Limited	96.68%	922,185.82	97.59%	135,368.17
Subsidiaries				
Indian				
BEL Optronic Devices Limited	2.85%	27,143.09	0.17%	238.31
BEL-THALES Systems Limited	0.01%	98.55	(0.18%)	(247.16)
Minority Interests in all subsidiaries	0.05%	475.90	0.05%	64.26
Joint Venture				
Indian				
GE BE Private Limited	0.41%	3,940.56	2.37%	3,289.44
Total	100.00%	953,843.92	100.00%	138,713.02

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

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants
 Firm Regn. No. 005389S

S K Sharma

Chairman & Managing Director

P R Acharya

Director (Finance)

S Rajendiran

Partner
 Membership No. 021883

Bengaluru
 27 May 2016

S Sreenivas

Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March 2016

Particulars	₹ in Lakhs	
	2015 - 16	2014 - 15
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before extraordinary items and tax	186,871.74	151,326.56
Adjustments for :		
Depreciation and Amortization Expense	19,956.80	16,617.39
Acquisition of Minority Interest - BELOP	237.60	-
Provision for Employee Benefits	9,510.64	11,498.76
Provision for Performance Guarantee	2,859.21	396.13
Corporate Social Responsibility	854.24	457.06
Interest Income	(47,142.83)	(43,156.96)
Finance Cost	617.25	268.19
Profit on Sale of Fixed Assets	(22.96)	(124.79)
Employees Stock compensation Expenses (GE BE)	(3.64)	(2.08)
Transfer from Government Grants	(2,363.19)	(2,978.90)
Operating Profit Before Working Capital Changes	171,374.86	134,301.36
Adjustments for :		
Trade Receivables & Advances	21,589.97	85,374.34
Inventories	(77,655.96)	(7,044.66)
Trade Payables & Advances	155,349.79	(34,710.54)
Cash Generated from Operations	270,658.66	177,920.50
Receipt of Grants	7.66	1,008.25
Direct Taxes Paid (Net)	(43,832.21)	(35,555.16)
Cash Flow Before Extraordinary Items	226,834.11	143,373.59
Extraordinary Items	(1,101.72)	-
Net Cash from/(used in) Operating Activities	225,732.39	143,373.59
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(65,713.47)	(22,724.38)
Equity Investments - BELOP	(237.60)	(5.00)
Other Investments	(24,210.12)	-
Minority Interest	83.20	249.60
Sale of Fixed Assets	668.06	190.68
Bank Deposits	(100,143.73)	(104,783.25)
Interest Received	47,142.83	43,156.96
Net Cash from/(used in) Investing Activities	(142,410.83)	(83,915.39)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Long-term Borrowings	(5.72)	9.88
Increase/(Decrease) in Short-term Borrowings	365.66	2,472.87
Corporate Social Responsibility (CSR) Expenditure	(2,086.75)	(1,120.01)
Dividends Paid (including Dividend Tax)	(29,624.33)	(21,996.68)
Finance Cost	(617.25)	(268.19)
Net Cash from/(used in) Financing Activities	(31,968.39)	(20,902.13)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	51,353.16	38,556.07
Cash and Cash Equivalents at the beginning of the Year	217,113.06	178,556.99
Cash and Cash Equivalents at the end of the Year	268,466.22	217,113.06

Consolidated Cash Flow Statement

Notes :

1. The above statement has been prepared under indirect method as per the Accounting Standard on Cash Flow Statement (AS - 3).
2. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and end of the period and treated as Investing Activities.
3. "Cash and Cash Equivalents" consists of Cash on hand, Balances with Banks, and Deposits having a maturity period of three months or less from the date of deposit. Cash and Bank Balance shown in Note 20 is inclusive of ₹ 486,801.16 (₹ 386,659.15) being the deposits having a original maturity period of more than three months.
4. Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report attached

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
Director (Finance)

S Rajendiran
Partner
Membership No. 021883
Bengaluru
27 May 2016

S Sreenivas
Company Secretary

FORM AOC-I

**Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

Part "A" : Subsidiaries

(₹ in Lakhs)

Sl. No.	Particulars		
1	Name of the subsidiary	BEL Optronics Devices Limited	BEL THALES Systems Ltd
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable
4	Share capital	3,783.68	2,240.00
5	Reserves & surplus	6,761.74	(409.62)
6	Total Assets	37,903.87	1,930.86
7	Total Liabilities	27,358.45	100.48
8	Investments	-	-
9	Turnover	10,663.55	-
10	Profit / (Loss) before taxation	455.24	(245.93)
11	Provision for taxation	212.46	1.24
12	Profit / (Loss) after taxation	242.77	(247.16)
13	Proposed Dividend	-	-
14	% of shareholding	100	74.00

1. Names of subsidiaries which are yet to commence operations. - NIL
 2. Names of subsidiaries which have been liquidated during the year. - NIL

Part "B" : Associates and Joint Ventures

(₹ in Lakhs)

Sl.No.	Particulars	
	Name of Joint Ventures	GE BE Pvt Ltd
1	Latest audited Balance Sheet Date	31 March 2016
2	Shares of Joint Ventures held by the company on the year end	
	No.	2,600,000
	Amount of Investment in Joint Venture	260
	Extend of Holding %	26
3	Description of how there is significant influence	Voting rights

Sl.No.	Particulars	
4	Reason why the joint venture is not consolidated	Not applicable
5	Networth attributable to Shareholding as per latest audited Balance Sheet	15,459.60
6	Profit / Loss for the year	
	i. Considered in Consolidation	3,294.20
	ii. Not Considered in Consolidation	-

1. Name(s) of joint venture(s) which is/are yet to commence operations - NIL
2. Name(s) of joint venture(s) which has/have been liquidated during the year. – M/s. BEL Multitone Pvt. Ltd.*

* The Honorable Karnataka High Court vide its Order No. OLR 19/2015 dated 6 November 2015 has passed its final Order stating that the BEL Multitone Limited be dissolved with effect from 15 September 2015.

For **Badari, Madhusudhan & Srinivasan**
 Chartered Accountants
 Firm Regn. No. 005389S

S K Sharma
 Chairman & Managing Director

P R Acharya
 Director (Finance)

S Rajendiran
 Partner
 Membership No. 021883

S Sreenivas
 Company Secretary

Bengaluru
 27 May 2016

BEL Committed to Swachh Bharat



EMPOWERING THE NATION'S DEFENCE FORCES



A Navratna Defence PSU

Bharat Electronics Limited

(A Government of India Enterprise)
(CIN: L32309KA1954GOI000787)

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