

INTEGRATED
ANNUAL REPORT 2021-22



EXPANDING
FRONTIERS.
BUILDING
GLOBAL
SCALE.



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Forward-looking statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation or intend to update or revise any forward-looking

statements, whether as a result of new information, future events or otherwise.

About the Report

Basis of reporting

Starting FY 2021-22, we, at Bharat Electronics Limited (BEL), have taken our first step towards a more holistic reporting by following the integrated reporting <IR> principles of the Value Reporting Foundation (VRF), erstwhile International Integrated Reporting Council formed as a result of merger with SASB. This being our first such report, we have covered some of the guiding principles and content elements as stated in the <IR> framework. We intend to cover more elements in subsequent reports.

Through this reporting, we intend to provide a holistic insight into our value creation process by using six capitals – Financial, Manufactured, Human, Intellectual, Social & Relationship and Natural Capitals. We also detail the risks in our operating environment and mitigation actions as well as a strategic discussion on our approach to create value over time. This kind of reporting has emerged as a best practice globally as it provides

information (both financial and non-financial) beyond the statutory norms and better equips the providers of financial capital to make decisions regarding their engagement with the Company.

Reporting principle

We have prepared this Report in accordance with the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards. We have also followed the <IR> framework of VRF.

Reporting boundary, period and scope

The Report covers financial and non-financial information and activities of BEL and its subsidiaries BEL Optronics Devices Limited (BELOP) and BEL-THALES Systems Limited (BTSL) for the period of 1 April 2021 to 31 March 2022. Material information, if any, until the Board Meeting as on 16 July 2022 has been provided.

A Navratna Public Sector Undertaking under the Ministry of Defence (MoD), Government of India (GoI), BEL is a globally recognised electronics engineering company. Driven by our expertise in electronics and software and a deep passion for innovation, we have been at the forefront of empowering the Indian Defence Forces and our Nation with breakthrough solutions. We have also leveraged this expertise to diversify into developing multi-disciplinary solutions for civilian and export customers.

With markets evolving towards next-generation technologies and India steadily gaining global prominence, we believe it is now time that we consolidate and transcend to the next level.

We are continuously investing in R&D and collaborating with globally

leading firms to incubate new-age technologies. We are expanding our manufacturing capacities to meet the growing development and contract manufacturing demand. We are setting-up global offices and increasing engagements with global governments and OEMs. We are

strengthening our human capital with robust capability building programs.

At BEL, we are all set to play a greater role as a strategic defence and offset partner (and enable Make in India), scale globally, and create value for all stakeholders.

Introduction to the capitals



Financial Capital

It represents the pool of funds (debt and equity) available to us and which we are prudently deploying in our business to drive long-term business growth and generate surplus for our shareholders.



Manufactured Capital

It represents our physical infrastructure including manufacturing plants and equipment as well as the operational excellence measures that we take to enhance production.



Human Capital

It represents the knowledge, skills and experience of our employees and the investments we make towards driving their engagement and motivation. They represent the Company and help us in creating value.



Intellectual Capital

It represents the deep know-how, processes, research and development (R&D) capabilities and information technology infrastructure in which we are constantly investing to strengthen our competitiveness. It positions as a key player with technological leadership in defence electronics.



Social & Relationship Capital

It represents the harmonious and collaborative relationships that we have with the supply chain partners, the customers (defence and non-defence), other business partners and stakeholders and the community at large. These relations enable us to run business efficiently and strengthen our reputation as a reliable partner. The communities provide us with the social licence to operate.



Natural Capital

It represents the various renewable and non-renewable resources that we use in our business to create value as well as the resultant environmental impact.

Bharat Electronics: A Globally Recognised Electronics Player

We are a multi-product, multi-technology and multi-unit company with over six decades of experience. We have capabilities in designing, developing, manufacturing and supplying a wide range of strategic electronic products/systems, including those involving emerging technologies, to meet the evolving needs of global customers in diverse field.

We are a key player in the Indian Defence segment, and have a growing presence in the civilian and export segments. We hold strong reputation led by our technology and quality excellence and ability to develop innovative solutions that deliver superior performance.



Vision

To be a world-class enterprise in professional electronics.



Mission

To be a customer focussed, globally competitive company in defence electronics and in other chosen areas of professional electronics, through Quality, Technology and Innovation.

Values

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

Objectives

- To be a customer focussed 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 people to realise their full potential through continuous learning & teamwork.
- 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.

₹ 15,044 Crore

Turnover*

₹ 57,570 Crore

Order book as on 1 April 2022 (including USD 269 Million of export orders)

8,853

Employees#

₹ 11,984 Crore

Net worth#

Our operating structure

Bharat Electronics Limited

BEL Optronics Limited (BELOP)

(Wholly-owned subsidiary)
Manufacture of Image Intensifier Tubes used in night vision devices and dewar assembly for cooled thermal imager applications.

BEL-THALES Systems Limited (BTSL)

(Subsidiary - 74% stake)
Design, develop, market, supply and support of Civilian and Select Defence Radars for Indian and Global markets and other end-users.

GE BE Private Limited (GEBEL)

(JV - 26% shareholding)
Manufacturing Medical Electronics Parts and X-Ray Tubes

Defence Innovation Organisation (DIO)

(50% shareholding)
A 'Not for Profit' Company to fund innovation in the Defence sector

A Key Enabler of Make in India

Encouraging private participation

- Increased procurements from and outsourcing to Indian entities.
- Outsourcing and vendor development policy along with Nodal officers appointed.
- Outsourcing to achieve cost benefits and complement private sector competencies.

Collaborative R&D and indigenisation

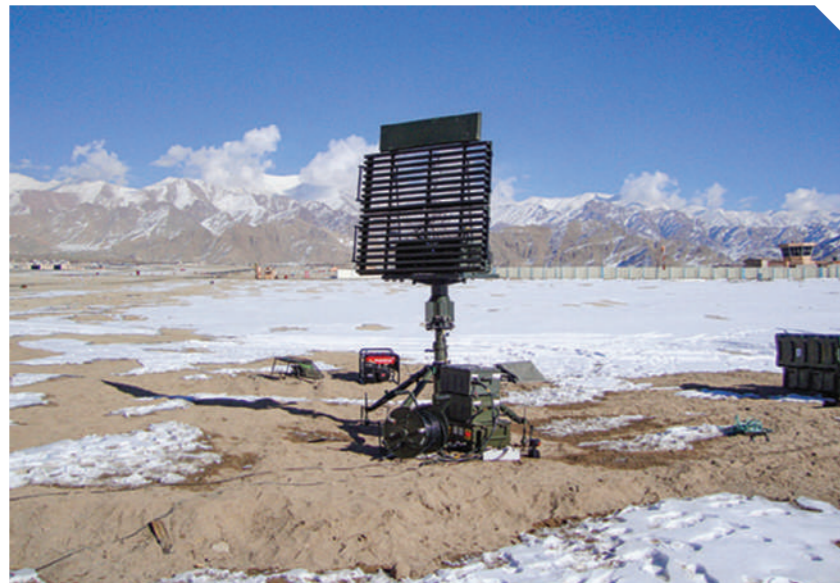
- Enhancing collaboration with companies, institutions, academia and experts/consultants to augment R&D and product design efforts.
- Indigenisation of identified items.

Testing services

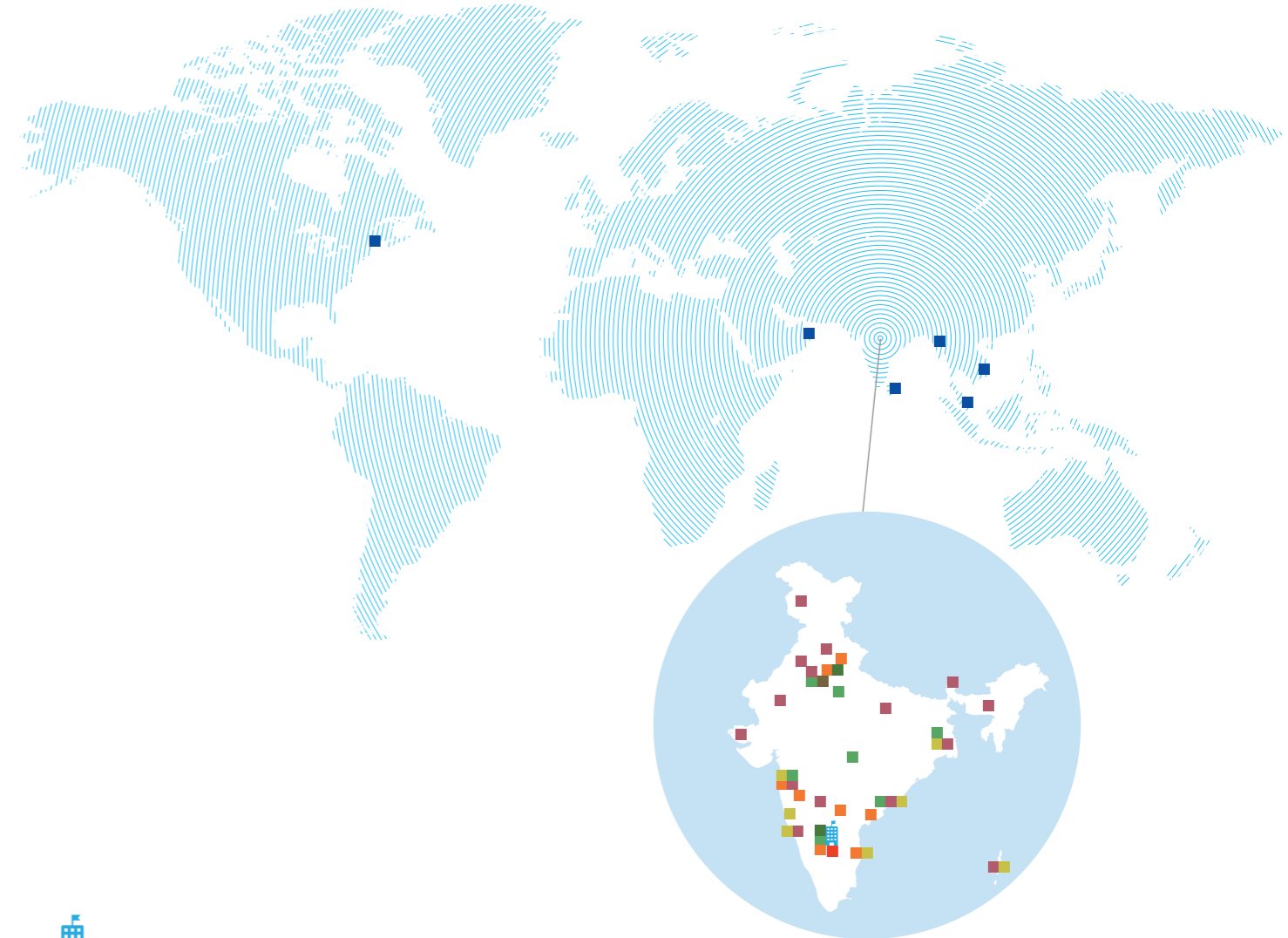
- Materials/sub-systems/equipment testing facility to private entities and start-ups.

Procurements from MSMEs and start-ups

- Public Procurement Policy for MSEs with 358 items reserved for them.
- 31% of total domestic procurement in FY 2021-22 from MSEs as against 25% mandated.
- On-boarded on TReDS Platform, GeM, MSME Sambandh and MSME Samadhaan Portals complying with Government guidelines.
- Machine learning, cyber security, artificial intelligence, embedded computing and other latest technologies for defence electronics application procured from start-ups.



Our Global Footprint



Headquarter

Bengaluru

Manufacturing Units

Bengaluru, Ghaziabad, Pune, Machilipatnam, Panchkula, Chennai, Kotdwara, Hyderabad, Navi Mumbai

Overseas Offices

USA (New York), Singapore, Oman, Sri Lanka, Vietnam, Myanmar

Marketing Offices

National Marketing - New Delhi
International Market - New Delhi
Civilian Marketing - New Delhi

Regional/Liaison Offices

Bengaluru, Delhi, Mumbai, Visakhapatnam, Kolkata, Nagpur, Agra

Regional Product Support Centers (RPSC)

Delhi, Kochi, Guwahati, Kolkata, Port Blair, Mumbai, Visakhapatnam, Jammu, Chandigarh, Allahabad, Jodhpur, Sulur, Bhatinda, Wadsar, Bagdogra

Central Research Laboratories (CRL)

Bengaluru, Ghaziabad

Water Front Support Centers (WFSC)

Chennai, Port Blair, Kochi, Karwar, Vizag, Kolkata, Mumbai

Product Development and Innovation Center (PD&IC)

Bengaluru

Our Deep and Diversified Competencies

At Bharat Electronics Limited, we have established a strong competitive position in both defence and non-defence segments in the Indian and International markets. This diversification ensures operational stability, and provides opportunities for scalability in the long-term.



Defence

Overview: We develop a wide range of electronics equipment, systems and services for the Indian defence services. These are manufactured at our nine plants having 24 strategic business units (SBUs).

Product competencies

We have strong domain knowledge and core competencies in Radar and Fire Control Systems, Weapon Systems, Communication, Network Centric Systems (C4I), Electronic Warfare Systems, Avionics, Anti-Submarine Warfare Systems & Sonars, Electro-Optics, Tank Electronics, Gun Upgrades, Strategic Components.

We have recently diversified into Arms & Ammunitions, Seekers & Missiles, Network & Cyber Security and Unmanned Systems.

Key highlights FY 2021-22

- Received biggest Avionics order worth ₹ 2,400 Crore from Hindustan Aeronautics Limited (HAL) for LCA TEJAS Fighter Aircraft
- Bagged contracts from Indian Air Force (IAF): ₹ 1,993 Crore for Advanced Electronic Warfare Suite for Fighter Aircraft and ₹ 1,109 Crore for Instrumented Electronic Warfare Range (IEWR)
- Signed MoUs with (i) SFC-Energy-AG (Germany) & FC Tec-India (Fuel Cells) (ii) Indian Army (AI Solutions for Defence Applications) and (iii) IAF (Defence Weapons & Sensors, Radars, IACCS, Space, Cyber, EW&A, UAS & Counter UAS, IT)
- Created a Joint Technology Incubation Forum (TIF) with Indian Navy



Non-Defence

Overview: We develop products and solutions for the civilian markets through select SBUs. We have a dedicated SBU for Homeland Security and Smart City (HS&SC) business and dedicated vertical for Medical Electronics and Solutions at Bengaluru unit given high growth opportunities.

Product competencies

We have competencies in the core areas of Electronic Voting Machine (EVM) & VVPAT, HS&SC, Software Solutions/Services, Healthcare Solutions, Civil Aviation and Solar Cells/Power Plants.

We have also diversified into providing Railway/Metro/ Airport Solutions, Space Electronics and systems, Electric Vehicle charging infrastructure, Alternate Energy solutions, Secure Communication solutions and Software.

Key highlights FY 2021-22

- Signed MoUs with (i) DMRC (Super SCADA for Metros) (ii) BPL Medical Technologies (for Oxygen Concentrator) (iii) DroneDek Corporation, USA (for Smart Mailbox) (iv) Bosch Global Software Technologies (for e-Governance, ERP and Cloud Solutions) (v) AAI (for Integrated ATM Automation System and Advanced Surface Movement Guidance & Control System)
- Flagship executions: HS&SC projects, Kerala Fibre Optic Network, Medical Electronics, etc.
- Successfully developed new products of Compact Indoor Robotic Vehicle and Oxygen Concentrator

More details on our product and services can be read in our website

Key revenue streams

Income from Sale of Products

Sale of defence and non-defence products is our key source of revenue. We are continuously investing in modernising/creating manufacturing and R&D facilities and marketing network to cater opportunities in existing business areas and new areas where we intend to diversify.

Income from services

We have a wide network of support centres (RPSCs, WFSCs and Liaisoning Offices) in proximity to our global customers to provide product support requirements of Defence/non-defence. With ~300 service engineers deployed and having adequate spares support, they enable maintaining the uptimes of critical defence systems.

Exports

We export products and systems to foreign countries and global OEM. Based on their requirements, interactions are made with Ministry of External Affairs (MEA) and the Ministry of Defence (MoD). We have established healthy relationship with current and prospective customers, and focus on opportunities to help OEMs to meet offset obligations. We are also exploring civil and medical equipment opportunities across global markets.

Key highlights FY 2021-22

Collaborated with new local partners in Kenya, Chile, Suriname, Malaysia, Nepal and Bangladesh

Pursued G2G and government tendering opportunities

Increased contract manufacturing portfolio by increasing empanelment as global supply chain partner with OEMs

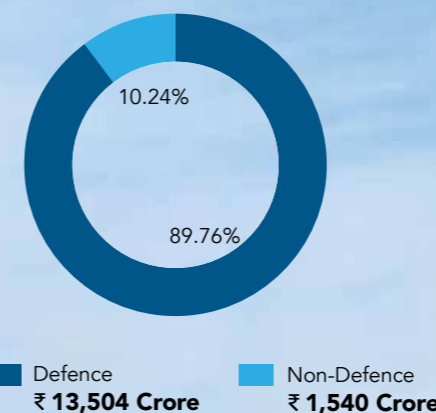
Explored turnkey solution opportunities based on software capabilities and AI

Strategic alliance with the Indian platform manufacturers and initiated processes for signing agreements to create strong support within the country

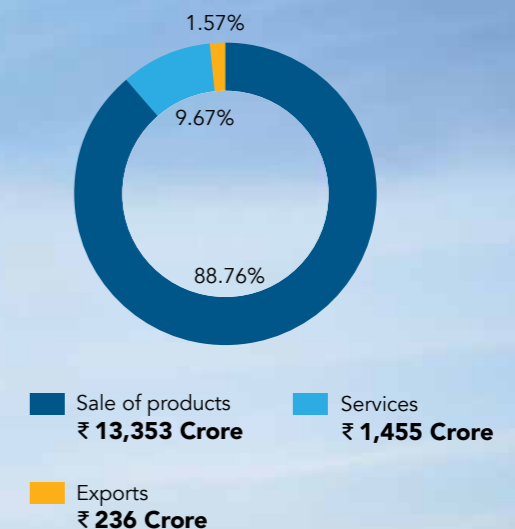
Proposed strategic alliance with foreign OEMs to address global markets

Turnover break-up

by customer type



by source



Highlights of the Year

FY 2021-22 has been an exciting year for Bharat Electronics Limited as we executed several challenging projects and won prestigious projects including for exports which strengthens our global positioning.

Successfully executed Critical to Customer (CTC) projects



- Missile, Control & Surveillance systems for defence forces
- C4I System
- AFNET Performance/Security Enhancement & SATCOM Network
- Integrated Perimeter Security System
- Vehicle based Shelters network (SAMYUKTA)
- Electronic Warfare Suites
- Kerala Fibre Optic Network
- Advanced/Integrated Communication System
- Artillery Combat Command and Control Systems
- Communication Systems

Bagged prestigious orders

- Largest export order worth USD 93.15 Million from Airbus Defence and Space for the manufacture and supply of Radar Warning Receiver (RWR) and Missile Approach Warning System (MAWS) under the prestigious C295 aircraft programme
- Largest Avionics order worth ₹ 2,400 Crore from HAL for manufacture and supply of 20 types of critical airborne electronic systems for the LCA Tejas Fighter Aircraft programme
- Orders from MoD, Gol for Indian Air Force
 - ₹ 1,109 Crore order for Instrumented Electronic Warfare Range (IEWR)
 - ₹ 1,993 Crore order for supply of Advanced Electronic Warfare (EW) suite for Fighter aircraft

Record financial performance despite COVID-19 and semi-conductor shortage challenges

- Highest ever turnover of ₹ 15,044 Crore
- Highest ever order book of ₹ 57,570 Crore as on 1 April, 2022 led by ₹ 19,016 Crore of new order bookings

Committed ₹ 565 Crore capex to create facilities

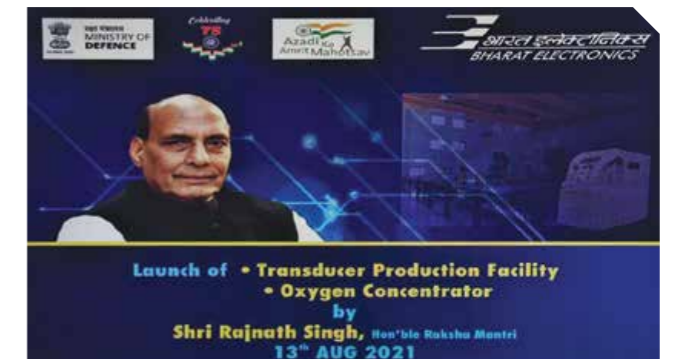
- Infrastructure & Test facilities for LRSAM
- Augmentation of Facilities for AKASH Missile Systems
- Virtual Desktop Infrastructure (VDI)
- Regional Product Support Centres



BEL was conferred the prestigious 'Rajbhasha Kirti' Award (Second Prize) under PSU category ('C' region) for the second consecutive year. Mrs Anandi Ramalingam, CMD, received the award on behalf of BEL from Union Ministers of State, Ministry of Home Affairs, Mr Ajay Kumar Mishra, and Mr Nisith Pramanik, at the annual awards ceremony held in Vigyan Bhawan, New Delhi, on the occasion of Hindi Day, 14 September, 2021.

Won prestigious awards

- Business Standard Annual Awards for corporate excellence: STAR PSU of the Year 2021
- CII CFO of the Year Award in the PSU category and Greentech Corporate Governance Professional of the Year Award
- 'Rajbhasha Kirti Award' for second time and Rajbhasha Gaurav Puraskar
- IEI Industry Excellence Award
- IETE Corporate Award for Performance in Development of Software (2021)
- Golden Star Outstanding R&D Leadership Award
- Governance Now Awards for Nation Building, HR Excellence and Digital Security
- Greentech Energy Conservation Award 2021
- 'Manufacturing Company of the Year Award' and 'Woman Manufacturer of the Year Award' by Manufacturing Today
- PSU Excellence Award 2022 from Media Federation of India
- Swachhata Pakhwada Award 2020
- Communicators of the Year Award from Media Federation of India
- ICC PSE Excellence Award for 'Corporate Social Responsibility'



The Hon'ble Raksha Mantri, Mr Rajnath Singh inaugurated through Videoconference, Oxygen Concentrators manufactured by BEL under the PM CARES initiative, on 13 August, 2021.



Mr Dinesh Kumar Batra, Director (Finance) and CFO, received the prestigious CII CFO of the Year Award in the PSU category from Mr T V Mohandas Pai, Chairman, Manipal Global Education Services, at an awards ceremony held at Bengaluru on 16 December, 2021.

Chairperson's Letter



Dear Shareholders,

It gives me immense pleasure to share through this letter, our achievements and financial highlights during the past year.

FY 2021-22 began on a challenging note with onslaught of second wave of COVID-19 pandemic which led to loss of lives and livelihoods. With multiple countries continuing to face renewed waves and interruptions in business activities, the year saw significant disruption in global supply chain, impacting the availability and prices of key inputs.

In the face of greater challenges, your Company was able to deliver considerably and emerge stronger with all your support. We registered a comprehensive growth and continued with our emphasis on R&D, quality, technology and infrastructure modernisation, sustainability and excellence in operations. I am happy to share that BEL achieved a Market Capitalisation of ₹ 51,375 Crore as on 31 March 2022 continuing with its efforts of appropriately rewarding the shareholders. But more importantly, we are proud that we stood up for the country by delivering ICU grade ventilators and Oxygen Concentrators during the second wave.

I take this opportunity to share with you the performance highlights during the past year and the future outlook for the company.

Delivering a Year of Record Performance

FY 2021-22 saw your Company achieving a turnover of ₹ 15,043.67 Crore as against ₹ 13,818.16 Crore in FY 2020-21, thereby registering a growth of 8.87%. All our nine manufacturing units have performed well.

BEL achieved an export sale of USD 33.3 Million and exported to countries like USA, France, China, Germany, Switzerland, ASEAN, Mauritius, Republic of Armenia, Sri Lanka, Sweden and Israel. The major Products/Systems exported include Coastal Radar System, Communication Equipment's, Data Link, Radar Finger Printing System, TR Modules, Low Band Receiver LRUs, Mechanical Parts (Contract Manufacturing Services), Solar Hybrid Power Plants at Radar Station Locations, EOS, Cable Looms, Radar Spares, Sub-Assemblies of Missile Systems, Radar Spares, Shelter Spares, PCB Assemblies, etc.

The Profit After Tax grew 13.73% to ₹ 2,348.93 Crore in FY 2021-22 as against ₹ 2,065.42 Crore in FY 2020-21. Our Net Worth is now stronger at ₹ 11,984.26 Crore as against ₹ 10,807.89 Crore in the previous year. Turnover per Employee has increased from ₹ 1.51 Crore in FY 2020-21 to ₹ 1.70 Crore in FY 2021-22.

FY 2021-22 was also an exceptional year from the order booking perspective. We further strengthened our order book position by obtaining contracts which now stands at ₹ 57,570 Crore as on 1 April 2022. We received record

Defence being the mainstay of the Company, has contributed

90%

of Sales revenue in FY 2021-22 as against 78% in FY 2020-21

FY 2021-22 saw your Company achieving a turnover of ₹ 15,043.67 Crore as against ₹ 13,818.16 Crore in FY 2020-21, thereby registering a growth of 8.87%. All our nine manufacturing units have performed well.

new orders worth about ₹ 19,016 Crore. Some of the major orders received include Avionics Package for LCA, Advanced EW Suite for Fighter Aircraft, Instrumented Electronic Warfare Range (IEWR), CDR TI cum Day Light Sights, Dhanush Gun Upgrade, Nayan EW Systems, WLR (Mountain), Electronic Voting Machine & VVPAT etc. It is a proud moment for your Company, as it received the biggest ever export order from Airbus Defence & Space (USA) for manufacturing & supply of MAWS&RWR for C-295 Aircraft. We anticipate good order inflow in the next 2-3 years.

Scaling R&D and Intellectual Property

At BEL, we are constantly investing in advanced and cutting edge technologies to deliver differentiated products and solutions to the customers and progress towards our commitment of increasing indigenisation content and value addition in all our products/systems. Our total investment in R&D as a percentage of turnover during the year was 6.95%. It is our constant effort towards indigenous development that has led us to achieve 78% of our turnover from indigenous products. The revenue generated from products manufactured through ToT from foreign OEMs is 22%. Defence being the mainstay of the Company, has contributed 90% of Sales revenue in 2021-22 as against 78% in 2020-21, with the balance 10% coming from the non-defence segment.

Your Company has always been in forefront in continuously developing innovative and quality products for customers. Some of the major products/systems introduced during FY 2021-22 include SDR Variants, Improved Version of Data link system for Ship (Link2-MOD3), Sensors for VSHORAD, IFF Mk XII for MRSAM, Navigational Complex System, IIR Seeker for HELINA/NAG/PROSPINA, Gunner TI Sight

for T-90, Spotter scope with Digital Camera, Continuous Zoom Lens 20-860 mm, Image Stabilisation for EO's, Multi-Function Radar-VLSRSAM, Electrical Power System (EPS) for Weapon Control (P15B), Hand Held Laser Dazzler, ACCS for 1135.6/ ACCS for SVL etc.

FY 2021-22 was also exciting in terms of strengthening our intellectual property as we filed 137 IPRs (including 65 Patents) in the areas of Embedded Systems, Electro optics, Software, Communication, Radar, Network & Communications, etc. We have been granted 11 patents taking our total to 24. During the year, as many as 51 technical papers were published by scientists and R&D engineers of BEL in various National and International journals/seminars/conferences.

Reinforcing Capabilities and Competencies

Your Company continues to maintain sharp focus on building for the future. We invested in creating infrastructure and test facilities for LRSAM and augmenting AKASH Missile Systems' facility. Three Centres of Excellence were created for Military Communication Systems, Electro Optics & Lasers and Radar & Weapon Systems.

We also empanelled 303 partners towards collaborative R&D which includes 40 R&D partners, 192 design service providers, 38 consultants and 39 production service providers. We also received 19 AS9100 D standard certifications and five Green Channel Certificates for our products.

Winning Multiple Accolades

You will be happy to know that your Company's sustained efforts has been rewarded across multiple platforms in the areas of corporate excellence, governance, R&D, software development and sustainability among others.

Some of the noteworthy being:

- Business Standard Annual Awards for Corporate Excellence: STAR PSU of the Year 2021
- CII CFO of the Year Award in the PSU category and Greentech Corporate Governance Professional of the Year Award
- BEL CMD conferred with "C V Raman Mahila Vijnan" Puraskar for 2021 & PRCI Chanakya Award
- 'Rajbhasha Kirti Award' for second time and Rajbhasha Gaurav Puraskar

Filed application for

137 IPRs

- IEI Industry Excellence Award
- IETE Corporate Award for Performance in Development of Software (2021)
- Golden Star Outstanding R&D Leadership Award
- Governance Now Awards for Nation Building, HR Excellence and Digital Security
- Greentech Energy Conservation Award 2021
- 'Manufacturing Company of the Year Award' and 'Woman Manufacturer of the Year Award' by Manufacturing Today
- PSU Excellence Award 2022 & Communicators of the Year Award from Media Federation of India
- Swachhata Pakhwada Award 2020

I am confident that in the coming years, your Company will continue to set new benchmarks and receive many more laurels.

Outlook

As we look ahead for the future of BEL, we have lot of promising opportunities as well as challenging.

The Government's emphasis on 'Make in India' and 'Atmanirbharta' towards self-reliance in manufacturing provides great opportunity for import substitution and promoting innovative indigenous solutions for defence equipment. Towards this, the Government has also released an amendment to Defence Acquisition Procedure 2020 (DAP 2020) which provides for an enabling environment for indigenisation and innovation through processes of make, design & development and strategic partnership. This is also likely to open up further private participation.

BEL being a key player in defence with multiple existing competencies and strong R&D competencies is well-placed. We have already responded to many 'Make-II' projects under DAP 2020 and target to increase participation. We are also emphasising on progressing towards indigenous development of Sub-Systems, Systems and Services for which capabilities and competencies are being built. This includes investing in infrastructure creation and modernisation, skill development and outsourcing to Indian industries, especially MSMEs.

Further, considering increased private participation, we are increasingly interacting at various levels with key stakeholders in the Indian defence industry towards building long-term relationships as a trusted and committed partner. We will also closely work with DRDO labs, research and premier academic institutions and niche technology players for developing new products and systems in emerging technologies.

In our non-defence business, we seek to continue building on our existing competencies.

Apart from these, we are continuously pursuing opportunities to expand business by capturing new customers in the existing and new geographies. New business models like OPEX, Service model, and Government-owned Company Operated (GOCO) are being explored towards this. To give greater thrust to exports, we have plans to expand the network of our marketing offices which presently spans six countries. The target is to increase business opportunities in South East Asia, Europe, Middle East, Africa and North and South America through incessant engagement with customers and collaborating with other Indian companies and local partners.

Overall, our intent is to retain leadership position in strategic electronics. We have established strategies and initiated actions to rise above competition and maintain a technological edge. We intend to do this by staying abreast with latest technologies and meet the changing requirements of customers with thrust on cost-effective and innovative solutions. Roadmaps have been drawn for future products, new technology areas, creation of IPRs and acquisition of key technologies.

In FY 2022-23, we target a healthy growth of 12-15% driven by both defence and non-defence businesses. We have several prestigious orders lined up and will be focussed on executing them with perfection and on time. While the opportunities are many, we also anticipate challenges due to geopolitical situations, emerging new technologies, changing policies and regulatory landscapes, competition and evolving customer expectations. We will remain watchful and take necessary actions.

Environmental, Social, and Governance (ESG) Focus

ESG is an area that is gaining global prominence as an indicator of an organisation's stability by being responsible. At BEL, we have been undertaking actions in these areas since long and intend to build on them.

In our community development initiative, we focus on areas around healthcare, nutrition, environment sustainability, education and vocational skill development. In FY 2021-22, a total of ₹ 30.73 Crore was spent towards these. We also diligently supported the country's fight against COVID-19 through thematic interventions such as setting up Medical Oxygen Generation Plants and augmenting health infrastructure in remote Government hospitals and Primary Health centres.

Your Company takes pride in constantly adopting and maintaining the highest standards of values and principles. Your Company has received 'Nil' comments certificate from the C&AG for FY 2021-22. A detailed report on compliance of the guidelines on Corporate Governance can be read in the Board's Report.

Reaffirming our commitment to sustainable operations, I am happy to state that we have installed Wind Power Plants in Karnataka's Davangere and Hassan for captive consumption and Grid connected solar power plants on roof of various buildings. This has resulted in a reduction of 26,205.46 MT equivalent of CO₂. At BEL, sustainability endeavours are encompassed in our commitment to behave ethically and contribute towards economic development and improving the quality of life of all stakeholders. The philosophy of recycle, reuse and reduce will also continue to be implemented to create a greener future.

Acknowledgements

I am grateful to the Board of Directors and members of the Management Committee for their unwavering support and guidance during these challenging times. Ministry of Defence and Defence Services have been continuously providing valuable guidance and support, bestowing their confidence and trust in us. I deeply appreciate our shareholders, esteemed customers and business associates for providing opportunities to earn their confidence.

The dedication and resilience of our employees and officers are a major strength which enables us to deliver the solutions for meeting the customers' requirements. We shall make continuous efforts to launch new initiatives and build on these strengths to face future challenges and sustain the momentum for profitable growth in the upcoming years.

Thank you for the continuous support to Bharat Electronics Limited.

With best wishes,

Yours Sincerely,

Mrs Anandi Ramalingam
Chairman and Managing Director (Additional Charge)

Bengaluru
28 July 2022

Board of Directors

(As on 25 July 2022)

Functional/Whole Time Directors



Mrs Anandi Ramalingam
Chairman and Managing Director (Additional Charge)
Director (Marketing)
Director (HR) (Additional Charge)



Mr Vinay Kumar Katyal
Director
(Bangalore Complex)



Mr Dinesh Kumar Batra
Director
(Finance) & CFO



Mr Rajasekhar M V
Director
(Research & Development)



Mr Bhanu Prakash Srivastava
Director (Other Units)

Government Nominee Directors



Mr Anurag Bajpai
Joint Secretary (P&C),
Ministry of Defence



Dr Binoy Kumar Das
DG (ECS), DRDO

Independent Directors



Dr Parthasarathi P V



Mr Mansukhbhai S Khachariya



Dr Santhoshkumar N



Mr Prafulla Kumar Choudhury



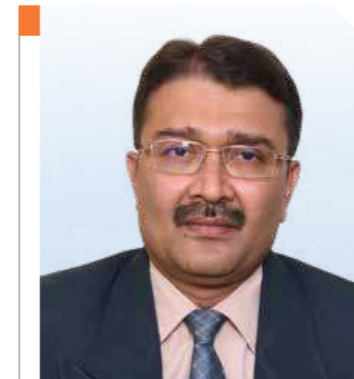
Dr Shivnath Yadav



Mr Gokulan Bangakandy

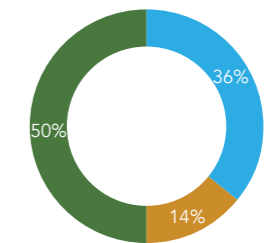


Mrs Shyama Singh



Mr S Sreenivas
Company Secretary

Board Composition



- Executive Directors - 5
- Government Nominee Directors - 2
- Independent Directors - 7

Senior Management

(As on 25 July 2022)



Mr Shrikant Walgad, IAS
Chief Vigilance Officer



Mr Manoj Kumar
ED (NM) - Delhi



Mr Joydeep Majumder
ED (NCS) - GAD & UH



Mr Jagdish Chand
GM (Radar) - GAD



Mr Vikraman N
GM (HR) - CO



Mr Manoj Jain
GM (EW&A) - BG



Mr Sekhar RL
GM (SC&US) - BG



Mr Anil Pant
GM (IM) - Delhi



Mrs Durga G K
GM (Software) - BG



Mr Sankarasubramanian R
GM (MS) - BG



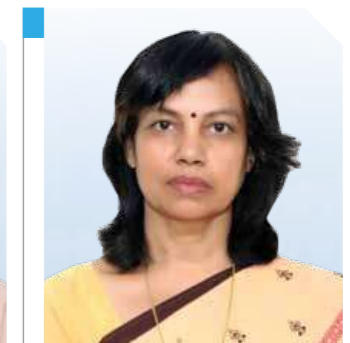
Mr Pugazhenthir R
GM (HLS & SCB) - BG



Mr Loyola Pedro Vianney G
GM - CHN



Mr Suresh Kumar KV
GM (PD&IC)



Mrs Prabha Goyal
GM - PK



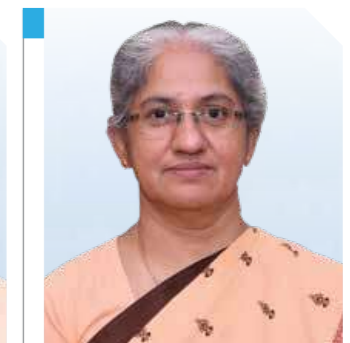
Mr Murali V
GM (Finance) - BG



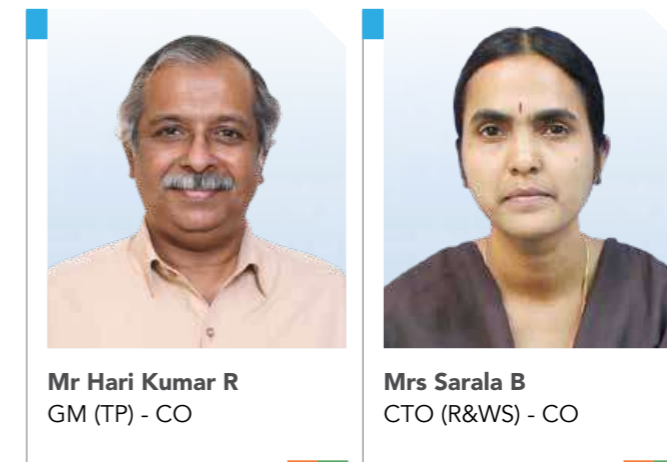
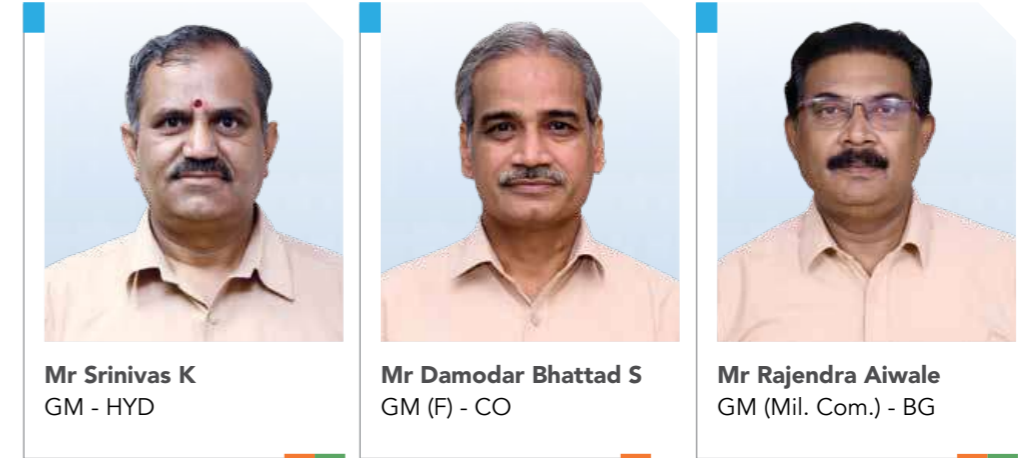
Mr Prabhakar Rao B
GM - MC



Mr Rudhiramoorthy A
GM - NAMU



Mrs Ancy James
GM (EM) - BG



Auditors

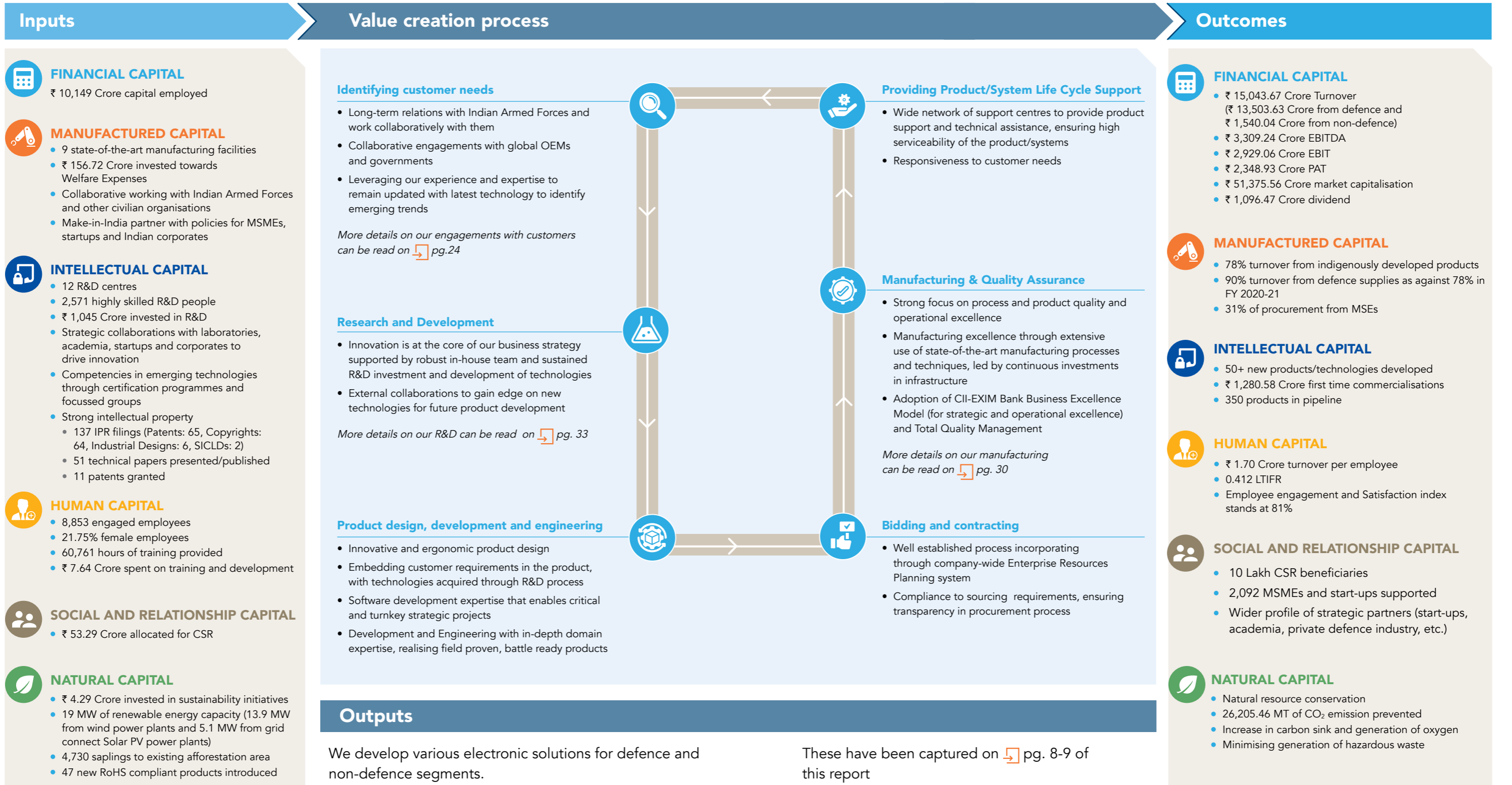
Statutory Auditors
M/s GURU & JANA,
Chartered Accountants,
Bengaluru

Branch Auditors
M/s Tambi & Jaipurkar,
Chartered Accountants, Pune
M/s J P Kapur & Uberai,
Chartered Accountants, New Delhi
M/s P I Ramana & Associates,
Chartered Accountants, Vijayawada

Cost Auditors
M/s Murthy & Co. LLP,
Cost Accountants,
Bengaluru

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




Our Business Model






Engaging with our Stakeholders

Our focus on becoming a world-class electronics engineering company is underpinned by our values system of creating tangible value for stakeholders. We closely engage with all stakeholders to meet their needs and expectations and establish long-term relationships. We continually measure quality of relationships through various mechanisms, and ensure our stakeholders rally with us together to ensure long-term value creation.

Stakeholder	Relevant matters	Engagement methods	How we are addressing their concerns
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> Constant growth in revenue, profitability and EPS Returns via dividend, increase in share price and buyback Dissemination of adequate and timely information Participation in shareholder meetings and corporate governance decisions Opportunity to question the board of directors Addressing shareholders' grievances 	<ul style="list-style-type: none"> Quarterly, half yearly and annual results Analysts & investors meet Annual General Meeting (AGM) Press Releases Annual Report Company's website 	<ul style="list-style-type: none"> Ensuring strong financial performance and set foundation for future growth Regular dividend payments in every financial year On-time submission of quarterly, half yearly and annual financial results Analysts & Investors Meet are conducted annually and as and when required Conducted timely AGM through VC during pandemic and providing shareholders opportunity to interact Providing e-voting facility provided to all the shareholders alongside addressing their grievances Dissemination of requisite, adequate and timely information to Stock Exchanges and updating on website
 <p>Customers Defence: Armed Forces (Army, Navy, Air Force), MoD (Acquisition and related departments), DPSUs, CPSEs, Private Defence Companies Export Customers: Overseas MoD, Ministries of Homeland security, other Governmental/non-Governmental agencies, OEMs, import/export agencies</p>	<ul style="list-style-type: none"> Comprehensive solutions with contemporary technologies through indigenous design/development/manufacturing of state-of-the-art products and services Timely delivery of products and services Product support during life time (peace and in conflict with adversaries) of the product/system through onsite product support, effective obsolescence management, design modification, etc. Reliability of critical projects 	<ul style="list-style-type: none"> Regular engagement to understand the current and future requirements and provide innovative, indigenous solutions with contemporary technologies Periodic Institutional meetings by senior management with key decision makers and end users of customers Senior Management, Marketing, D&E, Project teams regularly engage with their customer counterparts to discuss their needs, requirements and support Established Overseas Marketing Offices (OMO) in key regions to constantly engage with customers, understand their requirements and offer satisfactory solutions 	<ul style="list-style-type: none"> Launched projects to meet timelines through in-house development/collaboration with strategic partners (including customer in developing their solution and seeking trial evaluations) Seeking advice for project course corrections where required through regular interactions at various levels and customer agencies and through joint review of the projects Maintained contractual timeline and quality through improvements in program management techniques, production and quality assurance processes, supply chain process improvements with priority to meet customer satisfaction Set up and expand RPSCs to enhance onsite presence to ensure technical support on product, high service levels of supplied equipment, providing spares and services and addressing obsolescence management OMO engagement with end users and to resolve their operational/field challenges

Stakeholder	Relevant matters	Engagement methods	How we are addressing their concerns
 <p>Customers Non-Defence: MHA, ECI, MOHUA, Metro Authorities, AAI, ISRO (NSIL), commercial business, State Governments and other Government Agencies</p>	<ul style="list-style-type: none"> Status of project implementation Latest products/technologies/solutions developed/being developed in BEL, and converting them into requirements and evolve solutions New business development initiatives of BEL 	<ul style="list-style-type: none"> Periodic or need-based one-to-one/institutional meetings Technology/business workshops to understand customers needs Periodical communications and presentations on BEL's capabilities and strengths Participation in exhibitions/seminars/workshops Conduct extensive trials and Proof of Concept (PoC) demos 	<ul style="list-style-type: none"> Addressing concerns of customers like project implementation delays, product support issues and pricing in close liaising with concerned SBUs and corporate management
 <p>Employees</p>	<ul style="list-style-type: none"> Health and safety Salaries and wages Conducive work environment Career growth opportunities 	<ul style="list-style-type: none"> Induction programme Training programmes Performance review/townhall meetings Robust Medical Scheme Employee oriented policies and schemes Well defined Promotion policy 	<ul style="list-style-type: none"> Multiple training and development opportunities COVID-19 support: Home medical care facilities, medical advance for hospital treatment and vaccination support for employees and dependents; SOP for hassle free final settlement in case of death Death Benefit Scheme for Executives (including TC personnel) and Non-Executives with coverage of ₹ 25 Lakhs and ₹ 10 Lakhs respectively; Bharat Electronics Scheme for Assistance to Family of Deceased Employees (BESAFE) introduced to provide additional assistance
 <p>Suppliers/Vendors/Contractors</p>	<ul style="list-style-type: none"> Timely Payments Acceptance/rejection status Delivery status of the item Environmental Management System (EMS) compliance in supply of material and services 	<ul style="list-style-type: none"> Updation of status of item acceptance/rejection and payment Information on items due for supply EMS information through purchase order 	<ul style="list-style-type: none"> Data updation on the SRM Portal and forwarding system generated emails on the payment status System generated mails are forwarded to the vendors in case of any rejections for further follow-up and providing the correction action report Advance e-mail for items due for delivery Providing awareness training

Stakeholder	Relevant matters	Engagement methods	How we are addressing their concerns
 Strategic Partners	<ul style="list-style-type: none"> Mutual benefits through co-developing and production, marketing and business development including export markets, technology collaboration and jointly pursuing specific programs Risk sharing Joint value creation for the customers Fair selection criteria 	<ul style="list-style-type: none"> Periodic senior management meetings Joint Working level committees for managing the partnerships Project teams for joint development/ joint production 	<ul style="list-style-type: none"> Ensuring due diligence in selecting potential partner with regard to capability, expertise and experience, financial, technical & marketing strengths and technology maturity among others Risk and cost sharing
 Communities	<ul style="list-style-type: none"> Welfare and developmental interventions Environment sustainability 	<ul style="list-style-type: none"> Awareness through signboards Interactions with community/ local administration Site visits and inspections Impact assessment survey 	<ul style="list-style-type: none"> CSR and Environmental policy in place Undertook need-based assessment surveys to deliberate action plan and obtained necessary approvals from local administration Ensured regular dialogue with key community stakeholders Undertook to address feedback expressed by the beneficiaries Site inspections by CSR Committee of the Board and CSR Monitoring Committee
 Government & Regulatory Bodies	<ul style="list-style-type: none"> Compliance of applicable laws, regulations Community development and job creation Contribution towards national economic growth 	<ul style="list-style-type: none"> Exhibitions Regular meetings & reviews Participating in Govt. initiatives 	<ul style="list-style-type: none"> Compliance with applicable laws, regulations & policies Investment in infrastructure development, contribute towards India's economic growth Align our activities with government initiatives such as 'Make in India' and 'Aatmanirbhar Bharat'

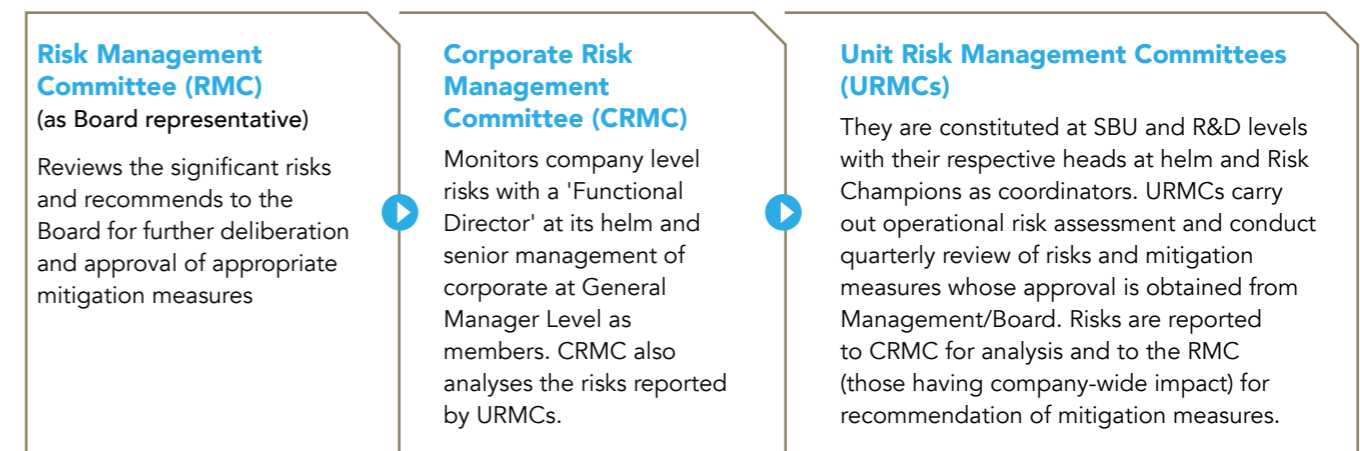
Effectively Mitigating the Risks in Our Operating Environment

Operating in a volatile business environment marked with rapid technological advancements, changes in government policies and regulatory framework, geo political tensions and other unforeseen natural and man-made calamities, we are exposed to variety of risks. We are undertaking efforts towards minimising their exposure and impact while being focussed on pursuing our vision, strategic goals and objectives. We are actively evaluating risk impact, considering its potential benefits and deploying suitable mitigation measures.

Risk management framework/governance

We have a robust Enterprise Risk Management (ERM) framework which is deployed based on the Risk Management Committee (RMC) recommended and Board-approved Risk Management (RM) Policy. It enables us comprehensive risk addressal through identification, evaluation, prioritisation and mitigation. Our RM policy outlines RM structure, scope & objectives, focus areas, and roles and responsibilities of RMCs at various levels, the risk champions and other concerned personnel. We have a three-tiered risk management framework covering all the business units, R&D centres and functional areas.

Our three-tiered ERM framework



Technology risks

Defence & Aerospace segment uses niche and restricted technologies. Dynamic changes in the emerging technologies may lead to technology gaps and may lead to longer time to market for the products.

Mitigating Actions

- Focus on development of critical technologies through in-house development, joint development with national R&D institutions, academia and start-ups.
- Explore new models for development/acquisition of requisite technologies.

Competitive landscape risks

Liberalised defence production policies have enabled growth in the domestic defence industrial base. This has resulted in increased competition which may impact the company's market position in some of the segments.

Mitigating Actions

- Strategic partnerships for co-development, manufacturing, etc.
- More focus on high value-added, high technology products/strategic systems.
- Product and Market diversification including export markets.



FINANCIAL CAPITAL

Managing Finances Prudently for Sustained Value Creation

Financial capital is critical to supporting our business activities and investing in key opportunities where we see growth. We ensure efficiency and prudence in capital allocation and managing finances. This has enabled us to build a solid balance sheet position which provides resilience against market cycles and supports our long-term growth.



Our Prudent Financial Management

At BEL, our prudent financial management practices have contributed to consistent growth in all parameters. In the last five years (FY 2016-17 to FY 2021-22), our Turnover (Sales and Services) has grown by a CAGR of 11% to ₹ 15,044 Crore. Order book during this period has expanded from ₹ 40,242 Crore as on 31 March 2017 to ₹ 57,570 Crore as on 31 March 2022.

Alongside, we have ensured focussed cost control measures and extensive indigenisation efforts which improved profitability. In the last five years, our EBITDA has grown at a CAGR of 13.43% to ₹ 3,309 Crore and PAT by 8.7% to ₹ 2,349 Crore. Our EBITDA margin for FY 2021-22 was at 22%, and typically ranges between 21-23% depending on the nature of product mix sold during the year. EPS increased from ₹ 6.03 in FY 2016-17 to ₹ 9.64 in FY 2021-22.

Ensuring efficient capital allocation

We have been very disciplined and robust in our capital allocation strategy, whether in terms of investment in project, R&D or ploughing back surplus in business growth. This has contributed to our Return on Capital Employed improving from 21% in FY 2016-17 to 30% in FY 2021-22.

Working capital management

Our high productivity and efficiency in managing operational expenses provides us significant operating leverage. In the last five years, all of our working capital was entirely met through internal accruals. This is enabled by a strong cash flow from operations which grew from ₹ 108 Crore as on 31 March 2017 to ₹ 4,160 Crore as on 31 March 2022. Further, despite a significant growth in top line, our inventory turnover (number of days of value of production) has significantly declined from 206 days as on 31 March 2017 to 133 days as on 31 March 2022. Similarly, receivable turnover has also reduced from 180 days as on 31 March 2017 to 148 days as on 31 March 2022.

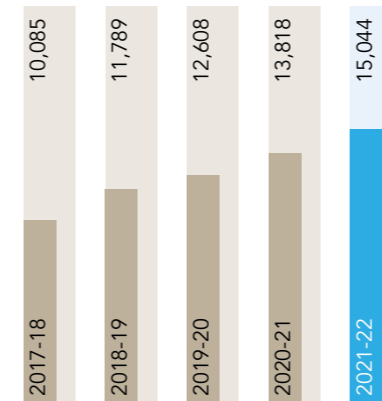
Value created for shareholders

Led by a solid business model and strategy that ensures sustained growth in cash flows and value creation, BEL has always rewarded its shareholders. In the last five years, dividend declared has increased from 225% in FY 2016-17 to 450% in FY 2021-22. The dividend pay-out as a result has increased from ₹ 503 Crore in FY 2016-17 to ₹ 1,096 Crore in FY 2021-22. Our consistent performance and a strong outlook for long-term value creation has been received well by the shareholders, resulting in market capitalisation increasing from ₹ 30,482 Crore as on 31 March 2021 to ₹ 51,375 Crore as on 31 March 2022.

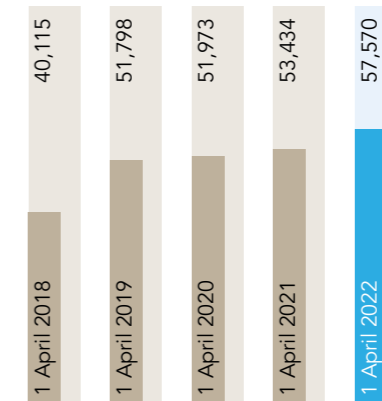
EBITDA
₹ 3,309 Crore
CAGR 13.43%

PAT
₹ 2,349 Crore
CAGR 8.7%

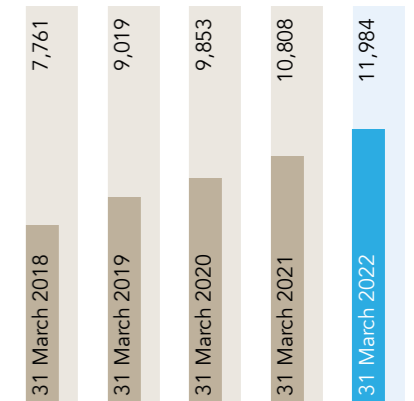
Turnover (₹ in Crore)



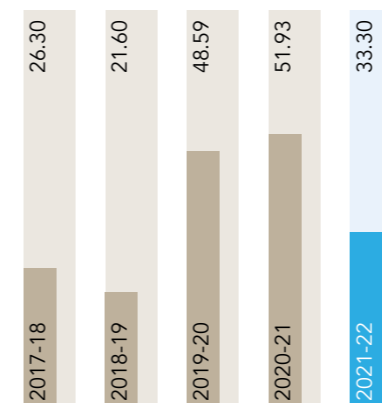
Order book (₹ in Crore)



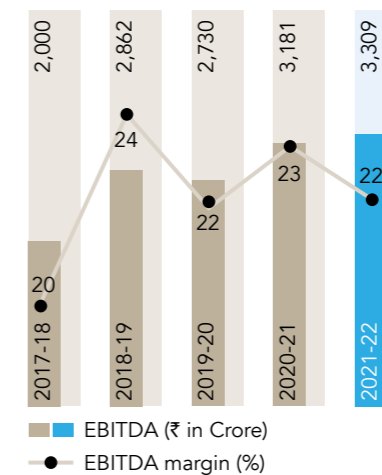
Net worth (₹ in Crore)



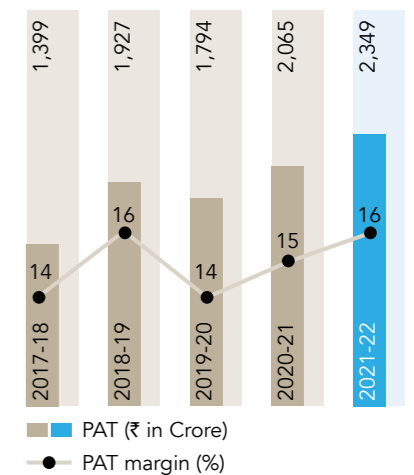
Exports (USD Million)



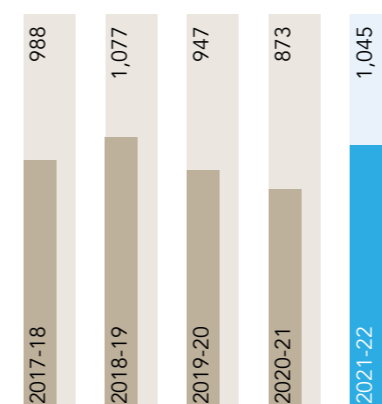
EBITDA and EBITDA margin



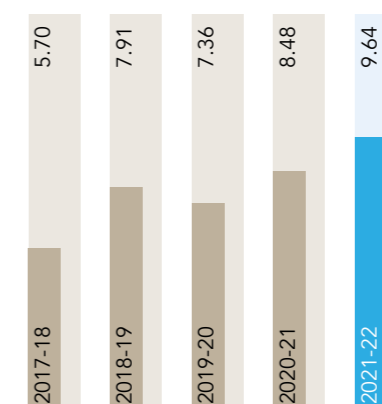
PAT and PAT margin



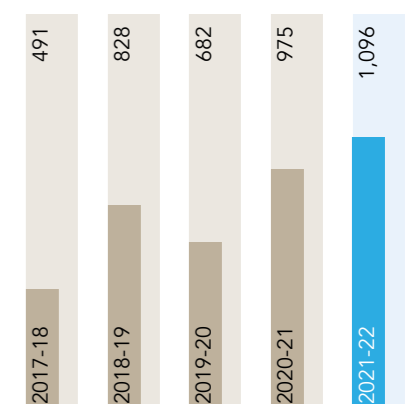
R&D Investments (₹ in Crore)



Earnings Per Share (In ₹)



Dividend Distribution (₹ in Crore)





MANUFACTURED CAPITAL

Operational Excellence and World-Class Manufacturing Capabilities

Our manufacturing calibre is exemplified in the deep capabilities that we have established in key technologies and our quality excellence attained through improving processes and training people. It drives our efficiencies and enhances our competitiveness as a critical supplier to India's defence sector and to other customers globally. We are continually modernising our manufacturing and testing facilities in line with technology and product evolution to be a key player in indigenisation.

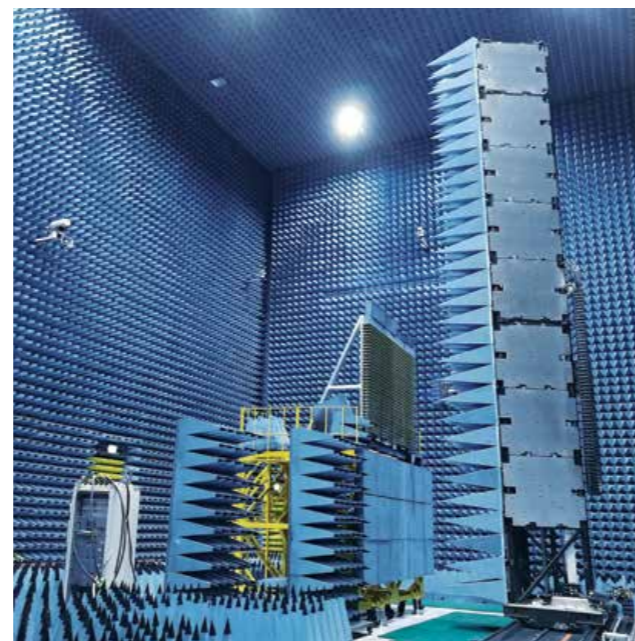


World-class manufacturing infrastructure

We have nine manufacturing facilities organised into 24 SBUs. We continuously upgrade their infrastructure and processes/ systems and undertake new capacity creation to become a global player in electronics in defence and select non-defence segments.

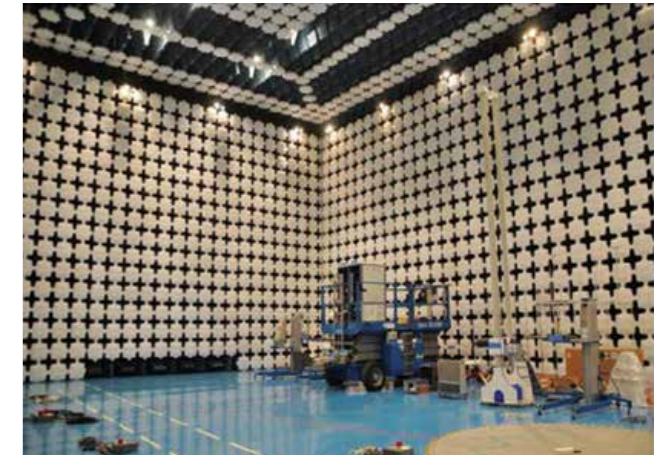
Our manufacturing units

Key focus areas	
Bengaluru, Karnataka	<ul style="list-style-type: none"> • Missile Systems (Land & Naval) • Land- based Radar systems • Naval Systems (Sonars, Comm. Systems, Radar & FCS) • Military Communication • Electronic Warfare & Avionics • Home Land Security & Smart Cities • EVM/VVPAT • Unmanned Systems • Solar Systems and Solutions • Space Electronics & Systems • Strategic Components/Devices • Medical Electronics • Cyber & Network Security • Software Solutions & AI • Arms & Ammunitions • Seekers



NFTR facility

Key focus areas	
Ghaziabad, Uttar Pradesh	<ul style="list-style-type: none"> • Radar Systems • Network Centric Systems • Satcom & Cellular Communication • Antenna Systems • Air Traffic Mgmt. Solutions
Pune, Maharashtra	<ul style="list-style-type: none"> • Energy Storage • Laser Products • Fuzes • Support Systems for AFVs • Arms & Ammunitions
Machilipatnam, Andhra Pradesh	<ul style="list-style-type: none"> • Electro Optic Equipment & Systems • Anti Drone Systems
Panchkula, Haryana	<ul style="list-style-type: none"> • Tactical Communication • Jammers • Avionics (HUD) • EV Charging Stations
Chennai, Tamil Nadu	<ul style="list-style-type: none"> • Tank Electronics • Gun Upgrades • Airborne EO payloads • Land Navigation Systems • Gun Control Systems
Kotdwara, Uttarakhand	<ul style="list-style-type: none"> • Telecom Products /Systems • VCCS Solutions • Rail/Metro Solutions
Hyderabad, Telangana	<ul style="list-style-type: none"> • Electronic Warfare Systems
Navi Mumbai, Maharashtra	<ul style="list-style-type: none"> • Shelter Systems • Power Systems • Mast Systems • Composites • Blast Doors/Valves



Advanced EMI/EMC Testing Facility



Automated Assembly Line for TRM



Robotic / Automatic Welding Facility

BEL Quality Standards



ISO 9001:2015 and ISO 14001:2015
All Units/SBUs/Divisions



ISO 13485:2016
Export Manufacturing SBU-Bengaluru



ISO 27001:2013
10 Units/SBUs/Divisions



ISO 45001:2018
Ghaziabad Unit



ISO 20000-1
Software SBU-Bengaluru



AS9100D
19 Units/SBUs



CMMi Level 5
Software SBU- Bengaluru, Hyderabad Unit & CRL-Ghaziabad



CMMi Level 3
Chennai Unit, DCCS & NCS SBUs - Ghaziabad Unit

Ensured through stringent quality assurance processes, a highly skilled and qualified team and state-of-the-art testing facilities

i

Quality that is rewarded and recognised

- Bengaluru unit has won the CII EXIM Bank Business Excellence Award in 2018 and Commendation for Role Model Organization. Ghaziabad and Hyderabad Units have received Platinum Level recognition
- Ghaziabad, Chennai, Machilipatnam and Hyderabad units have received the Platinum Level recognition for Business Excellence from CII in 2019
- Chennai unit secured the CII Total Cost Management (TCM) Level 3 Award
- 16 Green Channel Status certificate from DGQA for supply of 50 products manufactured by 19 Units/SBUs
- Chennai and Hyderabad Units have received Platinum Level recognition for Business Excellence from CII in 2021



INTELLECTUAL CAPITAL

Augmenting Competitiveness with Innovation

R&D is our core strength. It is a key enabler in driving indigenisation and value in our products and systems with cutting-edge technologies, highest level of quality and reliability. We are continually nurturing our R&D competencies through in-house team and collaborations to enhance our global competitiveness.



Approach to R&D

At BEL, we have a multi-tiered R&D structure to ensure greater outcomes. It comprises Central Research Laboratories (CRLs), Product Development and Innovation Centres (PD&IC), Centre of Excellence (CoE) and Development & Engineering (D&E) groups attached to SBUs across all units. All our R&D centres are Department of Scientific & Industrial Research (DSIR) registered, and work on identified technology and product areas, based on three-year R&D plans.

Our R&D Centres and their operational model

R&D centres	Key areas of work
CRL, Bengaluru and Ghaziabad	<ul style="list-style-type: none"> • Blue sky research for developing cutting edge technologies • Applied research in core technology areas
CoEs (for Military Communication Systems, Radar & Weapon Systems, and Electronic Warfare and Photonics)	<ul style="list-style-type: none"> • Addressing Make-II projects of the Indian Defence forces • System configuration and engineering of core technology modules into products, systems and systems of systems
Centralised PD&IC, Bengaluru	<ul style="list-style-type: none"> • New product development (NPD)
D&E	<ul style="list-style-type: none"> • Develop business relevant systems and systems of systems solutions for end users including hardware and software modules • Taking support of CRLs, PD&IC, CoEs and collaborative R&D partners for developing technology modules and subsystems, evaluations and trials, and extending technical support including obsolescence management

R&D focus areas

The focus areas in R&D in future growth is categorised in following ways:

Current Technology areas for BEL's Business segments : Missile Systems, Radars, Electronic Warfare, Avionics, Military Communication, Naval Systems, Sonars, C4I systems, Electro-optics and Laser, Tank Electronics, Gun Upgrades, Civilian Equipment, Homeland Security, Medical Electronics, and Components etc.

Defence: Next Generation indigenous SAM Systems, Airborne Radars, Arms & Ammunition and Explosives, RF Seekers, Imaging Infra-Red (IIR) Seekers, Strategic Electronics, Unmanned Systems, Thermal Imaging Detectors for Night Vision Devices, Indian Regional Navigation Satellite System (IRNSS) based Inertial Navigation Systems (INS) and solutions, laser-based Directed Energy Weapons, Helmet

Mounted Display Systems (HMDS), Direct Infrared Counter Measures for Aircrafts & Helicopters, Software as a Service, Network & Cyber Security, Composites etc.

Non-Defence: Solutions for Civil Aviation sector including Air Traffic Controller Radars, Anti Drone systems, Space/Satellite Electronics, Space Launch Vehicles, Satellite Communication Services, Space Grade Solar Cells, Satellite Assembly & Integration, Solar Business, Railway and Metro Solutions, Software as a Service, Electric Vehicles, Homeland Security & Smart City Businesses, Energy Systems, a range of Medical Electronics & Healthcare Solutions, Intelligent Traffic Management Systems etc.

Emerging Technologies: Quantum Cryptography, Photonics based Radars and ESM, High-powered lasers, Geospatial Analytics,

Image Profiling using LiDARs, 5G communication, OFC based PIDS, 400G Optical Communication, Drone Guard Systems, Big Data Analytics, Intelligent Process Automation, Artificial Intelligence-based products, Unmanned Systems etc.

Strategic alliances for R&D

Alliances are vital to strengthening our R&D capabilities and rapidly harnessing specialised technologies into the new products. It helps us in fulfilling the customer need for providing complete solution and platforms, thereby enhancing our market access and facilitating entry into new markets. Over the year, we have successfully enhanced collaborations with Defence Research Laboratories, National Laboratories, DPSUs, DIO iDEX, Academia, startups, niche technology companies, reputed global OEMs and Indian companies/agencies.

Some of our key R&D partners

DPSU / Defence

- DRDO
- National Technical Research Organization
- ISRO
- WESEE /Indian Navy
- Army Technology Board
- IAF
- Indian Army
- Hindustan Shipyard Limited
- Hindustan Aeronautics Limited

Companies /others

- SAFRAN Engineering & Defense
- Microwave IC, Russia
- DMRC
- AAI
- BPL Medical Technologies
- Renalyx Health Systems
- Motorola Solutions India
- NHAI
- Bosch
- SBI
- SFC Energy AG

Academia

- IISC
- IIT Madras
- IIT Kanpur
- IIT Roorkee
- IIT Kharagpur
- National Institute of Design, Ahmedabad
- IIIT Hyderabad
- IIT Ropar
- IIIT Bangalore
- IIIT Jabalpur
- IIT Dharwad



Our R&D Initiatives in FY 2021-22

- Method of designing High Isolation Trans-Receive Antenna
- System and Method for Drone Signal Detection in the Presence of Interferers
- Method for labelling hit-map clusters for radar detections
- Pull type solenoid actuated fail-safe mechanical brake for hollow shaft
- A method to automatically classify through wall radar target
- Hybridised Method for Automatic Target Recognition and Classification from Satellite Imagery

- Multi-octave fast switching, better isolation GaAs MMIC reflective single pole double throw switch
- Multi-octave low power consumption GaAs MMIC 5 Bit Digital Attenuator with minimal phase shift
- Methods & System for underwater positioning using adaptive gated positioning technique
- Methods & System for depth aided positioning of un-tethered underwater vehicle
- Shared Aperture Dual Band Dual Function Antenna
- Electronic Air Oxygen Blender for Ventilator



Competencies for emerging technologies

- Sponsorships for PhDs and M. Tech programs in the emerging technologies
- Certification programs for engineers such as Project Management Professionals (709), Certified Reliability Engineers (385), Certified Quality Engineers (335), Certified Manager of Quality/Operational Excellence (124), Certified Software Quality Engineer (72), Certified Supplier Quality Professional (14) and Certified Business Analytics & Data Management (41)
- Focussed development groups in AI, big data analytics, IoT, 5G wireless communication, robotics and computer vision, AR/VR, quantum cryptography, Arms & Ammunition, Unmanned systems

78%

of FY 2021-22 turnover generated from indigenous technology



HUMAN CAPITAL

Developing a Highly-skilled, Future-ready Workforce

Talented and diverse workforce is key to providing us a competitive edge as we look forward to leading technology revolution and growing global. We are building a strong employee proposition to attract and retain best talents, and to empower them with future-ready skills. We also emphasise on a performance-driven culture to achieve greater results.



Learning and development

Being involved in a business that necessitates working on high-end and evolving technologies, sustained development of employees at individual and team level is essential. We have implemented various management development, technology specific and quality related programs both internally and through premier training institutions for all grades of executives. The programmes cover various technology domains related to our diversification growth plan.

Some of our key learning and development initiatives include:

BEL Academy for Excellence (Nalanda): It provides training programmes in three core areas of quality, technology and leadership, designed in collaboration with reputed academic institutions such as IITs, IIMs, IISC, IETE, ISI and ASQ among others.

Centre for Learning & Development:

It conducts training programs for Non-Executives and Apprentice trainees of the Bengaluru unit and also houses a skill development centre.

Unit HRD: It caters to the training requirement of the respective units which are oriented towards specific business of the Units/SBUs covering both Executives and Non-Executives.

Corporate HRD: It caters to the strategic trainings and development needs of Executives across all grades and units. It also drives developmental initiatives such as Online Development centres, Executive Coaching for Senior Executives etc. It further undertakes Employee Engagement and Satisfaction Surveys which help understand pulse of employees and deploy necessary actions.

92%

of employees were trained in FY 2021-22 with average man-hours of 6.86 per employee

Employee engagement and well-being

Engaged and motivated employees are key to driving productivity, cohesiveness and achieving organisational strategy. We ensure this through undertaking various employee engagement and wellness initiatives.

BEL Officers Club is one such initiative in driving employee satisfaction, providing employees and their families access to various entertainment and lifestyle facilities. 85% of BEL Executives are members of this club. Further, monthly

cultural events, competitions, annual celebrations and sports events and tournaments are organised to enhance bonding among employees and ensure mental and physical well-being. Employees are also encouraged to become social change agent by providing platform to contribute towards social and environmental good. Additionally, we undertake Employee Engagement and Satisfaction Surveys which help understand pulse of employees and deploy necessary actions.

96%

of our employees participated in Employee Engagement and Satisfaction Survey in FY 2020-21 and 81% is the Engagement Score.



Brief about survey:

1. Out of 9,019 employees 8,645 employees participated in the survey which included all permanent employees.
2. Survey was conducted through online questionnaire.
3. Employee experience, satisfaction, motivation and morale are all driven by different factors in the organisation. The only way to understand all of this is through Employee Engagement & Satisfaction Surveys (EES). EES surveys can pave the way towards success and fulfilment of goals when they are effectively curated. Its overall purpose is to measure the connection employees have toward the organisation and examine the factors that influence it.

Performance Management

We have a robust Performance Management System (PMS) which is integrated to BEL behavioural competency model. It enables continuous dialogue on performance and identifying improvement measures as well as aligning individuals' tasks with organisational goals. Focussed on measurable objectives that individuals are trying to achieve, it provides critical inputs

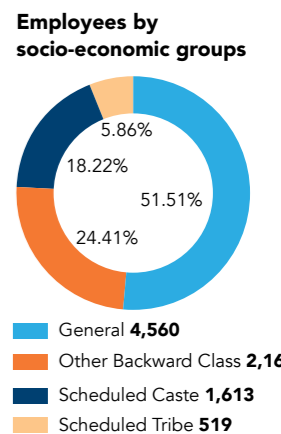
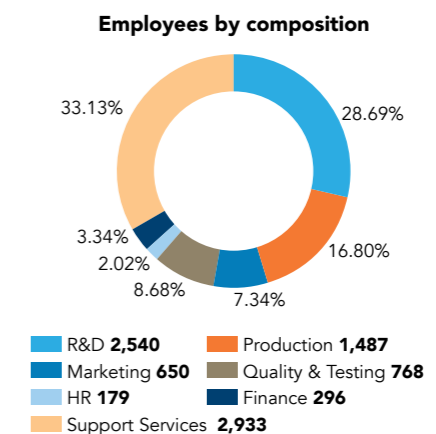
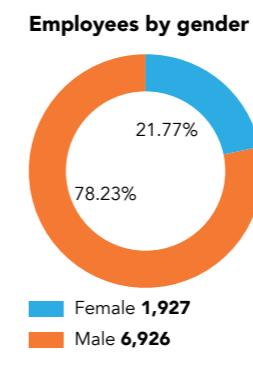
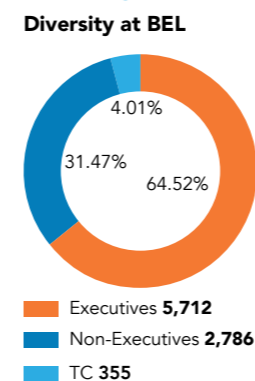
for development, promotion, job rotation and placement of Executives. It also assists in better defining the key responsibility areas (KRAs) and key performance indicators (KPIs) leading to individuals achieving superior standards of work performance.

Diversity and inclusion

We are proactively focussed on being an inclusive workplace where individuals of all backgrounds, genders and ethnicity come together

towards to drive the organisational growth with their diverse knowledge and ideas. We achieve this by ensuring equal opportunity and a safe workplace for all, especially women. We have various policies to encourage employee retention. Our efforts have translated into a representation from a diverse pool of stakeholders, which is enabling us to remain at the forefront of changes and devise right strategy.

Diversity at BEL





SOCIAL AND RELATIONSHIP CAPITAL

Ensuring Holistic Development of Communities

We strongly believe our ability to create value is interlinked with the value we create for the society. We endeavour to fulfil social responsibilities encompassing holistic community development, institution building and sustainability-related initiatives. Our interventions closely aligned with the UN SDGs contribute to inclusive and equitable development through capacity building and empowerment of underprivileged.



Enabling Better Education

BEL is facilitating a conducive learning environment in 35 remote Government Schools. Nearly 15,000 rural students from the economically weak sections of society will benefit from it.

Augmenting Healthcare & Sanitation Infrastructure

BEL helped in improving health infrastructure in Government Hospitals and sanitation facilities in more than 125 Government Schools which will benefit rural population of around 15 Lakh and 17,000 students respectively.

Facilitating Rural Development

BEL undertook developmental and sustainability interventions in 9 adopted villages which will benefit around 1.25 Lakh rural population.

Promoting Skill Building

BEL prioritised Skill India, and undertook to augment infrastructure in 10 adopted Government Industrial Training Institutes. 5,000 youths

were trained on technical skills, employability skills and given industry exposure to help them secure a better livelihood.

Supporting the Nation during Pandemic

As COVID-19 pandemic continued into FY 2021-22 and driving urgent need to address health and nutrition, we, at BEL, continued with our relief efforts. We committed ₹ 16.30 Crore towards thematic CSR interventions and COVID-19 support projects pan India. We also contributed ₹ 5 Crore towards construction of COVID Hospital in Lucknow, Uttar Pradesh.



We set up medical oxygen generation plants in 12 Government hospitals across 6 States to ramp-up their oxygen requirement and help ease the oxygen crises in the country. Health infrastructure was augmented in remote Government Hospitals and Primary Health Centres. Ventilators were donated to paediatric ICUs in the Government Hospitals of Yadgir Aspirational district. Persons With Disabilities in the Aspirational districts of Raichur and Yadgir in Karnataka were provided aids and appliances to facilitate their mobility.



BEL undertakes Community Development and Institution Building at Mandhna Village

₹ 2 Crore

Invested

Key Areas of Intervention

Infrastructure augmentation of Government Senior Secondary School

- New School building
- Upgradation of existing classroom and library, kitchen, assembly area
- Providing furniture, white boards and PCs
- Water tank, drinking water, sanitation and handwash facility
- Boundary wall and gate
- Uniform, bags, shoes and stationery for students

Village Development

- Construction of roads, drains and retaining wall
- Panchayat platform and bus stand
- Solar street lights

BEL Rejuvenates Doddabommasandra Lake at Bengaluru

₹ 13.5 Crore

Invested

Area of Intervention: 10 MLD Sewage Treatment Plant (STP)

BEL in a pioneering initiative undertook installation and commissioning of 10 MLD STP in partnership with regulatory bodies of Government of Karnataka.

Revenue department (owner of land), Bruhat Bengaluru Mahanagara Palike (custodian of lake) and Karnataka Lake Conservation & Development Authority (ultimate authority on lakes) were involved for seamless project execution.

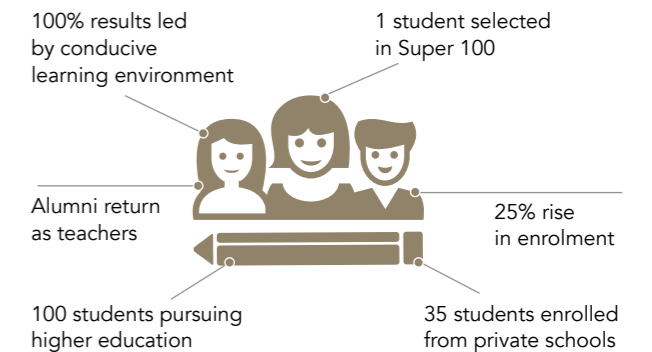


Impact created

2,500

People benefited across 7 villages

Improvement in Education

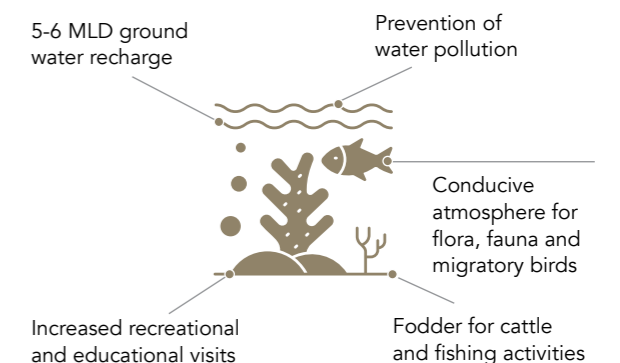


Impact created

3 Lakh+

People benefited

Improvement in Ecology and Biodiversity





NATURAL CAPITAL

Committing to Operate Responsibly

We are committed to achieving the economic, ecological and social responsibility objectives. We are proactively taking actions to make our businesses more environmentally sustainable and go beyond to contribute towards a sustainable world. All our units are maintaining environment-friendly processes and are actively involved in conserving natural resources through rainwater harvesting, energy conservation and reduction of waste.



Investing in Cleaner Technologies

We are continually investing in clean manufacturing technologies and have channelised R&D efforts towards making components and processes environment-friendly which have significantly reduced pollution. A global best standard Restriction of Certain Hazardous Substances (RoHS) practice is in place for ensuring usage of sustainable materials, components and manufacturing processes. In FY 2021-22, 47 new RoHS-compliant components were introduced and 63 standards revised, taking our total to 689 RoHS-compliant standards for electronic/electrical/mechanical components. We have also introduced many RoHS-compliant processes



in PCB manufacturing and surface treatment activity.

Ensuring Cleaner and Less Carbon Emissions

Our plants have Air Pollution Control equipment to monitor and control air emissions. We have adopted several operational controls to minimise emissions such as operating paint booth and the plating baths with a slight vacuum (negative) pressure, use of wet scrubbers and use of suction filters to draw in solder fumes.

Further, strong impetus is put on green energy and energy conservation. We have 13.9 MW of wind power capacity and 5101 KWp of cumulative grid connected rooftop



solar power capacity, which together contribute to 49.36% of our total energy requirement and results in avoidance of 26,205.46 MT of CO₂ emission equivalent for the FY 2021-22. Usage of energy-efficient LED and other efficient lighting initiatives have helped reduce energy consumption. Green building concept is being followed for all new buildings. For all future buildings, GRIHA rating (Green Rating for Integrated Habitat Assessment) will be targeted. We further intend to add 4 MW of wind power capacity in FY 2022-23.

Recycling and Reusing Wastewater

We ensure that all wastewater generated is treated through effective detoxification with less chemical consumption and reused in production. New buildings are equipped with Dual Plumbing System for effective use of recycled water for non-potable application. Our five-star GRIHA-rated BEL Academy for Excellence and C-type residential areas are equipped with it. Our Bangalore complex is a water positive facility.

Managing Waste Effectively

Hazardous Waste Management

We focus on reducing, reusing, recovering and recycling, handling hazardous waste. Usage of appropriate chemicals and procedures that produce less hazardous sludge in wastewater detoxification process, cyanide-free galvanising and copper plating processes, and eliminating IPA usage in the solar plants are contributing to this. We have also created an exclusive, well-protected place for safely storing waste. Further, tie-ups have been made with various State Pollution Control Board (PCB) authorities for disposing/recycling solid hazardous waste.

E-waste Management

All e-waste including end-of-life waste like computers and other electronic

Water Management – Saving Life

We have undertaken automation of water supply and borewell water drawing, use shower-based taps and efficient dishwashing system, auto level controller to save water. Swill water with air agitation for water conservation. Units have rainwater-harvesting facilities for groundwater recharge and reuse of rainwater. 745 m³ of rainwater was harvested in FY 2021-22 to generate RO water.

Ecological Sustainability

We maintain ~4,94,000 m² of lawn, hedges of 25,200 m and 1,40,500 trees of over 1,500 variants across our 685 hectare green campus in Bengaluru. Home to various birds and other creatures, this green carpet helps hold back dust, absorbs heat, creates a carbon sink and releases fresh oxygen.

items are segregated, stored and handed over to authorised PCB agencies for scientific processing, recovery and recycling. EVMs are received back under extended producer responsibility initiative and are disposed scientifically. We also make continuous efforts to replace hazardous component with RoHS-compliant ones. Additionally, we undertake to provide handling and safe disposal guidelines to users of our electronic products.

Biomedical Waste

Biomedical waste generated in the BEL hospital and medical centres is collected and scientifically disposed of in accordance with regulatory requirements.

Solid Waste Management

We have installed source segregation system for proper handling of waste. We have a 1.0 tonne organic waste converter to compost biodegradable food and green waste of colony. Manure thus generated is used for horticulture application in our estate. The green waste is naturally composted and a leaf shredder is used to reduce its quantum. Canteen food waste is processed at the 2 tonne Bio-Methanation plant to generate biogas for cooking which saves ~50 SCM PNG. Landfillable waste is processed at solid waste treatment facility in Bengaluru.



Performing Sustainably across the Decade

Particulars	(₹ In Crore)									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Sales & Services	6,012	6,174	6,695	7,541	8,825	10,085	11,789	12,608	13,818	15,044
Value of Production	6,290	6,127	6,659	7,775	9,244	9,670	11,921	12,348	13,947	15,321
Other Income	610	428	478	537	471	200	170	102	126	234
Materials	4,085	3,584	3,745	4,061	4,832	5,104	6,080	6,846	7,957	9,179
Employee Benefits Expense	1,111	1,030	1,263	1,257	1,548	1,772	1,879	2,057	1,941	2,109
Depreciation/Amortisation	131	142	154	172	192	251	316	350	366	380
Interest/Finance Cost	1	3	1	5	12	1	12	3	6	5
Other Expenses	572	774	674	1,240	1,417	1,110	1,396	1,028	1,114	993
Profit Before Tax	1,115	1,175	1,467	1,732	2,029	1,948	2,703	2,479	2,935	3,158
Provision For Tax	225	243	299	425	482	549	776	685	869	809
Profit After Tax	890	932	1,167	1,307	1,548	1,399	1,927	1,794	2,065	2,349
Dividend (Amount)	178	186	234	408	503	491	828	682	975	1,096
Dividend (%)	223	233	292	170	225	200	340	280	400	450
Equity Share Capital	80	80	80	240	223	244	244	244	244	244
Other Equity	6,224	6,937	7,805	8,744	7,285	7,517	8,775	9,609	10,564	11,741
Loan Funds	0.01	-	-	-	50	67	33	8	-	-
Gross Block	2,073	2,227	2,485	1,147	1,617	2,220	3,013	3,795	4,118	4,534
Cumulative Depreciation/Amortisation	1,498	1,576	1,714	170	362	613	929	1,275	1,638	2,010
Inventory	3,271	3,370	3,427	4,177	4,905	4,739	4,455	3,963	4,955	5,567
Trade Receivables	3,335	4,129	3,786	3,712	4,355	5,050	5,369	6,733	6,552	6,103
Working Capital	5,445	6,077	6,910	7,373	5,305	4,366	5,376	5,817	6,812	7,625
Capital Employed	6,020	6,728	7,681	8,349	6,560	5,973	7,461	8,336	9,292	10,149
Net Worth	6,304	7,017	7,885	8,984	7,509	7,761	9,019	9,853	10,808	11,984
Earnings Per Share (in ₹)	3.37	3.53	4.42	4.95	6.03	5.70	7.91	7.36	8.48	9.64
Book Value Per Share (in ₹)	26.27	29.24	32.85	37.43	33.62	31.85	37.01	40.44	44.36	49.18
No. of Employees	10,305	9,952	9,703	9,848	9,716	9,726	9,612	9,279	9,172	8,853

Board's Report

To the Members,

Your Directors take pleasure in presenting their Report and the Audited Financial Statements for the financial year ended 31 March 2022 together with the reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

Financial Results and Performance Highlights

Financial results and performance highlights of the Company are summarised below:

Particulars	(₹ in Lakh)	
	2021-22	2020-21
Value of Production	15,32,064	13,94,749
Turnover	15,04,367	13,81,816
Profit Before Depreciation, Interest and Tax	3,54,283	3,30,722
Finance Cost	485	608
Depreciation & Amortisation	38,018	36,633
Profit Before Tax	3,15,780	2,93,481
Provision for Tax	80,887	86,939
Profit After Tax	2,34,893	2,06,542
Other Comprehensive Income/(Loss)	(14,921)	(8,709)
Total Comprehensive Income	2,19,972	1,97,833
Dividend paid	1,02,337	1,02,337
Tax on Dividend	-	-
Transfer to General Reserve	40,000	40,000
Other Equity (Including Reserves & Surplus)	11,74,060	10,56,423
Net Worth	11,98,426	10,80,789
Earnings Per Share (in ₹)	9.64	8.48
Book Value Per Share (in ₹)	49.18	44.36

Distribution of Value of Production for FY 2021-22 is given below:

Particulars	(₹ in Lakh)	
	Amount	Percentage
Materials	9,17,947	59.92%
Employee Cost	2,10,939	13.77%
Other Expenses (Net)	49,380	3.22%
Depreciation & Amortisation	38,018	2.48%
Provision for Tax	80,887	5.28%
Profit After Tax	2,34,893	15.33%
Total	15,32,064	100.00%

The Company's turnover for the year 2021-22 increased to ₹ 15,04,367 Lakh from ₹ 13,81,816 Lakh in 2020-21, registering a growth of 8.87%. The Profit After Tax (PAT) for the year is ₹ 2,34,893 Lakh as compared to ₹ 2,06,542 Lakh

in the previous year. Turnover from indigenously developed products was 78%. Contribution for Defence supplies was at 90% of the turnover in 2021-22 as compared to 78% in the previous year.

Dividend

In pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company formulated a Dividend Distribution Policy keeping in view the provisions of the SEBI (LODR) Regulations, 2015, the Companies Act, 2013, Guidelines issued by the SEBI, DPE, DIPAM, Ministry of Finance and other Guidelines to the extent applicable to the Company. The Policy is placed on the Company's website at <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=527&LId=1&link=527>

The Board of Directors has recommended a final dividend of ₹ 1.50/- per equity share (150%), amounting to ₹ 36,548.89 Lakh for the year 2021-22. The first interim dividend of ₹ 1.50 per equity share (150%) and the second interim dividend of ₹ 1.50 per equity share (150%) has been paid to the shareholders for the financial year 2021-22. Thus, the total dividend for the year 2021-22 is ₹ 4.50/- per equity share (450%), amounting to ₹ 1,09,646 Lakh.

Transfer to Reserves

An amount of ₹ 40,000 Lakh has been transferred to General Reserves for the financial year 2021-22.

Share Capital

The Company's authorised capital was ₹ 25,000 Lakh (2,50,00,00,000 equity shares of ₹ 1/- each) and paid-up share capital was ₹ 24,366 Lakh (2,43,65,92,943 equity shares of ₹ 1/- each fully paid-up) as on 31 March 2022. There was no change in the authorised/paid-up share capital of the Company during FY 2021-22.

Major Orders Executed

AFNET Performance/Security Enhancement & SATCOM Network, Integrated Perimeter Security System (IPSS), Vehicle based Shelters network (SAMYUKTA), Electronic Warfare Suites, Kerala Fiber Optic Network (K-FON), Advanced/Integrated Communication System, Artillery Combat Command and Control Systems, Communication Systems, Smart City Projects Energy storage Projects executed including supply and support of Missile, Control & Surveillance systems for the Defence Forces.

Exports

Your Company has been focussing increasingly towards harnessing the export potential of Defence electronics products & systems, including Homeland Security Solutions, Border Protection systems and state-of-the-art systems & solutions and professional electronics to address the civilian market, which represents its core area of business.

BEL has been exporting various products and systems to foreign countries and global OEMs. Having established a healthy relationship with its current & prospective customers and based on their requirements, BEL has been regularly interacting with the Ministry of External Affairs (MEA) & the Ministry of Defence (MoD) for supply of various products and systems.

BEL is also exploring civil and medical equipment market in developed, developing & third world countries, with product and solutions like Artificial Intelligence-based solutions, software development for various civilian projects, IOT Sensors, Sensor Fusion and Management Systems, Unified Data Analytics Platform System, Smart Hub, security package for VVIP areas, Smart Cities, Critical infrastructure development, solar power generation projects etc.

BEL is focussing on opportunities in the area of helping OEMs to meet offset obligations in various RFPs of the MoD on account of the offset policy incorporated in the Defence Procurement Procedure. To this end, the Company is closely working and partnering with various major foreign Aerospace and Defence Companies. BEL is also offering proven products and systems to meet the specific requirements of customers. BEL has identified contract manufacturing (built to print and build to spec) and Transfer of Technology of the latest systems and solution as new areas of emerging export opportunities. Further, efforts are on to establish a long-term supply chain connect with global players.

BEL is focussing primarily on the various 'Make in India' programmes. It has offered its various products and services to major Platform OEMs and their Tier I suppliers. This has helped BEL in leveraging partnerships for co-development, co-production and similar arrangements with various OEM's to get the manufacturing of the products at BEL and utilisation of services of BEL not only for Indian programs but also for global requirements.

Despite the COVID-19 pandemic worldwide, the Company achieved the export order acquisition of USD 179.05 Million during 2021-22, from various global customers viz., the US, France, Switzerland, Israel, Sweden, ASEAN countries, Mauritius and Sri Lanka. With this, the export orders as on 1 April 2022 stood at more than USD 269 Million. The major acquisition is order from M/s Airbus DS, Spain & M/s Thales, France for EW/Avionics.

The Company achieved an export sale of USD 33.30 Million during FY 2021-22, to various countries, viz., Switzerland, the US, France, Israel, Sweden, Seychelles, Maldives, Sri Lanka, ASEAN Countries and the various SEZs. Major products/systems exported were Coastal Surveillance Systems Radar, Sub Systems of Radar and EW Systems, Data Link II, Cable looms, mechanical parts, communication equipment, IFF-Interrogator, Radar Finger Printing System, EOS, Power Source, Radar Spares, etc.

The export sales was achieved with the concerted effort made by the Company and the new export initiatives taken like continuous and focussed discussion with the Ministry of External Affairs & Ministry of Defence and customers, a proactive approach with the customers by offering new and complete systems and procedures, increase in the customer's base, taking up new, customised & critical projects and delivering them on time as per the requirement of customers. More efforts were directed in support/services extended to customers to develop customised solutions and future threats and opportunities.

Initiatives taken to increase exports by development of new markets, for products & services during the financial year 2021-22:

❖ Major initiatives taken in 2021-22

- Exim/Buyer's Credit Project - Pursued market leads for various countries.
- Collaborated with new local partners in Kenya, Chile, Suriname, Malaysia, Nepal, Bangladesh.
- Pursued G2G opportunities in various neighbouring countries.
- Increased contract manufacturing portfolio by increasing empanelment of BEL as global supply chain partner with OEMs.
- Explored businesses in the field of turnkey solutions based on software capabilities and Artificial Intelligence under secure environment.
- Strategic alliance with the Indian platform manufacturers and initiating discussions and processes for signing agreements with major Indian platform manufacturers to create strong support within the country.
- Proposed strategic alliance with foreign OEMs to address global markets by offering the best value proposition.
- Efforts towards increasing participation in Government tenders in foreign countries.
- BEL has taken up efforts for marketing of various products and systems of Defence Industries of India

through BEL's overseas representative/marketing offices (18 Countries) to quickly expand geo-spatial reach.

- BEL regularly interacts with the Ministry of External Affairs, the Indian High Commission, the Defence Attaché, and MoD, India for supply of products/systems under the Line of Credit (LoC)/grants to friendly countries to India.

❖ Major leads in pipeline for following products and systems offered to foreign countries/customers:

- Coastal Radar System
- Radar Systems and Solutions
- Upgradation of Naval Radar and Sonars
- Contract Manufacturing
- Communication Equipment
- Electronic Warfare & Avionics

❖ The following were the scope for offset business during 2021-22:

- Data Link II
- IFF – Interrogator
- Radar Finger Printing Systems
- EoS CoMPASS
- EW & Radar Sub-Assemblies on built-to-print basis
- Missile Systems and Solutions

MoU with the Government

Your Company has been signing a Memorandum of Understanding (MoU) every year with the Ministry of Defence, Government of India based on guidelines issued from DPE. Performance of the Company for the financial year 2020-21 has been rated as "Very Good". The MoU rating for FY. 2021-22 is under review by the Government.

Order Book Position

The order book of the Company as on 1 April 2022 is 57,570 Crore. The order book comprises of major programs like Missile Systems, Command and Control Systems, Aircraft upgrades, Electronics Voting Machines, Ship Upgrades, Radar & Fire Control Systems, Software Defined Radios, Thermal Imagers, Kerala Fiber Optic Network (K-FON), AFNET Performance & Security Enhancement & SATCOM Network, Smart City Projects, Naval Systems etc.

Finance

Your Company has been prudent in managing its finances. During FY 2021-22, the Company has met all its CAPEX and Working Capital requirements through Internal Accruals. Your

Company has been productive and efficient in managing its operational expenses. The Company's PBT has grown from ₹ 2,93,481 Lakh in FY 2020-21 to ₹ 3,15,780 Lakh in FY 2021-22. During the current FY 2021-22, EPS has increased from ₹ 8.48 (FY 2020-21) to ₹ 9.64. Net Worth of BEL has increased from ₹ 10,80,789 Lakh (FY 2020-21) to ₹ 11,98,426 Lakh and corresponding Book Value Per Share (BVPS) has increased from ₹ 44.36 (FY 2020-21) to ₹ 49.18 in FY 2021-22.

In spite of increase in Turnover from ₹ 13,81,816 Lakh in FY 2020-21 to ₹ 15,04,367 Lakh in FY 2021-22, Trade Receivable has come down from ₹ 6,55,154 Lakh to ₹ 6,10,339 Lakh. Further, Trade Receivable as a number of Days of Turnover has reduced from 173 days of Turnover in FY 2020-21 to 148 days of Turnover in FY 2021-22. The reduction in the number of days was mainly on account of initiatives taken and restructuring brought in by Management.

Our consistent performance and long-term value creation has been reflected in the quantum of Dividends being distributed by the Company. During FY 2021-22, BEL has disbursed 2 Interim Dividends of 150% each amounting to ₹ 73,098 Lakh. The Board of Directors has recommended a final Dividend of ₹ 1.50 per equity share (150%), amounting to ₹ 36,548.89 Lakh for the year 2021-22. Thus, the total dividend for the year 2021-22 is ₹ 4.50 per equity share (450%), amounting to ₹ 1,09,646 Lakh.

Deposits

The Company does not have any Public Deposit Scheme at present. However, the matured Public Deposit amount (collected prior to February 2006) with the Company was ₹ 36.95 Lakh as on 31 March 2022. Out of this, 34 deposits amounting to ₹ 36.50 Lakh have not been claimed or have not been paid as these accounts were frozen on the advice of the Karnataka Lokayukta. The remaining matured deposits of ₹ 0.45 Lakh as on 31 March 2022 is unpaid due to insufficient documents/records produced by the Depositors.

Research & Development

BEL's R&D philosophy is to enhance its pre-eminence in products/services for Defence and Professional Electronics through Research & Development. BEL's R&D strives for development of new products built with cutting-edge technology modules. While fully meeting the customer requirements, the products developed by BEL are state-of-the-art, competitive and with highest levels of quality and reliability.

Research and Development (R&D) has been one of BEL's core strengths which is being enhanced through in-house and collaborative R&D modes. Various divisions of BEL are involved in development of Strategic Components, Technology Modules, Subsystems, Products, Systems and Systems of Systems.

BEL has a Three-Tier R&D structure, namely, Central Research Laboratories (CRLs); Product Development and Innovation Centre (PD&IC) and Centres of Excellence (CoEs); and Development and Engineering (D&E) groups attached to Strategic Business Units (SBUs)/Units. The R&D centres of BEL, registered with Department of Scientific & Industrial Research (DSIR), function at various locations across India: D&Es at each of the SBUs and Units namely Bengaluru, Chennai, Ghaziabad, Hyderabad, Kotdwara, Machilipatnam, Navi Mumbai, Panchkula and Pune; PD&IC at Bengaluru; and CRLs at Bengaluru and Ghaziabad. The R&D Labs (CRLs/PD&IC/CoEs/D&Es) work in the identified technology and product areas, based on three-year R&D plans and after due approval of funds/time by competent authority.

Apart from in-house efforts, BEL R&D Engineers collaborate with DRDO, ISRO, CSIR, other Research Laboratories, National and International Academia, Research Institutes, OEMs/Industry, experts/consultants, MSMEs and start-ups in niche technologies. BEL has created an ecosystem to develop products/solutions in many business segments.

The D&E groups at SBUs/Units provide Systems and System of Systems solutions to the end users. Towards this, they get necessary technology modules and subsystems developed through CRLs, PD&IC, CoEs and collaborative R&D partners. They conduct all evaluations and trials needed in the process of inducting these systems into service. They also extend technical support during the entire product life-cycle and also take care of obsolescence management.

D&E Projects Initiated During FY 2021-22: Several R&D projects have been initiated during FY 2021-22 both through in-house development and collaborative efforts (mainly with DRDO). Major projects initiated in FY 2021-22 are Day Telescopic Sight-6X for LMG, LYNX U2 systems for the NOPV, Talwar and Teg class of ships, Platform Software Enhancement

of SDR-NC and Long term Support from CDAC, Super SCADA for DMRC, 5G NodeB solution, Sighting and FCS System for BMP Upgrade-811 Systems, Wideband GaN PA, S Band DWR upgrade, 1KW HF SDR for IAF/IA, 1KW Narrow Line Width Laser, Echo sounders, Laser Target Designator, Decoy System for Akash Missile System, D4 System, Armor Piercing Fin Stabilised Discarding Sabot (APFSDS), CBTC Radio System, GAN Based Module for AAAU, 80mm Rocket, Multi Function RADAR-VLSRSAM, Quantum Key Distribution, iATS for DMRC and IFF MK-XII-A.

D&E Projects Realised During FY 2021-22: Some of the major projects realised/completed during FY 2021-22 are Akash-NG System, Record & Replay Operations, Single Combat Vehicle, Compact GFCS (LYNX U3 GFCS), Multi Target Tracking Radar, BMP EO Upgrade, AGMS and CPS for MBT Arjun, Spotterscope, Space Situational Awareness, IAF Order for 7 Sqn of Akash Missile System (AMS), Revathi Stabilized Platform, CMS16A, GaAs based C-band MMICs, Uncooled TI weapon sights for MMG and Assault Rifle, Range Extension Kit for General Purpose Bombs, Command Post for MRSAM-Army, Active Range Gating Camera for long range surveillance application, Development of HHT for BEST Buses, Gunner TI sight for T-90, Laser Dazzler, D4 System, ToT for Fibre Optic Sensor Package and IPSS Pathankot.

Important R&D Awards/Recognitions Received During FY 2021-22

- IETE-IRSI Young Scientist Award for two BEL Scientists (CRL-BG),
- IETE – Corporate Award for Performance in Development of Software (Large Enterprise) for BEL Software SBU,
- Golden Star – Outstanding R&D Leadership Award individual for D (R&D) BEL.

BEL has met all the MoU parameters w.r.t R&D for FY 2021-22, by timely completion of the following:

Sl No.	Description of the Projects	SBU/Unit/PDIC/CoE/CRL	Status
1	AI-based Parameters: a) AI-enabled Fake News Detector as part of Social Media Analytics: Development, Testing and Independent Evaluation b) AI-based Passive TWS (Track While Scan) System: Development, Testing and Independent Evaluation	a) Software SBU b) CRL-BG	Completed
2	Design and Development of Network Time Server (NTS) for SDR-TAC project: Completion of internal evaluation and testing	MilCom	Completed
3	Design and Development of Long Wave Infrared (LWIR) continuous Zoom lens: Completion of internal evaluation and testing	BEL-MC	Completed
4	Development of Indigenous Automatic Train Supervision (IATS) system for DMRC and offering to Customer for NC-NC Trial	BEL-KOT	Completed
5	Development of Big data Analytic software for SAGAR-III project: Completion of internal evaluation and testing	CRL-BG	Completed
6	Completing Development of Remote Control Weapon Station (RCWS) for CBRN (TRACKED) MKII for Export: Completion of internal evaluation and testing	CHN	Completed

BEL R&D Cell at Kochi has realised core technology modules for Prototype Side Scan Sonar (electronics and system software) and Emergency Pinger (PoC).

BEL R&D Cell at IIT Madras Research Park has initiated development of core technology modules in the areas of Ammunition, Rockets, Quantum Cryptography, Distributed Sensing in collaboration with IIT-MRP incubated start-ups.

New Products Developed Through In-house Development Efforts During FY 2021-22 are:

- Laser Fence System.
- IR Jammer for Active Tank Protection System.
- Gimbal for Tethered UAV.
- Drainage Intrusion Detection System.
- Solid State Power Controller Cards (28V 16 & 32 channel) for Akash NG/QRSAM.
- Tactical sever commercial and rugged versions for ADCRS.
- X-Band 12W HPA MMIC for UTTAM, D4 and other systems.
- C-Band Digital Phase Shifter, SPDT Switch, LNA BELN3019V1P, LNA BELN3012V3P, Driver Amplifier QRSAM.
- S-Band 150W Power Amplifier for SBR
- C-Band PLO form-fit replacement for imported DRO module for Ku band Seekers in ASTRA, AKASH-1S, QRSAM, VLSRSAM.
- 24" Panel PC for Radars.
- 10.4 inch and 20.1 panel PC computing platform for Mareech.
- Rugged and commercial versions of 26" Display, 19" rack mounted PC, 10.4" Rugged TAB for ADCRS.
- GNSS Receiver.
- Managed Ethernet Switch -12 PORT - MH 60R.
- Rugged 16 Port Non POE L2/L3 Switch.
- Wideband synthesiser.
- QSRx PLOs.
- IP EPABX System.
- RXSP, WGM & TSG, MSG IFDC, Power supply unit, Signal Processor, LNB, Rack Assembly for ASR radar.
- Digitisation of Receive Chain, WGM & TSG, Exciter, Integrated Signal Processor, Power supply unit, IF BITE Module, Exciter Int. SP Cabinet for THD Radar.
- Generic VEXT for Coastal surveillance system.

New Products Developed Through Collaborative Development Efforts During FY 2021-22 are:

- Navigation Complex System - SAFRAN Engineering & Defence.
- Fake news identification - IIT-H, Hyderabad.
- C BAND GaN PA - Microwave IC, Russia.
- C BAND GaAs MMICs - Microwave IC, Russia.
- iATS - DMRC.
- Oxygen Concentrator 5 LPM & 10 LPM - BPL Medical Technologies Private Limited.
- Dialysis Machine - Renalyx Health Systems Pvt. Ltd.

Future Plan of Action: BEL will enable scaling of R&D for innovative Products/Services across the organisation to align with the objectives of growth, diversification and transformation. All the tiers of R&D (D&Es, PD&IC, CoEs and CRLs) will continue to collaborate in identifying new areas of development and complement each other in addressing customers' requirements. While a major thrust would be for in-house developments; collaborations with national laboratories, academic institutions, research institutes, industry, MSMEs and start-ups will also continue to be strengthened. BEL plans to continue investing in R&D to offer advanced products/solutions for meeting the continuously evolving requirements of customers. Focussed technology/product development efforts have been initiated towards diversification in the areas of Arms & Ammunition, Medical Electronics, Autonomous Navigation System and Unmanned Systems.

New Facilities Established

Infrastructure enhancement is one of the major objectives of the Company in order to stay upgraded for global opportunities and to be the best in business. During the year 2021-22, the Company has spent around ₹ 56,558 Lakh as part of CAPEX investment towards modernisation of Plant & Machinery, Test instruments, R&D investments, Infrastructure upgradation etc.

Following are some of the major facilities established during 2021-22:

- Infrastructure & Test facilities for LRSAM.
- Augmentation of Facilities for AKASH Missile Systems.
- Virtual Desktop Infrastructure (VDI).
- Regional Product Support Centres.

Information Technology (IT) Initiatives:

In SAP, various new processes have been introduced for the automation and digitisation. Auto procurement process, R&D Plan automation and Agreement management system are few major additions.

Implementation of Virtual Desktop Infrastructure (VDI) is completed in internet domain to ensure that storage in end user devices are removed and complete data is kept in central server in Bengaluru. It has enhanced cyber security immensely in internet domain. The roll out of VDI in intranet domain is under progress.

Project Management software tool Primavera is being rolled out across BEL to manage turnkey projects. New mail server is commissioned for Trainees and Project Engineers to ensure safe communication with engineers posted on sites.

Unified Communication Division is recommended for ISO 27001 Information Security Management System (ISMS) certification. STQC Division of Ministry of Electronics and Information Technology certified BEL e-procurement solution SRM for Information security. VAPT audit of complete BEL IT infrastructure and application were conducted by CERT-in empanelled vendor.

Quality

Quality, Technology, Innovation are three guiding pillars of BEL's business initiatives. Quality, being the first pillar, has been one of the focus areas for the Company.

The Company is committed for continual improvement through process approach in line with World-Class Quality Systems. All Units/Strategic Business Units (SBUs)/Common Services Groups (CSGs) are accredited to ISO 9001 Quality Management System (QMS). Nineteen Units/SBUs of the Company have upgraded their QMS to Aerospace Standard, AS 9100D. All Units of the Company are committed to Environment Management System through ISO 14001 Certification. Ghaziabad Unit is upgraded its OHSAS from ISO 18001 to ISO 45001.

BEL received 16 Green Channel Certificates covering 11 Units/SBUs from DGQA for a total of 50 products, in the areas of Radars, Naval Systems, Communications, E-O, Mast, Batteries and Gun Upgrade. BEL is the first PSU to reach this new height on Quality aspects.

Eleven Units/SBUs/Divisions of the Company are certified for Information Security Management System ISMS ISO 27001. During the year, ADSN SBU is certified for AS9100D, for the first time, Machilipatnam Unit is upgraded from ISO 9001 to AS9100D, and Machilipatnam Unit and UC-IS/CO have received the first ISMS ISO 27001 certificates. BEL has a total of 19 AS9100D Certificates.

Test Equipments Calibration and Maintenance departments of Bangalore Complex, Ghaziabad, Panchkula and NAMU Units (Total eleven Labs) are certified by NABL in accordance with ISO/IEC 17025 Standard. Software SBU is certified for CMMi level 5 and also for ITSMS ISO 20000-1. NCS & DCCS SBUs of Ghaziabad, CRL – Ghaziabad, Chennai, Hyderabad Units are certified for CMMi level 3.

Remarkable achievement of the Company in this year is moving from 1 SBU, 1 Product Green Channel Certificate to 50 Products, 16 Certificates covering 11 Units/SBUs.

EFQM (European Foundation of Quality Management) Model for Business Excellence is being followed in BEL since 2002. BEL drew a roadmap for the deep drive of the new EFQM Model 2019, identified Units for challenging the CII Exim Award. BEL Hyderabad & Chennai Units have been conferred with CII-EXIM Bank Business Excellence Award 2021-Platinum category for significant achievement towards Business Excellence.

During the year, 17 senior executives from various units have been trained as "Six Sigma Black Belts" by Indian Statistical Institute, Bangalore. Total 538 Six Sigma Projects have been completed during the year 2021-22, resulting in an estimated savings of ₹ 127 Crore to the Company. Out of 30 Six Sigma projects nominated for Regional/National level Competitions, 15 projects received par Excellence Award at both regional and National Level Championships Awards and 3 Projects won Par-Excellence Award in International Convention on Quality Control Circles (ICQCC).

Human Resources

Your Company employed 8,853 people as on 31 March 2022 compared to 9,172 people as on 31 March 2021. Out of these employees, 4,704 were engineers/scientists and 1,926 were women employees. A total of 177 employees were inducted during the year. 20 employees belonging to the Scheduled Castes (SC), 9 employees belonging to the Scheduled Tribes (ST), 71 employees from the Other Backward Classes (OBC).

Your Company has been complying with the Government directives on reservation. The particulars of SC/ST and other categories of employees as on 31 March 2022 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	1,034	38	517	24
Scheduled Tribe	365	17	121	16
OBC	1,318	59	749	35
Ex-Servicemen	78	-	268	44
Physically Challenged	94	5	104	2

Various training programmes were conducted during the year to enhance competencies in Technical, Functional, Managerial and Leadership areas. Structured Executive Development Programmes were conducted regularly with premier institutes to meet the evolving training needs of executives as they progress through various grades. A detailed write-up on HR initiatives during the year is provided separately in the Management Discussion and Analysis Report, which forms a part of this report.

Disclosure Under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the 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 the corporate office to redress complaints relating to sexual harassment. Awareness programmes were conducted across the Company to sensitise employees and uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment. The details of the complaints filed, disposed of and pending during the year pertaining to sexual harassment are provided in the Business Responsibility Report, which forms a part of this report.

Awards and Accolades

Your Company strives to achieve the highest level of quality in all its products by considering consumer insights and by reaching out to consumers. During the year, your Company has received the following various Awards and Accolades:

- Business Standard Annual Awards for corporate excellence: STAR PSU of the Year 2021.
- CII CFO of the Year Award in the PSU category and Greentech Corporate Governance Professional of the Year Award.
- Rajbhasha Kirti Award for second time and Rajbhasha Gaurav Puraskar.
- IEI Industry Excellence Award.
- IETE Corporate Award for Performance in Development of Software (2021).
- Golden Star Outstanding R&D Leadership Award.
- Governance Now Awards for Nation Building, HR Excellence and Digital Security.
- Greentech Energy Conservation Award 2021.
- 'Manufacturing Company of the Year Award' and 'Woman Manufacturer of the Year Award' by Manufacturing Today.
- PSU Excellence Award 2022 from Media Federation of India.

- Swachhata Pakhwada Award 2020.
- Communicators of the Year Award from Media Federation of India.
- ICC PSE Excellence Award for 'Corporate Social Responsibility'

Other Significant Achievements During FY 2021-22:

- BEL has achieved highest ever turnover of around ₹ 15,000 Crore during FY 2021-22 despite the global supply chain crisis.
- Strategic partnerships with Global players in the international segment to address the new business opportunities.
- Strategic partnership with DMRC, Airport Authority of India, Research Design Standards Organisation of Indian Railways, Goa Shipyards Ltd, NTRO, Bosch India, Motorola Solutions India and several start-ups in the domestic segment towards development of various technologies/products and to address business opportunities arising out Make in India initiatives of Gol.

Subsidiaries, Joint Ventures and Associates

BEL Optronics Devices Limited (BELOP) is a wholly-owned subsidiary of BEL, which manufactures Image Intensifier Tubes. BELOP achieved a turnover of ₹ 4,586 Lakh for the year compared to ₹ 4,075 Lakh in the previous year. The Profit After Tax (PAT) for the year was ₹ 516 Lakh compared to ₹ 490 Lakh in the previous year.

BEL-THALES Systems Limited (BTSL), a subsidiary, was formed for design, development, marketing, supply and support of civilian and select Defence radars for Indian and global markets. Your Company holds 74% of the equity capital in BTSL. During the year, BTSL recorded a turnover of ₹ 3,901 Lakh compared to ₹ 3,538 Lakh in the previous year. The Profit After Tax (PAT) for the year was ₹ 521 Lakh compared to ₹ 315 Lakh in the previous year.

The Associate Company GE BE Private Limited [26% shareholding by BEL] continues to perform well. It manufactures CT Max and other latest version X-Ray Tubes. GE BE Pvt. Ltd. recorded a turnover of ₹ 1,56,267 Lakh for the year compared to ₹ 1,22,850 Lakh in the previous year. The Profit After Tax (PAT) was ₹ 17,578 Lakh for the year compared to ₹ 11,673 Lakh in the previous year.

The Defence Innovation Organisation (DIO) is a 'Not for Profit' Company as per the provisions of Section - 8 of the Companies Act, 2013 with an authorised share capital of ₹ 1 Crore. With an equity participation of 50% from BEL and 50% from HAL, the Company was formed with an objective of funding innovation in the Defence sector.

In pursuant to provisions of Section 129(3) of the Companies Act, read with Rule 5 of Companies (Accounts) Rules, 2014 (as amended), a separate statement containing the salient features of the financial statement of Subsidiaries/ Associate/Joint Ventures in Form AOC-1 is appended to the Financial Statements.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company www.bel-india.in.

Consolidated Financial Statements

Consolidated Financial Statements of your Company and its Subsidiaries for the year ended 31 March 2022 have been prepared in accordance with the provisions of Section 129(3) of the Companies Act & applicable Indian Accounting Standards and forms part of this report.

Vigilance

The Company's Vigilance Organisation is headed by a Chief Vigilance Officer (CVO), an IAS Officer from Haryana Cadre (1991 batch). Permanent Vigilance Officers are posted in each of the Units and SBUs. Vigilance Committees are formed to look after the Vigilance Administration in the Units and SBUs. The Unit/SBU Heads are designated as Chairman of the Vigilance Committee. Apart from this, there exists a Vigilance Committee at the Corporate, where Chairman cum Managing Director is the Chairman of the Committee and the CVO is the Member Secretary. Preventive Vigilance has been the thrust area of the Vigilance Organisation and the same received focussed attention during the current year. The Vigilance Department examines procurements and processes on continual basis, conducts regular and surprise inspections and investigates instances of any suspected transactions referred to it. An 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 complaints can be filed through accessing the Vigilance Portal in BEL website.

During FY 2021-22, 1,943 high value Purchase Orders/ Contracts have been reviewed. CTE Type Intensive Examination has been restructured with the formation of Eleven Intensive Examination teams. CTE Type of Intensive Examination of 58 High value Procurements Contracts has been taken up during the year 2021-22. Regular and Surprise checks and Inspections have also been conducted by the field Vigilance Officers. During the year, 10 Complaints were received. A total of 14 Complaints were disposed including previous year's. Disciplinary action and System/Process Improvement has been recommended in some cases where lapses were observed.

During the year, 281 Executives and 63 Non-Executives were given basic awareness program on Vigilance. 132 Executives & 32 Non-Executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 90.1%.

Vigilance Department is continued to be certified for ISO 9001/2015 Certification for the Vigilance function of BEL. In line with the CVC's guidelines on Leveraging Technology and to ensure transparency through effective use of technology, the following functions have been made operational through SAP and the Company's website:

- E-Procurement.
- Online registration of Vendors.
- Vendor Payment Information System.
- E Payment/Bank transfer of payment to Vendors.
- Details of awarded Contracts/Purchase Orders valuing more than ₹ 10 Lakh in respect of works contracts, service contracts, capital items and non-production items have been posted in the website.
- Details of awarded Contracts/Purchase Orders issued on nomination/single tender basis value exceeding ₹ 5 Lakh are posted on the website.
- Corruption Risk Management Policy is framed and implemented across the Company.
- Vendors' Directory is maintained.
- File Life Cycle Management System (FLM) is fully implemented across the Company.
- Online filing of APRs is facilitated in SAP for all the Executives and the Executives have been filing the APRs in SAP.
- Vigilance Monthly and Quarterly Reports are generated through SAP.
- Vigilance clearance is accorded through the dedicated Vigilance portal in SAP.

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

- a) Bharat Electronics Limited (BEL) has observed Vigilance Awareness Week 26 October to 1 November 2021 with the theme "Independent India@75: Self Reliance with Integrity" at all its offices across the country by adhering to all the precautionary measures to contain the spread of COVID-19. Vigilance Awareness Week-2021 banners and PIDPI banners were displayed at prominent places at Corporate Office and also at Units/Regional Offices/ Marketing Centres/Product Service Centres.

Various awareness programmes and activities were held to keep the spirit of celebrating the Vigilance Awareness Week. Online lecture programmes, online competitions and other activities through video conferencing.

E-Pledge was facilitated in BEL intranet enabling employees to take E-Pledge. Certificate of appreciation and commitment, issued by CVO of BEL was in downloadable option for the employees who have taken the E-Pledge through the BEL Intranet. 4,193 employees have taken E-Pledge.

Integrity pledge was administered to around 8,000 plus employees in their respective workplaces across all the units. Apart from this, Employees were provided with a link to CVC Website to take the E Pledge from the CVC website. E-mail on Vigilance Awareness was sent to 32,426 Indian vendors of BEL during the week.

- b) Various workshops and lecture programmes were conducted through hybrid mode.
 - Workshop on "PIDPI Resolution-2004" by Shri O.V. Nandimath, Professor, National Law School of India Bangalore, on 29.10.2021.
 - Workshop on "Preventive Vigilance Perspective in Procurement" by Shri Suresh Sethi, AGM (Retd.)/ BEL, on 27.10.2021.
 - Workshop on "Preventive Vigilance in India Legal and Institutional Approach " by Smt. Nagaratna, Associate Professor, National Law School of India Bangalore on 28.10.2021.
 - Talk on "PIDPI Resolution-2004" by Shri Ambrose D, DGM, Corporate Vigilance, on 28.10.2021.
- c) Two days Induction Level Training is imparted to the newly joined Probationary Engineers on 10 and 11 November 2021.
- d) Two Days Workshop on Purchase Procedure 2016 and Vigilance case studies as part of Mid-career specialised training was done on 21 November 2021 and 10 December 2021.
- e) Two Days Workshop on Subcontract Procedure 2017 and Vigilance Case Studies as part of Mid-career specialised training was done on 14 December 2021 and 24 December 2021.

Integrity Pact

One of the initiatives of the Central Vigilance Commission (CVC) to eradicate corruption in procurement activity is introduction of the Integrity Pact in large value contracts with Government Organisations. In line with the directives from

Ministry of Defence and the Central Vigilance Commission, your Company has adopted Integrity Pact with all vendors/ suppliers/contractors/service providers for all Orders/ Contracts of value ₹ 300 Lakh and above. The Integrity Pact essentially envisages an agreement between the prospective vendors/bidders and the principal (BEL), committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, the Company has appointed Dr. Parvez Hayat, IAS (Retd.) and Dr. Joginder Paul Sharma, IAS (Retd.) for monitoring implementation of Integrity Pact in the Company.

Procurement from Micro & Small Enterprises (MSEs)

Your Company has been providing increased thrust on enhancing procurement from Micro & Small Enterprises (MSE) and has been implementing Public Procurement Policy for MSEs as per the guidelines/ notification issued by the Ministry of MSMEs. BEL has on-boarded on TReDS Platform, GeM, MSME Sambandh & MSME Samadhaan Portals complying with Government guidelines.

The Company has conducted Vendor Development Programs for Indian vendors including MSME/Start-ups on various occasions throughout the year. BEL extends various provisions as envisaged in Ministry of MSME notifications, released from time to time, to MSME/Start-ups in procurement.

BEL's procurement from MSEs is 31% of total Domestic procurement during 2021-22 against mandatory target of 25% as per Public Procurement Policy for MSEs.

Implementation of Official Language Policy

Your Company is committed to adhere to the Official Language (OL) policy of the Government of India. During 2021-22, despite COVID-19 pandemic challenges, the Company has achieved the various targets prescribed in the Annual Program issued by Dept. of OL, Ministry of Home Affairs (MHA), Gol to transact official work in Hindi. During the year, Mrs. Anandi Ramalingam, CMD received the 'Rajbhasha Kirti' Award for two consecutive years (2019-20, 2020-21) from Hon'ble Minister of State for Home Affairs on 14 September, 2021, at Vigyan Bhawan, New Delhi. In the same function, Mr. Shrinivas Rao, Officer (OL), Corporate Office was awarded 'Rajbhasha Gaurav' Award for the year 2018-19.

OL Inspections: Committee of Parliament on Official Language conducted OL inspection of PK Unit on 10.11.2021. Corporate OL Inspection team conducted 05 OL inspections of its subordinate Units/Offices.

Bilingualisation: All Units and Offices of the Company including Corporate Office are issuing documents in bilingual as per the Section 3(3) of Official Language Act, 1963. Usage of Hindi is being encouraged in correspondence and on computers. Individual orders under OL Rule 10 (4) were issued by CMD to officers/employees who are having proficiency in Hindi to do their complete work in Hindi. Also, a circular on creation of Check Points under Rule 12(1) of OL Rules was issued.

Computerisation and Website: Updated information pertaining to OL is being communicated through OL Portal GARIMA introduced by OL Dept. of Corporate Office. Quarterly progress reports from Units/Offices are being received online in SAP. Hindi notings are being written in File Life-cycle Management (FLM). Company's website is also available in Hindi.

Training and Reporting: Roster is maintained for Hindi language training and computer training which is updated from time to time. As per the Roster, employees were nominated for online training. Quarterly/half yearly reports are sent to OL Dept., MHA, GoI, MoD, Hindi Teaching Scheme and Town Official Language Implementation Committee (TOLIC) as per schedule.

Hindi Month Celebrations: Hindi Month and Hindi Day was observed during September in all the Units and Offices of the Company.

Meetings/Workshops: Official Language Implementation Committee (OLIC) meetings, Hindi workshops and technical talks in Hindi were conducted through online mode in all Units/Offices.

Incentives and Awards: Company has various lucrative Incentive Schemes for doing original work in Hindi. These schemes are named after renowned Hindi Litterateur which carry cash awards from ₹ 2,000 to ₹ 10,000. Employees took part in these schemes wholeheartedly. Employees have participated in the TOLIC competitions and won prizes.

Visits: Dr. Sumit Jairath, Secretary (OL) visited our Corporate Office on 30 July 2021 and expressed immense satisfaction over the status of implementation of Official Language in your Company.

Publications: Hindi Magazines were published in Units/Corporate Office of the Company to propagate usage of Hindi.

New Initiatives: A dedicated section for OL has been introduced in the Company's website. Defense Electronics Glossary of BEL is being prepared in coordination with the Commission for Scientific and Technical Terminology (CSTT), Ministry of Education. A total of 2,410 terms have been finalised so far. The first Bharatendu Rajbhasha Kaushal Abhimukheekaran Program was initiated by Corporate Office for OL Officers/Translators of Central Government Offices/Banks/Undertakings located at Bengaluru. The event was a grand success.

Continuous efforts are in progress to ensure OL Implementation and for achieving progressive usage of Hindi across the Company.

Implementation of Right to Information Act, 2005

In consonance with the provisions of the Right to Information Act, 2005 (the Act), your Company has a well-defined mechanism in place to address the provisions of the Act. Your Company has a designated General Manager level officer as a Nodal Officer to oversee the implementation. The requests received are processed by 16 senior personnel, designated as Central Public Information Officers (CPIOs) including the one at the corporate office and one each at the Units/Regional Offices. Your Company has a designated General Manager level officer as a First Appellate Authority to dispose of first appeals filed under the Act. In compliance with Government directives, your Company is successfully processing the applications under the Act, online.

The information to be provided as per Section 4(1) (b) of the Right to Information Act, 2005 has been posted on the Company's website www.bel-india.in

The FAA, CPIOs and other internal stakeholders involved are sensitised about their obligations under the Act through training and workshops.

Your Company received 246 applications (including 64 transferred by other Public Authorities to BEL) during the period from April 2021 to March 2022, and 33 RTI applications were carried forward from FY 2020-21. A total of 264 applications were responded to, including 41 applications that were rejected, out of a total of 279 applications. Your Company received 43 First Appeals during the period, out of which 41 were disposed of. Quarterly RTI returns for all the four (4) quarters have been submitted to the Central Information Commission.

Meetings of Board and Committee(s)

During the year, eight Board meetings were held and the maximum interval between any two meetings was not more than 120 days. The details of meetings of Board and Committee(s) held during FY 2021-22 are furnished in the Corporate Governance Report, which forms a part of this report.

Change in Directors & Key Managerial Personnel and their Shareholding

The following changes took place in the Directorate and Key Managerial Personnel of your Company during the financial year:

Sl. No.	Name of the Director	Designation	Date of Appointment	Date of Cessation
1	Mrs Shikha Gupta	Director (Other Units)	Not Applicable	07.05.2021
2	Mr M V Gowtama	Chairman & Managing Director	Not Applicable	30.06.2021
3	Mr Shivakumaran K M	Director (HR)	Not Applicable	30.08.2021
4	Dr. Parthasarathi P V	Independent Director	28.12.2021	Not Applicable
5	Mr Mansukhbhai S Khachariya	Independent Director	28.12.2021	Not Applicable
6	Dr. Santhoshkumar N	Independent Director	28.12.2021	Not Applicable
7	Mr Prafulla Kumar Choudhury	Independent Director	28.12.2021	Not Applicable
8	Dr. Shivnath Yadav	Independent Director	28.12.2021	Not Applicable
9	Mr Gokulan B	Independent Director	20.01.2022	Not Applicable
10	Mrs Shyama Singh	Independent Director	07.02.2022	Not Applicable

Mrs Anandi Ramalingam, Chairman & Managing Director (Additional Charge), Mr Dinesh Kumar Batra, Director (Finance) and Chief Financial Officer and Mr S Sreenivas, Company Secretary are the KMPs, as defined under the Section 2(51) of the Companies Act, 2013.

Mr Bhanu Prakash Srivastava was appointed as Additional Director [Director (Other Units)] w.e.f 20.04.2022.

Dr Binoy Kumar Das was appointed as Additional Director w.e.f 4 July 2022 in place of Ms Manjula J, who ceased to be Govt. Nominee Director w.e.f 1 May 2022.

Mr Sunil Kumar Kohli, Independent Director retired on 17 July 2022 upon completion of his tenure in the Company.

Dr. Parthasarathi P V, Mr Mansukhbhai S Khachariya, Dr. Santhoshkumar N, Mr Prafulla Kumar Choudhury, Dr. Shivnath Yadav, Mr Gokulan B, Mrs Shyama Singh, Mr Bhanu Prakash Srivastava and Dr Binoy Kumar Das, Additional Directors are being appointed as Directors on terms as set out in the Notice of the 68th Annual General Meeting.

Mr Rajasekhar M V, Director (R&D), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The details of Directors and Key Managerial Personnel (KMPs) who are holding shares in the Company as on 31 March 2022 are given below:

Sl. No.	Name	Designation	No. of Equity Shares Held
1	Mrs Anandi Ramalingam	Director (Marketing) CMD – Additional Charge Director (HR) – Additional Charge	1,263
2	Mr Vinay Kumar Katyal	Director (Bangalore Complex)	1,263
3	Mr Dinesh Kumar Batra	Director (Finance) & CFO	1,263
4	Mr Rajasekhar M V	Director (R&D)	1,263
5	Mr Sreenivas S	Company Secretary	1,263

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

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 have been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgements 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 2022 and of the profit of the Company for the year ended 31 March 2022;

- 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;
- the Directors have prepared the annual accounts on a going concern basis;
- The Directors ensured proper internal financial controls were in place and such financial controls were adequate and were operating effectively; and

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

Integrated Report

The Company, has voluntarily provided Integrated Report, which encompasses both financial and non-financial information to enable the Members to take well informed decisions and have a better understanding of the Company's short, medium & long term perspective. The Report also touches upon aspects such as organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital.

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 the Company's operations in future.

Events Subsequent to the Date of Financial Statements

There are no material changes and commitments affecting the financial position of the Company which occurred between 31 March 2022 and date of signing of this Report.

Related Party Transactions

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were on an arm's-length basis and were in the ordinary course of business. None of the transactions with related parties fall under the scope of Section 188(1) of the Companies Act, 2013. All Related Party Transactions are placed before the Audit Committee and also to the Board for approval, if required. Members may refer to the notes to the accounts for details of related party transactions. The policy for related party transaction has been uploaded on the Company's website www.bel-india.in. Information pursuant to Section 134(3)(h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure-1**.

Corporate Social Responsibility

Your Company has formulated a Corporate Social Responsibility Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various

clarifications, amendments issued by Ministry of Corporate Affairs (MCA). The CSR Projects are taken up in line with the Schedule-VII of the Companies Act, 2013, which is duly incorporated in the Corporate Social Responsibility Policy and forms the guiding principle for all our CSR programs. The Corporate Social Responsibility Policy of BEL is posted on the Company's website, www.bel-india.in.

The objective is to contribute towards inclusive growth, sustained and equitable development in society through capacity building measures, empowerment of the marginalised and underprivileged sections/communities. Focussed interventions are undertaken in the sectors of Healthcare, Education, Rural Development, Environmental Sustainability & Vocational Skill Development.

During FY 2021-22, DPE guidelines for CSR Expenditure stipulate CPSEs to take up focussed CSR interventions on the common theme of Health & Nutrition with special focus on COVID-related measures and preference being given to Aspirational Districts identified by NITI Aayog. Accordingly, CSR budget has been allocated for thematic CSR programmes - thrust being on initiatives that support the Government's concerted efforts in dealing with the challenges arising out of the COVID-19 pandemic. The Company hones technical skills, provides industry exposure and imparts employability skills to youth from economically weaker sections of society, under Skill India.

Pursuant to the requirement under the Companies (Corporate Social Responsibility) Rules, 2014 (as amended), a report on CSR activities for the financial year 2021-22 is annexed herewith as **Annexure-2**.

Statutory Auditors

Pursuant to Section 139(5) of the Companies Act 2013, for the FY 2021-22, the Comptroller and Auditor General of India (C&AG) appointed M/s Guru & Jana, Chartered Accountants, Bengaluru, as Statutory Auditors of the Company for audit of accounts of Bangalore Complex, Hyderabad unit, Chennai unit and Corporate Office. M/s Tambi & Jaipurkar, Chartered Accountants, Pune were appointed as Branch Auditors of Pune & Navi Mumbai units. M/s J P Kapur & Uberai, Chartered Accountants, New Delhi, were appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara units. M/s P I Ramana & Associates, Chartered Accountants, Vijayawada were appointed as Branch Auditors for the Machilipatnam unit.

The Statutory Auditors' Report on financial statements for FY 2021-22 and 'Nil' comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 on the financial statement, including consolidated financial statement, are appended to the Annual Report.

Cost Auditors and Maintenance of Cost Records

Your Company appointed M/s Murthy & Co. LLP, Cost Accountants, Bengaluru, as Cost Auditors of the Company for FY 2021-22 for the audit of the cost records of the Company. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), the Company has appointed M/s Thirupal Gorige & Associates LLP, Practising Company Secretaries, Bengaluru for the FY 2021-22 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 Board did not have requisite number of Independent Directors including woman independent director as required under 17(1)(a) & (b) of the SEBI (LODR) Regulations, 2015 and the non-compliance has been made good on 7th February 2022. Further the composition and quorum of Audit Committee, and the composition of Nomination & Remuneration Committee was not in line with Regulation 18 & 19 respectively of the SEBI (LODR) Regulations, 2015 for first three quarters of reporting period. The gap between two meetings of audit committee held in month of January 2021 and June 2021 was more than 120 days in terms of regulation 18(2).

It is informed that filling up of the vacancies of Independent Directors was pending with the appointing authorities namely Government of India. It is further informed that due to prevailing serious Covid-19 pandemic situation restrictions / lock down in the State and non-availability of Directors, the Audit Committee meeting couldn't be conducted within 120 days from the date of previous meeting.

Reporting of Frauds by Auditors

During the year, neither the Statutory Auditor nor the Secretarial Auditor have reported to the Audit Committee under Section 143(2) of the Companies Act, 2013, any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31 March 2022 is available on the Company's website: <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=427&LId=1&link=427>

Risk Management

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

Company's Policy on Director's Appointment, Remuneration 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, which forms part of this report.

Vigil Mechanism/Whistle Blower Policy

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

Declaration from Independent Director(s)

The Company has received necessary declaration from Independent Director(s) of the Company under Section 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015 that the Independent Director(s) of the Company meet with the criteria of his Independence laid down in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

Management Discussion and Analysis Report

Management Discussion and Analysis Report required under the SEBI (LODR) Regulations, 2015 and also under the Government (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this Report as **Annexure-4**.

Particulars of Loans, Guarantees & Investments

In terms of Circular No. GSR 463(E) dated 5 June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Defence production is exempt from Section 186 of Companies Act, 2013.

Particulars of Employees and Related Disclosures

The provisions of Section 197 of the Companies Act and the relevant Rules regarding particulars of employees drawing remuneration in excess of the limits specified are exempted

for Government Company, in view of the Gazette Notification No. GSR 463 (E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. A detailed note on Internal Financial Controls is provided in the Management Discussion and Analysis Report, which forms part of this report.

Audit Committee

During the year, the Audit Committee comprised of Independent Directors viz., Mr Sunil Kumar Kohli, Chairman of the Committee, Mr Prafulla Kumar Choudhury and Dr. Shivnath Yadav as its Members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

Corporate Governance Report

In terms of Regulation 34 of the SEBI (LODR) Regulations, 2015 and DPE Guidelines, a Report on Corporate Governance along with Compliance Certificate issued by the Statutory Auditors of the Company is attached with this report as **Annexure-5**.

Sustainability Report

A Report on your Company's efforts on 'Sustainable Development' is attached with this Report as **Annexure-6**.

Business Responsibility Report

The SEBI (LODR) Regulations, 2015 mandated the inclusion of the Business Responsibility Report (BRR) as part of the Annual Reports for the top 1,000 listed entities based on market capitalisation. In terms of Regulation 34(2)(f) of Listing Regulations, a BRR for FY 2021-22 describing the initiatives taken by the Company on environmental, social and governance perspective, in the format as specified by SEBI from time to time is attached with this report as **Annexure-7**.

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

Your Company, being a Defence PSU, the disclosure of information with respect to conservation of energy,

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

Compliance with Secretarial Standards

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

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 paramilitary 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 the various Ministries of the Government of India, especially the Ministry of Defence, the Department of Defence Production. Your Directors express their gratitude to the Defence Research and Development Organisation (DRDO) and the various Research Laboratories under DRDO, particularly in the joint development programmes and new products. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Statutory Auditors, Branch Auditors, Cost Auditors, Secretarial Auditors, Company's Bankers, Collaborators and Vendors. Your Directors appreciate the sincere effort 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

Anandi Ramalingam

Chairman & Managing Director
(Additional Charge)

Bengaluru
28 July 2022

Annexure-1 Form No. AOC-II

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:
 - (a) Name(s) of the related party and nature of relationship: Not Applicable
 - (b) Nature of contracts/arrangements/transactions: Not Applicable
 - (c) Duration of the contracts/arrangements/transactions: Not Applicable
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
 - (f) Date(s) of approval by the Board: Not Applicable
 - (g) Amount paid as advances, if any: Not Applicable
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable
2. Details of material contracts or arrangements or transactions at arm's length basis:
 - (a) Name(s) of the related party and nature of relationship: Not Applicable
 - (b) Nature of contracts/arrangements/transactions: Not Applicable
 - (c) Duration of the contracts/arrangements/transactions: Not Applicable
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - (e) Date(s) of approval by the Board: Not Applicable
 - (f) Amount paid as advances, if any: None

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Bengaluru
28 July 2022

Annexure-2

Annual Report on Corporate Social Responsibility (CSR) Activities

1. Brief outline on CSR Policy of the Company:

The Corporate Social Responsibility (CSR) Policy of BEL is approved by the BoD and is in line with the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014. The objective is to contribute to inclusive growth, sustained and equitable development in society through capacity building measures, empowerment of the marginalised and underprivileged sections/communities. The CSR Policy has been uploaded in the website of the Company <https://www.bel-india.in>.

2. Composition of the CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR committee attended during the year
1	Mr. M.V. Gowtama (Ceased to be Chairman w.e.f 30.06.2021)	Chairman and Managing Director/ Chairman	01	01
2	Mrs. Anandi Ramalingam (CMD Additional charge w.e.f 01.07.2021)	Chairman & Managing Director, Additional Charge/Chairman	04	04
3	Mr. K.M. Shivakumaran (Ceased to be member w.e.f 31.08.2021)	Director (Human Resources)/ Member	02	02
4	Mrs. Shikha Gupta (Ceased to be member w.e.f 07.05.2021)	Director (Other Units)/Member	--	--
5	Mr. Vinay Kumar Katyal (Appointed as member w.e.f 03.06.2021)	Director (Bangalore Complex)/ Member	04	04
6	Mr. Dinesh Kumar Batra	Director (Finance) & CFO/Member	05	05
7	Mr. Sunil Kumar Kohli	Independent Director/Member	05	05
8	Mr. Mansukhbhai S Khachariya (appointed as Member w.e.f 31.12.2021)	Independent Director/Member	02	02

3. Provide the web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the websites of the Company:

Web-link: <https://www.bel-india.in/Documentviews.aspx?fileName=CSR-Policy-31-03-2021.pdf>

Web-link: <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=531&LId=1&link=531>

Web-link: <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=427&LId=1&link=427>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

The Company has carried out Impact Assessment Study of the Toilets constructed by BEL under Swachh Bharat Mission (SBM) through an independent agency. The report is available on the Company's website at www.bel-india.in.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for setoff for the financial year, if any: Nil.
6. Average net profit of the Company as per section 135(5): ₹ 2,66,459.69 Lakh.

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 5,329.19 Lakh.
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial year: Nil.
 (c) Amount required to be set off for the financial year, if any: NIL.
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 5,329.19 Lakh.

8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135 (6)		Amount transferred to any specified fund under Schedule VII as per second proviso to Section 135 (5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
30,72,86,738.32	22,56,32,261.68	29/04/2022	---	Nil	---

(b) Details of CSR amount spent against on-going projects for the financial year:

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR account for the project as per Section 135(6) (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Agency	
				State	District					Yes	CSR Name	Registration number
1	Providing Medical Oxygen Generation Plant to Government Hospitals to combat COVID-19 Pandemic.	Item (i) - Healthcare	Yes	UP Maharashtra Andhra Pradesh Telangana Tamil Nadu Karnataka	Ghaziabad Pune Machilipatnam Medchal Malkajgiri Chennai Tumkur, Chikkaballapur, Kolar, Raichur, Bidar, Kalburgi	2 years	4,00,00,000.00	2,92,83,937.64	1,07,16,062.36	Yes	NA	NA
2	Providing Ventilators for Paediatric ICU in Govt. District & Taluk Hospitals of Yadgir Aspirational District, Karnataka	Item (i) - Healthcare	No	Karnataka	Yadgir	2 years	2,78,50,000.00	2,71,60,000.00	6,90,000.00	Yes	NA	NA
3	Aids & Appliances for Persons With Disabilities (PWDs) in Raichur & Yadgir Aspirational Districts, Karnataka through ALIMCO	Item (i) - Healthcare	No	Karnataka	Yadgir & Raichur	3 years	1,05,00,000.00	0	1,05,00,000.00	Yes	NA	NA
4	Providing Medical Equipment & ALS Ambulance to Govt. General Hospital, Anekal Taluk, Bangalore Rural District, Karnataka	Item (i) - Healthcare	No	Karnataka	Anekal	2 years	62,00,000.00	29,06,400.00	32,93,600.00	Yes	NA	NA
5	Sewage Flow Control System & Online Continuous Treated Water Monitoring System for STP commissioned at DBS lake, Bengaluru, Karnataka	Item (iv) Environmental Sustainability	Yes	Karnataka	Bengaluru	2 years	55,00,000.00	0	55,00,000.00	Yes	NA	NA

[1] Sl. No.	[2] Name of the Project	[3] Item from the list of activities in Schedule VII to the Act	[4] Local area (Yes/No)	[5] Location of the Project		[6] Project duration	[7] Amount allocated for the project (in ₹)	[8] Amount spent in the current financial year (in ₹)	[9] Amount transferred to Unspent CSR account for the project as per Section 135(6) (in ₹)	[10] Mode of implementation - Direct (Yes/No)	[11] Mode of implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
6	Augmentation of infrastructure at Govt. Higher Primary School at Pattadakallu, Bagalkote District, Karnataka	Item (ii) - Education	No	Karnataka	Bagalkote	3 years	2,28,12,000.00	0	2,28,12,000.00	Yes	NA	NA
7	Provision of furniture for Govt. Higher Primary School, Karwar, Karnataka	Item (ii) - Education	No	Karnataka	Karwar	2 years	9,00,000.00	7,30,938.00	1,69,062.00	Yes	NA	NA
8	Installation of Borewell Submersible Pump-sets at H D Kote, Mysore District, Karnataka	Item (x) - Rural Development	No	Karnataka	Mysore	2 years	11,60,000.00	10,06,218.12	1,53,781.88	Yes	NA	NA
9	Upgradation of Primary Health Centre in adopted village Irembedu, Thiruvannamalai District, Tamilnadu	Item (i) - Healthcare	No	Tamil Nadu	Thiruvannamalai	4 years	1,22,00,000.00	0.00	1,22,00,000.00	Yes	NA	NA
10	Laying of RCC Road (BEL-Army Road) in the vicinity of BEL-Chennai, Tamilnadu	Item (iv) Environmental Sustainability	Yes	Tamil Nadu	Chennai	3 years	2,20,00,000.00	0.00	2,20,00,000.00	Yes	NA	NA
11	Provision of Food Distribution Vans (3 nos) to Akshaya Patra Foundation for their unit at Mangalgi, Guntur district, Andhra Pradesh	Item (i) - Healthcare	Yes	Andhra Pradesh	Guntur	2 years	39,00,000.00	24,14,558.43	14,85,441.57	Yes	NA	NA
12	Creation of Green Park in Maharajpur village, Ghaziabad, Uttar Pradesh	Item (iv) Environmental Sustainability	Yes	Uttar Pradesh	Ghaziabad	4 years	2,80,00,000.00	0.00	2,80,00,000.00	Yes	NA	NA
13	BEL Circle in the vicinity of BEL-Ghaziabad, Uttar Pradesh	Item (iv) Environmental Sustainability	Yes	Uttar Pradesh	Ghaziabad	4 years	50,00,000.00	10,000.00	49,90,000.00	Yes	NA	NA
14	Provision of Ambulances (2 nos) & Oxygen Concentrators (30 nos) to Govt. Hospital, Kotdwara, Uttarakhand	Item (i) - Healthcare	Yes	Uttarakhand	Kotdwara	2 years	88,26,000.00	7,60,445.99	80,65,554.01	Yes	NA	NA
15	Adoption of Tribal Village - Gudidibba (Yanadi ST Colony), Kruthivenu Mandal, Krishna district, Andhra Pradesh	Item (i) - Healthcare	Yes	Andhra Pradesh	Krishna	3 years	68,50,000.00	0.00	68,50,000.00	Yes	NA	NA
16	Construction of toilet blocks for girls & boys at APRJC Govt. Residential College, Nimmkuru, Krishna district, Andhra Pradesh	Item (i) - Healthcare	Yes	Andhra Pradesh	Krishna	3 years	62,83,000.00	0.00	62,83,000.00	Yes	NA	NA

[1] Sl. No.	[2] Name of the Project	[3] Item from the list of activities in Schedule VII to the Act	[4] Local area (Yes/No)	[5] Location of the Project		[6] Project duration	[7] Amount allocated for the project (in ₹)	[8] Amount spent in the current financial year (in ₹)	[9] Amount transferred to Unspent CSR account for the project as per Section 135(6) (in ₹)	[10] Mode of implementation - Direct (Yes/No)	[11] Mode of implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
17	Promoting Organic Farming in villages in & around Machilipatnam, Andhra Pradesh	Item (iv) Environmental Sustainability	Yes	Andhra Pradesh	Machilipatnam	2 years	13,00,000.00	0.00	13,00,000.00	Yes	NA	NA
18	Provision of Mobile Van (1 no.) & Medical Equipment to Chandigarh Smart City Limited for screening the Aural functions of Senior Citizens, Chandigarh, Haryana	Item (i) - Healthcare	No	Chandigarh	Chandigarh	2 years	65,00,000.00	0.00	65,00,000.00	Yes	NA	NA
19	Provision of ALS ambulance (1 no.) & Blood Transportation Van (1 no.) for Alibagh Govt. Hospital, Raigad District, Maharashtra	Item (i) - Healthcare	No	Maharashtra	Raigad	3 years	57,00,000.00	0.00	57,00,000.00	Yes	NA	NA
20	Provision of Medical Equipment to Naval Hospitals in Visakhapatnam, Andhra Pradesh and Port Blair, Andaman & Nicobar island	Item (i) - Healthcare	No	Andhra Pradesh	Visakhapatnam	3 years	52,33,000.00	0.00	52,33,000.00	Yes	NA	NA
21	Provision of Laproscopic System with 4K UHD Camera System for Govt. Civil hospital, Sector-6, Panchkula, Haryana	Item (i) - Healthcare	Yes	Haryana	Panchkula	3 years	1,00,00,000.00	0.00	1,00,00,000.00	Yes	NA	NA
22	Provision of Apheresis Machine for blood bank at District MMG Hospital, Ghaziabad, Uttar Pradesh	Item (i) - Healthcare	Yes	Uttar Pradesh	Ghaziabad	2 Years	40,00,000.00	0	40,00,000.00	Yes	NA	NA
23	CSR support to meet Operational Expenditure of five Institutions of Bharat Electronics Educational Institutions (BEEI), Jalahalli, Bengaluru	Item (ii) - Education	Yes	Karnataka	Bangalore	2 Years	4,24,82,000.00	0	4,24,82,000.00	Yes	NA	NA
24	Provision of Medical Equipment to Area Hospital, Gudivada, Krishna District, Andhra Pradesh	Item (i) - Healthcare	No	Andhra Pradesh	Krishna	2 Years	35,00,000.00	0	35,00,000.00	Yes	NA	NA
TOTAL (in ₹)							28,66,96,000.00	6,42,72,498.18	22,24,23,501.82			

(c) Details of CSR amount spent against other than on-going projects for the financial year:

[1]	[2]	[3]	[4]	[5]		[6]	[7]	[8]	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Contribution to Atal Bihari Vajpayee COVID Hospital at Lucknow, UP, established by DRDO	Item (i) - Healthcare	No	Uttar Pradesh	Lucknow	5,00,00,000.00	Yes	NA	NA
2	Developmental works in adopted Villages-Khubi & Karanjale, Pune District, Maharashtra (Phase-II)	Item (x) - Rural Development	Yes	Maharashtra	Pune	85,00,000.14	Yes	NA	NA
3	Developmental works at adopted Govt. ITI, Mulshi, Pune District, Maharashtra (Phase-III)	Item (ii) - Education	Yes	Maharashtra	Pune	29,00,000.00	Yes	NA	NA
4	Contribution to Technology Incubator-Maker Village, Kinfra Hi-tech Park, Kochi, Kerala	Item (i) - Healthcare	No	Kerala	Kochi	10,00,000.00	Yes	NA	NA
5	Expenditure towards Apprentice Training	Item (ii) - Vocational Skill Development	Yes	Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, Maharashtra, Uttar Pradesh, Haryana, Uttarakhand	Bengaluru, Chennai, Krishna, Medchal Malkajgiri, Pune, Raigad, Ghaziabad, Panchkula, Kotdwara	15,34,46,000.00	Yes	NA	NA
Total (in ₹)						21,58,46,000.14			

(d) Amount spent in Administrative Overheads: ₹ 2,53,77,000.00

(e) Amount spent on Impact Assessment, if applicable: ₹ 17,91,240.00 (Amount allocated: ₹ 50.00 Lakh)

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 30,72,86,738.32

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

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial year	Amount transferred to unspent CSR account under section 135 (6) (in ₹)	Amount spent in the financial year (in ₹)	Amount transferred to any fund specified under schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the fund	Amount (in ₹)	Date of transfer	
1	2020-21	24,09,27,914.33	3,44,26,575.78				20,65,01,338.55
2	2019-20	7,90,34,548.28	2,42,02,062.85				5,48,32,485.43
3	2018-19	7,59,00,834.24	5,33,35,316.00	PM CARES FUND	2,25,65,518.24	28.04.2022	0.00
TOTAL		39,58,63,296.85	11,19,63,954.63				

(b) Details of CSR Amount spent in the financial year for on-going projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the Project - Completed/ Ongoing
1	BGHLC181902	Supply of Medical Equipment for 4 Taluk General Hospitals and 6 Community Health Centres in Raichur District	2018-19	4 Years	5,56,58,000.00	4,47,97,903.00	4,55,76,842.00	Completed
2	BGEDU181902	Providing Solar Driven Smart Class Facility In 122 Govt. High Schools & Hand-wash Facility In 100 Govt. Primary Schools of Yadgir District, Karnataka	2018-19	4 Years	5,60,00,000.00	57,35,708.16	4,61,14,503.41	Completed
3	BGSDP181901	Vocational Skill Development Training at BEL-BG in partnership with Electronic Sector Skill Council of India (ESSCI)	2018-19	4 Years	39,00,000.00	2,95,851.00	38,87,819.00	Completed
4	NMSBA181901	Construction of Community Halls in 5 Villages in Dhule district, Maharashtra	2018-19	4 Years	60,00,000.00	(1,30,702.00)	54,44,694.00	Completed
5	KTSBA181901	Inclusive & Sustainable Development of Puching Village, Manipur	2018-19	4 Years	29,18,600.00	16,36,555.84	29,18,600.00	Completed
6	COTIC181903	Contribution of CSR Funds to Society for Innovation and Development (SID), IISc, Bangalore	2018-19	4 Years	10,00,000.00	10,00,000.00	10,00,000.00	Completed
7	BGENV161701	Supply, Installation, Commissioning & Operation of 10 MLD Sewage Treatment Plant at Doddabommasandra Lake, Bengaluru, Karnataka	2019-20	4 Years	1,14,60,434.50	2,03,259.72	1,14,60,434.50	On-going
8	PKEDU192002	Construction of 3 classrooms at first floor of the existing BEL block, renovation of existing 6 classrooms & water proofing works in the old block of Govt. Primary School, Budhanpur, Panchkula, Haryana.	2019-20	4 Years	73,00,000.00	47,59,288.72	48,93,286.58	On-going
9	BGEDU192003	Construction of Classrooms, Toilet block and Kitchen; providing Furniture, Clean Drinking Water and Sports facilities for Govt. Higher Primary School, Channal Village, Mudhol Taluk, Bagalkote district, Karnataka.	2019-20	4 Years	1,88,00,000.00	39,60,786.48	48,62,487.48	On-going
10	KTHLC192001	Inclusive and Sustainable Development of Siah District, Mizoram - provision of 2 Ambulances, 1 Fire Tender vehicle, 1 Emergency Response Vehicle and library shelves and books to Govt. Schools	2019-20	4 Years	66,00,000.00	47,182.40	22,97,738.04	On-going
11	KTSBA192001	Inclusive and Sustainable development of Puching (Khebuching) village, Tamenglong District, Manipur (Phase-IA)	2019-20	4 Years	39,01,000.00	5,77,919.38	5,77,919.38	On-going

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the Project - Completed/ Ongoing
12	HYEDU192001	Augmentation of infrastructure at Anganwadi & Govt. Primary School and laying of CC Road to the School at the adopted village -Chowdamma Gutta Thanda, Farooqnagar Mandal, Shadnagar Taluk, R R District, Telangana	2019-20	4 Years	1,67,84,000.00	28,38,605.00	28,38,605.00	On-going
13	BGEDU192001	Construction of 6 classrooms, Toilets for boys & girls, sports facilities and other related works in Govt. Higher Primary School, Nisrani, Soraba Taluk, Shimoga District, Karnataka.	2019-20	4 Years	84,00,000.00	44,18,944.47	59,53,684.47	On-going
14	BGEDU192004	Construction of High School building, provision of Furniture & other works at Govt. Higher Primary School, Sompura, Nelamangala Taluk, Bengaluru Rural district, Karnataka State.	2019-20	4 Years	1,94,00,000.00	69,90,645.68	69,90,645.68	On-going
15	CHEDU192001	Augmentation of infrastructure at: (a) Govt. Higher Sec. School & Govt. Panchayat Union Primary School, Irumbedu Village, Thiruvannamalai District, TN. (b) Govt. aided Cantonment Board Schools, Nandambakkam & Pallavaram, Chennai, TN (c) Govt. Anganwadis, Nandambakkam, Chennai, TN	2019-20	4 Years	43,91,000.00	4,05,431.00	21,09,195.34	On-going
16	BGHLC192001	Providing Medical Equipment to District General Hospital, Taluk General Hospital, Community Health Centres & Primary Health Centre of Yadgir District, Karnataka	2020-21	4 Years	1,51,00,000.00	65,77,134.00	65,77,134.00	On-going
17	MCHLC202107	Provision of CT Scanner to Govt. District Hospital, Machilipatnam, Andhra Pradesh	2020-21	4 Years	2,50,00,000.00	1,01,512.67	1,01,512.67	On-going
18	MCHLC202103	Provision of Medical Laboratory Equipment, Physiotherapy Equipment, Portable ECG Machine and Mobile Digital X-RAY machine at Police Welfare Hospital, Machilipatnam, Andhra Pradesh	2020-21	4 Years	10,00,000.00	82,040.00	9,41,840.49	On-going
19	GDADI202101	Provision of Tools & Equipment for adopted Govt. ITI, Noida, UP (Ph-II)	2020-21	4 Years	26,43,000.00	6,59,097.26	21,46,792.22	On-going
20	BGSDP202101	Vocational Skill Development Training at BEL-BG for PU/ITI/ Diploma students in collaboration with ESSCI.	2020-21	4 Years	39,00,000.00	9,85,920.00	9,85,920.00	On-going
21	BGSDP202102	Vocational Skill Development Training at BEL-BG for PU/ITI/ Diploma students in collaboration with CGSC.	2020-21	4 Years	49,00,000.00	29,382.00	29,382.00	On-going

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the Project - Completed/ Ongoing
22	BGHLC202104	Provision of Toilet block at Doddabommasandra Lake and Operation & Maintenance of Sewage Treatment Plant, Bengaluru	2020-21	4 Years	39,87,000.00	9,73,759.14	9,73,759.14	On-going
23	BGENV202101	Construction of Check Dams, provision of Borewells, Solar Water pumping system, Solar Lights & other works at MM Hills Wildlife Sanctuary, Karnataka	2020-21	4 Years	1,68,39,000.00	56,48,895.30	56,48,895.30	On-going
24	COHLC202105	Provision of Cold Chain Equipment viz. Deep Freezer (Small) & Walk-in Freezer for COVID-19 Vaccination Programme of the Govt. of India	2020-21	3 Years	1,11,00,000.00	2,100.00	90,73,645.00	On-going
25	HDEDU202101	Establishing Skill Development Centre at Sri Saraswathi Vidyapeetham, R R District, Telangana	2020-21	4 Years	1,40,00,000.00	88,23,842.96	88,23,842.96	On-going
26	BGEDU202103	Augmentation of infrastructure & facility maintenance expenses at educational institutions.	2020-21	4 Years	3,39,78,000.00	18,02,140.00	2,98,37,140.00	On-going
27	MCHLC202106	Provision of Medical Equipment to Community Health Centre, Guduru, near Nimmuluru Village, Machilipatnam, AP	2020-21	4 Years	38,69,000.00	31,57,913.99	31,57,913.99	On-going
28	COTIC202101	Contribution to Technology Incubator - M/s FORGE, KCT Tech Park, Coimbatore, Tamilnadu	2020-21	2 Years	20,00,000.00	20,00,000.00	20,00,000.00	Completed
29	KTHLC202101	Providing Hemodialysis Machine to Govt. District Hospital, Tamenglong District, Manipur	2020-21	3 Years	15,00,000.00	13,77,600.04	13,77,600.04	On-going
30	GDSBA202101	Provision of Furniture to Govt. Primary School & Renovation of Govt. Middle School, Maharajpur, Ghaziabad, Uttar Pradesh	2020-21	4 Years	11,16,000.00	10,05,238.42	10,05,238.42	On-going
31	MCHLC202105	Provision of Blood Storage Refrigerator, Donor Couches etc. to Govt. District Hospital, Machilipatnam, AP	2020-21	2 Years	12,00,000.00	12,00,000.00	12,00,000.00	Completed
TOTAL (in ₹)					36,46,45,034.50	11,19,63,954.63	22,08,07,071.11	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details):

NOT APPLICABLE

(a) Date of creation or acquisition of the capital asset(s)

(b) Amount of CSR spent for creation or acquisition of capital asset

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5)

In order to have a long-term social impact through CSR, the Company has taken up several initiatives in project mode with project duration of more than one year, with milestone-based payments spread across more than one fiscal year. This is also in line with the Companies Act, 2013, Companies (CSR Policy) Rules, 2014 and amendments thereof.

Bengaluru
28 July 2022

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Annexure-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bharat Electronics Limited (CIN: L32309KA1954GOI000787) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (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, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014/The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (Not applicable during the audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (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, 2021 (Not applicable during the audit period); and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not applicable during the audit period).

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

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

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

- i) The Board has total fourteen (14) Directors consisting of a Chairman who is regular executive director (Whole Time Director in additional charge of Managing Director), other three (3) Executive Directors, two (2) Non-Executive & Non-Independent Directors (Govt. Nominees) and eight (8) Independent Directors as at the end of the financial year. However, the Board did not have requisite number of independent directors including woman independent director as required under 17(1)(a) & (b) of the SEBI (LODR) Regulations and the non-compliance has been made good on 7 February 2022.

Further, the composition and quorum of Audit Committee, and the composition of Nomination & Remuneration Committee was not in line with Regulation 18 & 19 respectively of the SEBI (LODR) Regulation 2015 for first three quarters of reporting period.

For these non-compliances, stock exchanges have imposed fine on the Company from time to time.

The gap between two meetings of audit committee held in month of January 2021 and June 2021 was more than 120 days in terms of regulation 18(2). It is informed by the Company that due to prevailing COVID-19 pandemic situation restrictions/lockdown in the State and non-availability of Directors, the Audit Committee meeting couldn't be conducted within 120 days from the date of previous meeting.

It is informed that the filling up of the vacancies of Independent Directors is pending with the appointing authorities namely Government of India. By informing the same, the fine has not been paid by the Company to Stock Exchanges (BSE & NSE) and the requisition has been made to stock exchanges explaining the facts. However, stock exchanges have not granted any waiver on penalty imposed till the end of reporting period.

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

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

We further report that:

Subject to the above qualifications on composition of Board, the Board of Directors of the Company is duly constituted. 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 was 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 was carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

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

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

For **Thirupal Gorige & Associates LLP**
Practising Company Secretaries

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680D000365161

Place: Bengaluru
Date: 23 May 2022

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

Annexure-A

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

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

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

For **Thirupal Gorige & Associates LLP**
Practising Company Secretaries

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680D000365161

Place: Bengaluru
Date: 23 May 2022

Annexure-4

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 economic shock of the pandemic has been weathered well by India. After a sharp contraction of economy (-7.3%) in FY 2020-21, Indian economy witnessed the expected V shape recovery and growth of 9% in FY 2021-22. Economic impact of COVID "second wave" during first quarter of FY 2021-22 was relatively less, primarily due to Government of India's response comprised of safety-nets to cushion the impact on vulnerable sections of society and the business sector, significant increase in capital expenditure to spur growth and supply side reforms for a sustained long-term expansion. Indian Economy has performed well almost on all Macroeconomic Performance indicators, including fall in fiscal deficit from 9.2 % of GDP (in FY 2020-21) to 6.9% of GDP during FY 2021-22.

After attaining pre-pandemic levels in FY 2021-22, going forward in FY 2022-23, the challenge would be to return to a high growth trajectory. As per Monetary policy committee of RBI (in Feb 22), GDP growth is estimated to be 7.8%. There is good pick-up visible on both demand & private investment front, however, inflation due to rise in oil and commodities prices on account of Russia-Ukraine crisis, continued shortage of semiconductors and global COVID outlook may pose challenge to momentum in short term.

Defence

Defence allocation in the Budget has been increased to ₹ 5,25,166 Crore for the FY 2022-23. It is an increase of 9.8% but keeping the threat perceptions along the borders, the important capital outlay has been raised by more than 10 % for the second consecutive year. The allocation under capital expenditure, which relates to modernisation and infrastructure development of the Armed Forces has been significantly increased. The Capital allocation of ₹ 1,52,370 Crore for FY 2022-23

represents an increase of 12.6% over FY 2021-22. The capital expenditure allocated to the Air Force is ₹ 56,852 Crore, for the Navy is ₹ 47,591 Crore and for the Army is ₹ 32,135 Crore.

In order to support Domestic defence industry, 68% of the capital procurement budget has been earmarked for domestic industry in 2022-23. Also, an allocation of 25% of the Defence R&D budget has been planned for the Indian Industry, Start-ups and Academia to take up design and development of military platforms and equipment in collaboration with DRDO and other organisations. Similarly, since August 2020, Govt. has notified more than 300+ items (as part of Positive Indigenisation lists) comprising of various Complex Defence Systems and equipment, to be procured only from Indigenous manufacturers. Such progressive initiatives will give further boost to indigenisation with active participation of public and private sector for fulfilling the twin objectives of achieving self-reliance and promoting defence exports.

Non-Defence

Apart from its core Defence business, BEL has ventured into several non-Defence areas like Homeland Security, Smart City, Energy Storage Products, Solar, Space Electronics, Network & Cyber Security, Railways & Metro solutions, Composites, Medical Electronics & Healthcare Solutions, Software Solutions, etc.

Homeland Security

The Homeland Security market in India is spread across the Central/State Governments, government entities including the PSUs and Private Sector Organisations. A significant market opportunity exists in police modernisation, critical infrastructure protection, border management, counter terrorism activities, urban area security, ground transportation, port & maritime security, etc. Prevailing internal security concerns due to terrorist activities & crime, data thefts, remote monitoring needs for centralised command & control, asset protection & disaster management, growth in public infrastructure, increased IT spending, various Government initiatives, increase in security spending are boosting demand for the Homeland Security market in India.

The Ministry of Home Affairs has been allocated in excess of ₹ 1.85 Lakh Crore in the Union Budget for 2022-23, nearly about 11.5% more than the previous

year budget allocation of ₹ 1.66 Lakh Crore with the majority of spending on central police organisations like the CRPF, BSF and for improving the infrastructure along the international borders.

Modernisation of police forces, intelligence gathering apparatus, women safety, cyber security and the decennial census got priority in the Budget.

The Budget allocated the bulk of the MHA funds to the Police - ₹ 1.17 Lakh Crore in comparison to ₹ 1.09 Lakh Crore in 2021-22.

Among the central police organisations, the Central Reserve Police Force (CRPF) which is mostly responsible for internal security duties and fighting militancy, has been allocated ₹ 29,325 Crore in comparison to ₹ 27,307 Crore in 2021-22.

The Border Security Force (BSF) has been allocated ₹ 22,718 Crore in comparison to ₹ 21,491 Crore in 2021-22.

The Central Industrial Security Force (CISF), which protects vital installations like nuclear projects, airports and metro networks, has been given ₹ 12,202 Crore in comparison to ₹ 11,373 Crore allocated in 2021-22. The Intelligence Bureau, a key domestic internal agency, has been given ₹ 3,168.36 Crore in comparison to ₹ 2,793.02 Crore given in the current fiscal.

Smart City

Under the Smart City Mission launched by the GoI in June 2015, 100 smart cities have been selected and all the 100 have incorporated Special Purpose Vehicles (SPVs) and the various Smart City projects are under various stages of implementation. As per reports, of the total number of projects allocated by the mission, approximately 46% have been completed with at least one project completed in every city in 2022.

The timeline for the implementation of the Smart Cities Mission has been extended to June 2023 due to the pandemic with an allocation of ₹ 6,444.88 Crore for the Mission for 2022-23. Additionally, the Budget 2022-23 also has provisions for City Investments to Innovate, Integrate and Sustain (CITIIS), a new initiative under SCM.

The Strategic Business Unit which was formed exclusively to address the Homeland Security and Smart City business, has made significant achievements in the Homeland Security and Smart City domain.

Energy Storage Products

Energy Storage is emerging as sunrise sector and part of the clean energy systems of the 21st century. There are

substantial business opportunities in the Energy storage segment in the coming years due to huge requirement of high energy storage and maintenance free batteries for Defence and strategic applications and also for electric vehicles (EV). As per report, the global battery energy storage system market size is expected to grow from USD 4.4 Billion in 2022 to USD 15.1 Billion by 2027 at a CAGR of 27.9%.

The EV market in India has gained momentum after several policy initiatives such as setting up of a National Mission on Transformative Mobility and Battery Storage, Faster Adoption & Manufacturing of Electric Vehicles EV (FAME II) with an outlay of ₹ 10,000 Crore, launching of a Phased Manufacturing Programme (PMP) to localise production across the entire EV value chain, etc. Battery cells currently constitute around 35% of the cost of EVs.

Among the mature storage technologies, lithium-ion (Li-ion) batteries are the most versatile and efficient storage devices. The fuel cell technology-based energy storage products are also projected to dominate the future energy storage markets globally, as well as in India.

Seeing the opportunity for Li-ion cells and emerging market for fuel cells, BEL identified Li-ion cells/batteries and fuel cells as one of the focus areas and created a dedicated micro SBU to address business in a focussed manner and further expand its presence in the Energy Storage Products segment, by manufacturing of Li-ion Cells and development/manufacturing of fuel cells. BEL is collaborating with various Public/Private organisations in this area and has signed a MoU with global companies such as Triton Electric Vehicle LLC USA, SFC Energy AG, Germany, etc.

Solar – Renewable Energy

The Government has set an ambitious target of generating 280 GW of installed solar capacity by 2030. In the Budget for year 2022-23, the government has proposed production linked incentives (PLI) of ₹ 19,500 Crore to boost manufacturing of high efficiency modules with priority for fully integrated units.

BEL has scaled up its operations from a Cell/Module manufacturing to execution of solar power plant projects under the Engineering Procurement Construction (EPC)/ Developer mode. BEL has created a new Micro SBU for a focussed approach to target the requirements of the Solar Business, which is likely to contribute to BEL's business on a continuous basis in the near future.

BEL has also been shortlisted by ISRO for manufacturing of Multi-Junction Solar Cells for space application. The plant, with a capacity of about 60,000 multi-junction cells

per annum will be set up by ISRO and BEL is to oversee its complete manufacturing operations under Government-Owned Company Operated (GOCO) model.

Space Electronics

ISRO has opened up opportunities for manufacturing of Launch Vehicles and small & micro satellites, for the Indian industry. The global requirement for small launches is expected to touch around 500 numbers per annum. ISRO has ambitious plans to increase the number of satellite launches on an average of about 18 launches per annum from the year 2023-24 onwards. Commensurate with the plans of ISRO, the Department of Space has been allotted a budget of ₹ 13,700 Crore for the year 2022-23, which is a growth of 8.3% from the FY 2021-22 revised estimate. Out of this, ₹ 7,465 Crore has been earmarked for capital expenditure. This clearly indicates the growing investment in space and India's commitment to the development of its space programme. In addition to this, ISRO has approval for launch of 30 PSLVs and 10 Geo Synchronous Satellite Launch Vehicles (GSLVs) in the next three years.

BEL is one of the major players in ground segment of Satellite Communication and desires to enter into Space Electronic Systems, manufacture of Small & Micro Satellite, Satellite Communication Services and address Launch Vehicle segment jointly with Indian private industry. BEL has long-term objective of becoming a prominent player in Space Based Assets and Payloads. During FY 2021-22, BEL also expressed its interest for participation in productionisation of Small Satellite and Small Satellite Launch Vehicle (SSLV) with support from ISRO.

BEL has qualified as an industry partner of ISRO for Assembly, Integration and Testing (AIT) of satellites. It has completed Satellite AIT of three RISAT satellites at ISRO. BEL has collaborated with ISRO and has come out with new products like the next-generation Indigenous Receivers for Positioning and Navigation (IRNSS), Satcom Terminals, LTCC-based Substrates and high power space TWTs, which have usage in Defence, Government services and paramilitary applications. BEL is jointly working with ISRO for supply and commissioning of various types of satellite networks and HUBs for satellite communication applications.

Network and Cyber Security

Cyber-attacks in India have increased during the pandemic, and this trend appears to be continuing, as the new distributed workforce provides more opportunities for criminals to exploit. The cyber security market in India which is driven by investments by organisations

to safeguard against cyber threats is expected to grow to about ₹30,000 Crore by 2025. As many companies have adopted work-from-home policies in response to the pandemic, cyber security has become a major issue. While every organisation's objective is to follow the technology trends of anywhere, anytime connection, it also forces them to consider an unprecedented growth in the attack surface throughout the network. The global Cyber Security market is expected to reach about USD 366 Billion by year 2028.

The Network & Cyber Security division has made key progress during the year in implementing a sizeable amount of cyber security business such as Security Analytics Centre (SAC) for Govt. Agencies, Data-Diode Solutions for DRDO, PKI and associated services for IAF, Security services for Banking/Govt. Agencies, Security Information and Event Management (SIEM) solution for IAF, Security Operation Centre (SOC) for PSUs, etc.

Since its inception, the vertical has diversified and strengthened it by various tie-ups, partnerships and consortiums with start-ups, OEMs, channel partners and Academia. BEL has been empanelled by CERT-In for providing information security auditing services. BEL Network and Cyber security is an ISO 27001 Information security management systems-certified division. Various Cyber Security certifications have been obtained by this group, including CEH, GSEC, Lead Auditor for ISO 27001, etc. The team is also pursuing the Certified Information Systems Security Professional (CISSP) certification to qualify in domestic and global tenders.

Railways and Metro

Indian Railways has prepared a National Rail Plan for India 2030. To enable Atmanirbhar Bharat and Make-In-India initiative, the plan is to create a future-ready railway system by 2030, bringing down the logistic cost for Indian industries. A special thrust on promotion of Digital India and adoption of emerging technologies were given through 5G, Artificial Intelligence (AI), Machine Learning (ML), Drones etc.

The total capital expenditure by Railways for 2022-23 is projected at ₹ 2,45,800 Crore, an increase of 14% over the revised estimates of 2021-22. Indian Railways is planning to redevelop 400 stations across 100 cities. The program has an outlay of over ₹ 1 Lakh Crore. Indian Railways also planned the induction of 400 new Vande Bharat trains in next 3 years. For Metro, total budget of the financial year 2022-23 is ₹ 19,130 Crore. There are substantial business opportunities in the Rail and Metro businesses in India. As per the reports, around 34 Metro Rail projects are in construction stage, including nine newly-approved projects in different parts of India.

The modernisation and new projects like National Common Mobility Card (NCCM) compliant Automatic Fare Collection (AFC) Gating system for Metros, Indian Computer-based Train Control/Intelligent Automatic Train Supervision (i-ATS), Real Time Information System (RTIS) for Indian Railways, Supervisory Control And Data Acquisition (SCADA), CCTV Radios, LTE based Mission critical communication networks for the Railways, Unmanned Railway Crossing system, Composite Panels for Rail and Metros, Platform Screen Doors etc. are some of the key areas being pursued by BEL.

BEL is collaborating with DMRC, RDSO, NCRTC and various public/private organisations in the area of i-ATS System, Mission Critical Communication System, Composite Panel, Platform Screen Doors etc. The NCCM-compliant AFC gating system executed by BEL will be implemented across all modes of transportation i.e. metro, trains or buses in a phased manner.

Composites

The composites are used for the manufacture of various products in Aerospace & Defence, wind energy, transportation, marine applications etc. As per the reports, the global composites market size is projected to grow to USD 126.3 Billion by 2026, at a CAGR of 7.5%. The Composites market is growing due to the rising demand for lightweight, high-performance solutions from wind energy, aerospace & defence, and automotive and transportation industries. However, owing to the COVID-19, the sales of various industries has declined, resulting in reduced demand for composites.

BEL is planning to address the composites structures requirements of shipyards, submarines, aero structures, railways & metros, land equipment, pressurised missile containers, high altitude enclosures etc. BEL has set up facilities for the same and has also tied up with Government labs/Academia for consultancy and development of composite structures.

Civil Aviation

As per reports, the global domestic aviation market valued is expected to reach USD 1,130.8 Billion by 2027 at a CAGR of 3.2%. The aircraft passenger traffic in India is estimated to reach 520 Million by 2037, and airline operators are projected to increase their fleet size to 1,100 aircraft by 2027. India's aviation industry is expected to witness ₹ 35,000 Crore investments in the next four years. The Indian Government is planning to invest USD 1.83 Billion for development of airport infrastructure along with aviation navigation services by 2026. This includes investment on Air traffic management, Airport

ground Infrastructure, other Modernisation activities, etc. The AAI has earmarked a sum of ₹ 25,000 Crore for a period of five years, for modernising 100 airports across the country.

To enable Atmanirbhar Bharat and Make-In-India initiative, BEL is collaborating with M/s Airports Authority of India for modernisation of Airports, providing solutions for Air traffic management, other ground & navigations solutions, etc.

BEL is also exploring partnerships with global OEMs in Civil aviation segment for indigenisation of systems and solutions required for modernisation of Airports and ground infrastructure.

Software

The Defence technology is transiting from Platform-centric warfare to Network-centric warfare. Amidst this transition, software is becoming a crucial piece of weaponry in the modern Defence system. Advance software systems and embedded software technologies play a vital role in modern warfare and is transforming every aspect of the product offerings.

India is one of the leading software development centres in the world and the Indian IT industry is growing at a CAGR of 10.71%. As per reports, the Indian IT industry, comprising software products, IT services, engineering and R&D services, ITES/BPO, hardware and e-commerce is expected to grow to USD 350 Billion by 2025. Majority of the revenue comes from exports of software and services.

BEL is pursuing business opportunities with potential customers like the Paramilitary forces, Special forces, State governments, other non-Defence customers etc. in addition to existing Defence customers. To address the software business opportunity in a focussed manner in both the Indian and export market, a dedicated General Manager has been appointed.

Apart from core Defence segments, opportunities with respect to Homeland Security, e-Governance projects, Smart Cities, digital transformation projects, healthcare, software simulators, portal for examinations, software assurance services, ERP Implementation, Digital Agriculture, are also being focussed. BEL is also planning to open Offshore Development Centre.

Medical Electronics & Healthcare Solutions

The medical electronics market is expected to reach over USD 248.43 Billion by 2030 and is expanding growth at a remarkable CAGR of 11.8%.

BEL, after successfully manufacturing 30,000 ICU ventilators to address the pandemic issues, has taken further firm steps in diversifying into the medical electronics & healthcare segment. During this year, BEL's Medical Electronics Division manufactured around 18,000 Oxygen Concentrators. One of the objectives of your Company is to enter into this market segment and introduce affordable healthcare products/solutions to urban & rural populations in India and achieve self reliance in the Healthcare segment.

To quickly grow in this segment, a few niche products, indigenously designed by Indian companies, have been identified which can be manufactured at BEL through a ToT process. Also, to grow further in this segment, your Company is planning to come out with its own products for futuristic markets, either through the in-house effort or through collaborative R&D approach. Based on the above approaches, your Company is planning to produce Haemodialysis machines, portable remote patient health monitoring system, patient monitoring system for ICUs, C-Arm X-ray machines, turbine-based ventilator, MRI, etc.

Focussed approach for new areas in Defence

To give a focussed approach to upcoming areas in Defence & Aerospace sector, BEL has ventured into Unmanned Systems, RF and IR Seekers, Missiles, Rockets, Glide Bombs, Arms & Ammunitions.

Unmanned Systems

Military applications like reconnaissance, intelligence gathering, detection of threats etc. are migrating from Manned Systems to Unmanned Systems, due to the criticality of missions, avoidance of risk associated with International norms and value for human life.

The Indian UAV segment offers an overall opportunity of about ₹ 65,000 Crore during the TPCR Plan period ending by 2027. Opportunities in Unmanned Systems include Unmanned Aerial Vehicle (UAV) systems, Unmanned Ground Vehicles (UGVs) and Unmanned Underwater Vehicles (UUVs) & Unmanned Surface Vehicle (USV) systems.

To address the Unmanned Systems Business Opportunities in a focussed manner with dedicated resources, a separate business vertical has been created at BEL Bangalore, to address the Unmanned Systems Business.

BEL has been addressing the UAV/UGV/UUV/USV requirements of the Indian Defence/Non-Defence segments by partnering with DRDO/foreign OEMs/ Indian Academia/Start-ups, etc. BEL has been working

on the Payloads (like EO, Communication, ESM, etc.), Data links and Ground Control Station requirements of the UAVs. BEL has also developed and supplying Drone Guard Systems.

RF and IR Seekers

The change in nature of warfare with a need for precision attack is accelerating use of seekers in the weapons & missiles. This has been demonstrated in the recent global conflicts. The advanced air defence system with guided missile with kill probability of greater than 90% helps countries in defending themselves against attack from missile & rockets.

The requirements of Seekers are derived demands arising out of procurement of various missiles. As per the reports, the Seekers market is projected to reach to USD 7.19 Billion by 2027, exhibiting a CAGR of 5.2%.

BEL is associated with the DRDO for concurrent absorption of technology for further engineering and production of RF and IR Seekers for various indigenous missiles programs. BEL has been investing for the creation of modern manufacturing facilities for the manufacture of RF and IR Seekers for the upcoming requirements and opportunities arising out of the positive indigenisation list and policy initiatives of GOI for Atmanirbhar Bharat. The production lines creation for RF Seekers has been completed and Seekers manufactured in these lines have successfully completed flight trials. It is expected that RF and IR Seekers would be among the top new technology products which would contribute to BEL's revenues in the near future.

Missiles, Arms & Ammunition

GOI/MoD through major policy initiatives for Make in India, has issued a series of positive Indigenisation lists with phased targets for procurement of critical defence equipment solely from domestic manufacturers through local production. Arms and Ammunition including Missiles are critical for the strategic needs of the country for which self-reliance has to be ensured. Most of the equipment in the positive indigenisation list is related to Missiles and Arms and Ammunition and offers huge opportunity to domestic defence manufacturers and BEL would be playing a major role for domestic manufacturing in this strategic segment.

As per the reports, the Global Arms and Ammunition Market, is anticipated to reach USD 35.63 Billion by 2027 with a CAGR of 4.8%.

BEL is already engaged in the development and manufacture of missile electronics, ammunition fuzes, Glide Bombs etc. BEL has created dedicated focussed

business vertical for actively pursuing the opportunities. BEL is partnering with DRDO, Technology partners, Academia, R&D institutes, Start-ups etc. and making substantial investment for creation of the necessary infrastructure for manufacture of missiles, glide bombs, rockets and its related parts.

(b) Industry Structure and Developments

At present, India is one of the largest importers of Defence equipment with majority of its Defence needs being met through imports, though India's arms import have decreased in the recent years, as per the reports. The Government of India aims to develop a strong self-reliant domestic industry in the Defence sector with substantial participation from the private sector, including MSMEs and start-ups to reverse the trend of imports.

In this regard, the Government has taken several initiatives like the Make-In-India programme, creation of an eco-system for development of technologies through innovation by MSMEs/start-ups, etc. With the support of the Government, the Indian industry is expected to move up in the value chain and deliver quality products, systems and services to the Defence forces. The Government has promulgated a draft Defence production policy that aims at increasing Defence production to ₹ 1,70,000 Crore by 2025.

The MoD has introduced the Strategic Partnership model (SP) for the Indian private sector, as part of the DPP 2016. The model aims to progressively build indigenous capabilities in the private sector to design, develop and manufacture complex weapon systems and platforms.

The Defence Acquisition Procedure 2020 (DAP 2020) has incorporated several improvements focussing on self-reliance, wherein indigenisation and innovation is enabled through processes of make, design & development and Strategic Partnership. Import substitution has been facilitated through various schemes with an aim of reducing lifecycle costs and building a robust ecosystem with the help of the domestic industry/MSMEs. Amendments to DAP-2020 are underway, in order to further simplify the Make-I and Make-II procurement process, inclusion of Space activities, etc.

To promote indigenous Defence manufacturing, the Government has undertaken initiatives like liberalisation of Industrial Licensing, development of Defence Corridors, funding for Innovation in Defence and Aerospace through iDEX/DIO, continuous updation of DPP, thrust on exports, etc. Suo moto proposals can also be submitted under Make-II category.

Foreign Direct Investment (FDI) up to 74% is allowed through the automatic route and above 74% under the Government route, wherever it needs to access modern technology.

The DRDO developed technologies are now made available on a non-exclusive basis to the Indian industry, including the private sector against the payment of ToT and royalty fees. Also, the DRDO has come out with a revised Policy and Procedures for Transfer of Technology to Industry.

Two Defence industrial corridors in Uttar Pradesh and Tamil Nadu are being established by the Government. The Uttar Pradesh Defence Industrial Corridor (UPDIC) will have six nodes at Agra, Aligarh, Chitrakoot, Jhansi, Kanpur and Lucknow. The Tamil Nadu Defence Industrial Corridors (TNDIC) will have five nodes at Chennai, Coimbatore, Hosur, Salem and Tiruchirappalli. An investment plan of about ₹ 11,100 Crore and ₹ 8,700 Crore has been announced for Tamil Nadu and the UP corridors respectively by DPSUs including newly-formed DPSUs and private companies.

The procedure of 'Make-I' and 'Make-II' programme has been introduced and being simplified further, by the Government which is likely to help MSME and start-up companies to integrate into Defence production. BEL is also participating in many of the Make-II programmes of the Defence services.

BEL has been indigenously designing and manufacturing various complex products / systems meeting the Indian defence requirements. Though, BEL has been sourcing mainly from the indigenous sources, BEL is also dependent on the global semiconductor companies and their distributors for supply of Semiconductor components, generic embedded PCBs / sub-systems. These components / sub-systems form the building blocks of the complex defence systems.

A select few companies in the world manufacture Semiconductor ICs and the shortage of these ICs has impacted business across all sectors around the world including BEL.

In spite of BEL's best efforts, BEL faced difficulties in delivering some of the products and systems, as per timelines, due to non-receipt of components, modules, assemblies etc, involving Semiconductor ICs both from Indian and foreign sources, as per the committed delivery timelines. Major segments of BEL like the Weapon Systems, Communication, Tank Electronics, Naval Systems, Gun Systems, C4I Systems, Electronic warfare systems, non-defence business etc, was affected by the global semiconductor shortage.

However, BEL is taking necessary actions like alternate sourcing/redesign and proactive sourcing to shorten the procurement cycle time and to manage the semiconductor shortage/delays.

Toward MoD's big push to Atmanirbhar Bharat initiative, MoD has put Import embargo on 300 plus items from Aug 2020 and published three positive indigenisation lists with timelines to boost indigenisation of defence production. BEL's Products/Systems can meet about 35% of these positive lists of Defence Indigenisation.

Under these changing business scenarios, BEL is focussing on enhancing its interaction levels and building long-term relationships with emerging Strategic Partners, users and other key stakeholders in the Indian Defence industry.

(c) SWOT Analysis

Strengths

- Established Defence electronics player in India.
- Diverse technology domain expertise.
- Agile & state-of-the-art manufacturing infrastructure across 9 locations and strong execution capability.
- Concerted efforts on generating IPRs across the technology domains.
- Growth-oriented & forward-looking organisation having strong connect with Defence Customers.
- Strong Capability in Indigenisation across segments.
- Robust Product support network across India.
- Ability to design and deliver tech-intensive customised solutions for the customers.
- Defence PSU with good brand image, reputation, strong value system and work ethics.
- Strong multi-layered in-house R&D for technology and new product development.
- Committed workforce with state-of-the-art infrastructure and manufacturing facilities and quality assurance.
- Well established systems and procedures including Companywide ERP system.
- Decades of experience resulting in excellent domain knowledge and core competencies in defence electronics.
- Wide product range with strong product support network across India.
- Strong relationship with the Armed forces, Defence R&D Labs and Government agencies.
- Agility in Diversification initiatives.
- Leveraging partnerships for growth.

- Expertise in executing complex system integration projects & turnkey solutions.
- Consistently profit-making.
- Long-term commitment to customers.

Weaknesses

- Gaps in some of the critical technology areas.
- Dependence on Cyclic Defence market.
- Time to Market - High.
- Low value addition in certain projects.
- Dependence on DRDO for technology in certain segments.
- Dependence on foreign OEMs for certain critical technologies.

Opportunities

- Growing Defence and security needs.
- Government's emphasis on Make-In-India and Atmanirbhar Bharat for manufacture of Defence equipment.
- Growing Defence budget allocation towards modernisation, upgrade programmes and maintenance repair & Overhaul.
- Increased impetus on modernisation of central paramilitary and police forces.
- Withdrawal of OEMs from select Asian countries as a manufacturing base.
- Govt thrust on promoting alternate energy sources (Solar, Electric Vehicle).
- Opening up of Space segment for Industries.
- Modernisation of CPMF, Police, Railways, Airports.
- Growing market for allied non-Defence areas such as Homeland Security, Smart City, Energy Storage Products, Network & Cyber Security, Composites, Solar based power plants, Railways etc.
- PLI & Positive list of Defence Indigenisation.

Threats

- Rapid changes in technology in Defence.
- Difficulty in sourcing of few critical and denied technologies.
- Policy interventions favouring the private sector.
- Manifold increase in competition from Indian private industry and foreign OEMs including their JVs in the Defence sector.
- Procurement of electronic systems under Strategic Partnership Model.

- Impact due to COVID-like pandemic and Semiconductor shortage.
- Disinvestments by the Govt. of India and depleting cash reserves.
- Capital restructuring of CPSEs by the Govt. of India.
- Changes in Global geopolitical scenario.

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

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

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

The Company is working in many strategic and other areas of national importance such as Weapon systems, Surveillance, tracking and multifunction AESA-based radars, naval & airborne applications, Next Generation Electronic Warfare Suites and Counter Measure Systems, Air Defence Systems, including Seekers & Missiles, Unmanned Systems for Land, Air, Surface & Underwater Applications, Anti-Submarine Warfare Systems, Software Defined Radios for Tactical Applications, Network Centric Systems, Night Vision Devices, Multi-sensor Stabilisation Systems, Arms and Ammunitions, Transportation Solutions for Railways and Metro, Composite Products for Land, Marine & Avionics segments, Artificial Intelligence & Robotics, Space Electronics & Launch Vehicles, Solar, medical equipment and related solutions, Energy Storage Products etc.

Many strategic alliances have been formed and other select partnerships are being pursued with Defence laboratories, DPSUs including newly-formed DPSUs, Academia, Startups, niche technology companies and reputed global OEMs and Indian companies/agencies for addressing the emerging Defence and Non-Defence businesses, including exports.

Some of the products & systems identified and being pursued for alliances for co-development, co-production and manufacturing ToT and for Lifecycle Support include Surface-to-Air Missile (SAM) Systems, RF/IIR Seeker, Air Defence Radars (Land and Naval based), Navigational Complex System, Sonar Systems, Next Generation Night Vision Devices, Gun Upgrades/New Gun Programmes, Small Arms for Defence, Explosives, Ammunitions, Inertial Navigation Systems, High Power Lasers, Tethered Unmanned Aerial Vehicles and Swarm UAVs, Remotely Operated Vehicle (RoV), Counter Measure Systems,

Electronics Systems for Futuristic AFV platforms FICV etc., Satcom Terminals, Navigation Receivers, Composite products, Rail & Metro Solutions, Li-ion Cells, Medical Equipment and related solutions etc.

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

BEL has been continuously exploring opportunities for establishing joint ventures/special purpose vehicles with reputed companies in complementary technology/strength areas to bridge technology gaps and also to scale up the existing areas as well as enter into emerging business areas.

The Joint Venture BEL-THALES Systems Limited (BTSL) is formed between BEL and Thales, France with an objective to engage in design, development, marketing, supply and support of civilian and select Defence radars for the Indian and global markets. Benefiting from the confluence of work culture and technology/manufacturing support of the parent companies, the JV has imbibed the best practices of both parent organisations and is growing into a centre for development, evolution and customisation of products and as a trusted supplier. BTSL is presently engaged in the co-development of a Multi-Target Tracking Radar with Thales Netherlands to address the Indian weapon systems projects as well as the global requirements. BTSL has successfully customised and demonstrated the capability of FM-based Passive Radar to Indian Customers like IAF, Cabsec. A well-equipped Integration and Verification facility for high-end avionics systems has been set-up and this facility has been utilised for the manufacture and delivery of Avionics equipment (Offset orders). The Company is also involved in providing technical and product support for Air Traffic Management Radars.

BEL is in discussion with an Israel OEM for setting up a Joint Venture for providing Product Life cycle support to Weapon System Programs in India for which the Israel OEM is the main designer.

Technology Upgradation and R&D Challenges

Core technologies required for developing state-of-the-art products and solutions are often not readily available. R&D on core technologies requires innovation and constant upgrade for realising solutions with a competitive edge. While initially it is inevitable to use proprietary technologies, getting locked with a single source for technologies/solutions is a major challenge.

The demands of optimised Size, Weight, Power, Cost (SWaP-C) and Quality requirements always push R&D efforts to the edge. At the component level, R&D efforts are steered towards meeting newer requirements of System on Chip (SoCs), Monolithic Microwave Integrated

Circuits (MMICs), highly integrated processor ICs, Microwave Super-Components, Photonic components etc. At the product level, R&D efforts are towards creating modular, configurable, multifunction, automatic health monitoring/reporting, fault tolerant and high availability products. Realising System of Systems needs expertise in system engineering, project management along with system integration expertise. Obsolescence of critical components, continued dependence on OEMs and requirement to support entire product life cycle are the other critical challenges.

Measures

To overcome the challenge of continuous upgrade of underlying core technologies for all products and solutions across BEL, a 3-tier R&D structure has been put in place. At the topmost tier, Central Research Laboratories (CRLs) one each located at Bengaluru and at Ghaziabad are engaged in blue sky research and applied research in core technology areas of Communication, Networking, C4I, Network Centric Software, Electronic Warfare, Radio Frequency & Microwave, Power Amplifiers, Antennas, Radar Signal and Data Processing, Multi Sensor Tracking and Data Fusion, Image Processing, Photonics (Electro-Optics and Lasers), System on Chip (SoC), Embedded Smart Computing, Big Data, Cloud and Data Analytics, Sensors, Navigation, Artificial Intelligence, Machine Learning, Cyber & Network Security, Secure Strategic Systems, Unmanned Vehicles, Decision Support, Simulation, War Gaming etc.

At the second tier, a centralised Product Development and Innovation Centre (PD&IC) located at Bengaluru, focusses on Automation Systems, Antennas, Crypto Systems, Embedded Systems, Energy Systems, Engineering Solutions, Radio Frequency and Microwave, Monolithic Microwave Integrated Circuits (MMIC), Sonar Systems, Super components, Electronic Warfare, Navigation and Stabilisation, etc. Additionally, 3 Centres of Excellence (CoEs) in the areas of Electronic Warfare & Photonics (EW&P), Military Communication Systems (MCS) and Radar & Weapon Systems (R&WS), located at Bengaluru, focus on System configuration and engineering of core technology modules into Products/Systems/Systems of Systems.

At the third tier, Development and Engineering (D&E) divisions operate in all Strategic Business Units (SBUs) and Units. These D&E divisions liaison with end customers from requirements elicitation, mapping them to technical specifications and developing products/solutions incorporating the core technology modules developed through the other tiers, i.e. CRLs, CoEs and PD&IC.

The D&E of Software SBU (formerly BEL Software Technology Centre - BSTC) addresses all requirements related to software modules either directly to the customers or through respective D&Es of SBUs/Units.

In BEL, the technology challenges are further being addressed through planned R&D initiatives, systems engineering, technology training for R&D Manpower, system driven obsolescence management and by leveraging expertise through suitable collaborative partners.

To overcome the challenge of lock-in to proprietary technologies, in feasible areas, BEL develops alternate/equivalent technology modules/solutions based on standard protocols and with modular designs. Even when a given Technology Module/Product/Solution is Built to Specs (tailormade for the defence forces), they are developed with standard interfaces so that they can be used as plug and play modules in larger systems so that modularity and scalability is ensured. This safeguards against the lock-in situation and ensures that the system developed is easily maintainable.

Further, wherever a subsystem or a component is procured, multiple sources for this subsystem/component are developed to safeguard BEL from getting locked into a single source. The ever-increasing need for optimised Size, Weight, Power and Cost (SWaP-C) is being addressed through development of a series of miniaturised platforms/products/solutions by optimising processing performance, packaging and thermal management with standards-driven approach. Obsolescence is being addressed through structured obsolescence management plan through indigenisation and by creating alternate sources.

R&D Initiatives and Achievements

Following are some of the new initiatives undertaken by BEL in the areas of R&D and technology development during FY 2021-22:

- Formation of Centres of Excellence in the technology areas of:
 - a) Military Communication Systems
 - b) Electronic Warfare & Photonics
 - c) Radar & Weapon Systems
- Focussed development groups in the emerging areas of Medical Electronics, Artificial Intelligence (AI), Robotics, Arms and Ammunition and Unmanned Systems
- BEL has taken up development of several Artificial Intelligence (AI) based products including AI

enabled Fake News Detector as part of Social Media Analytics, AI based Passive TWS (Track While Scan) System, Automatic Information Extraction and Synthesis-Intelligence Report Generation, Geographic profiling/Criminal Profiling for Crime and Suspect analysis as part of Social Network Analysis, AI based classifier for Frequency Modulated Continuous Wave (FMCW) radar, Predictive maintenance of Equipment using AI, Integrated Weather Support & Disaster Management System etc.

- Efforts are on to enhance collaboration with reputed Institutions and setting up R&D/Innovation cells in select institutions. BEL R&D Cell at Kochi has realised core technology modules/algorithms for Sonars and simulators. BEL R&D Cell at IIT Madras Research Park has developed core technology modules for communication systems. Establishing such R&D cells at other campuses is being explored.
- BEL has been vigorously pursuing Intellectual Property Rights (IPR) related activities year after year. Concerted efforts put in have resulted in grant of 11 patents during FY 2021-22. As on 31 March 2022, cumulative number of patents granted to BEL are 24.
- In FY 2021-22, a total of 137 new IPR applications were filed, including 65 patent applications. BEL R&D engineers have presented/published 51 papers in reputed conferences/seminars/journals.
- BEL has empanelled 24 new collaborative R&D partners in the year FY 2021-22. As on 31 March 2022, cumulative collaborative R&D partners empanelled are 303 (including 152 MSMEs). The partners are categorised under R&D solution providers, Design service providers, Consultants and Production service providers.
- BEL has taken initiatives to develop technologies in collaboration with premier Academic Institutions. The technology areas include Artificial Intelligence, UAV, Video Analytics, Smart City etc.

Specific areas in which R&D was carried on and benefits derived as a result of the activities:

During FY 2021-22, R&D projects were taken up by BEL and several projects were completed in specific business segments/areas. These include R&D projects in technology areas like Missile Systems, Radars, Electronic Warfare, Avionics, Military Communication, Naval Systems, Sonars, C4I systems, Photonics (Electro-Optics and Laser), Tank Electronics, Gun Upgrades,

Civilian Equipment, Homeland Security, Medical Electronics and Components. The benefits derived are in the form of major share of revenues generated by the Company in the above business segments. Several technology modules have been developed, some of which have resulted in import substitutions. Some of the BEL developed solutions have also resulted in receipt of export orders.

Details of major accomplishments in Equipments and Components area:

- R&D projects which have fetched considerable revenues for the Company (both Defence and Non-Defence segments) include:
 - a) SDR Variants
 - b) Improved Version of Link2-MOD3 System
 - c) Sensors for VSHORAD
 - d) IFF Mark XII for MRSAM
 - e) Navigational Complex System
 - f) IIR SEEKER FOR HELINA/NAG/PROSPINA
 - g) Gunner TI Sight for T-90
 - h) Spotter scope with Digital Camera
 - i) Continuous Zoom Lens 20-860 MM
 - j) Image Stabilisation
 - k) Multi Function Radar-VLSRSAM
 - l) EPS for P15B
 - m) Hand Held Laser Dazzler
 - n) ACCS 1135.6/ACCS SVL
- Some of the major Technology Modules and Subsystems developed indigenously, which have resulted in import substitution, are:
 - a) BUC 40W (LB)
 - b) PWA Multi-MODEM BASE PWA FLEX MODEM Assy
 - c) Modem For ETC
 - d) BUC 40W (HB)
 - e) MFSTAR Antenna
 - f) DG Set 18.5KVA
 - g) MODEM for GDU
 - h) Antenna 7M C Band
 - i) Antenna 2.4M
 - j) Navigation Computer
 - k) Secure Interface Unit

- l) Liquid to Liquid Cooling system
- m) 330 KW Electrical Power supply
- n) Radio Interface adaptor for ETC
- o) ESPF for IPSS
- p) LCD based TV Monitor for Reporter Radar
- R&D projects undertaken by BEL which have resulted in export are:
 - a) SDR-NC
 - b) HF/VHF Radio
 - c) Pan & Tilt for Servo Systems
 - d) CMS
 - e) 3D Surveillance Radar
 - f) 43X (20-860mm) Zoom Lens
 - g) MWIR HD Zoom Lens
 - h) HD VLF
 - i) Beacon MKIII
 - j) CSS
 - k) WLR

(e) Diversification/Expansion Plans - New Frontiers

As a diversification strategy, the Company has been exploring opportunities in allied defence and non-defence areas for growth, leveraging its strengths & capabilities acquired in the defence electronics domain and capitalising on the conducive policy environment encouraging indigenous solutions. In the past 5 years, the non-defence portion, on an average in Company's business is about 15-20% of total turnover. This year, the Company has about 12% of turnover from non-defence segment. The Company aims to achieve and grow the revenues from the non-defence business in the coming years to about 25% of Company's turnover.

The Company has been putting continuous efforts & focus to enter and address several new areas in both defence & non-defence for further expanding its business in new markets for sustainable growth. Some of the areas being focussed upon in defence include: Next Generation indigenous SAM Systems, RF Seekers, Imaging Infra-Red (IIR) Seekers, Arms & Ammunition and Explosives, Missile Electronics, Unmanned Systems, Airborne Radars, II and Thermal Imaging solutions for Night Vision Devices, Indian Regional Navigation Satellite System (IRNSS) based Inertial Navigation Systems (INS) and solutions, Directed Energy Weapons, countermeasure systems for Air platforms, Avionics

systems for next. Gen Aircraft/Helicopters, Software as a Service, Network & Cyber security etc.

Some of the areas being focussed in the non-defence include: Solutions for Civil Aviation sector including Air Traffic Management solutions, Advance Ground Control Surface Movement Radar, Anti Drone systems, Space/Satellite Electronics, Space Launch Vehicles, Satellite Communication Services, Space grade Solar Cells, Satellite Assembly & Integration, Solar Business, Railway and Metro Solutions, Software as a Service, Electric Vehicles (Li-ion & Fuel Cells, Charging Stations etc.), Homeland Security & Smart City Businesses, Smart Meters, a range of Medical Electronics and health care solutions (ICU Ventilators, Dialysis Machines, Patient Monitoring System, X-ray C arm, Ultra sound, MRI, Image/Voice/Video Analytics etc).

BEL has successfully diversified into Electronic Ammunition Fuses, Missile Seekers, Light Weight Composite Shelters & Masts, Homeland Security & Smart Cities, Network & Cyber Security, Rail & Metro solutions, Energy Storage Products, Solar Power Plants, Medical Electronics, Cells & Modules, Cyber Security, Digital Transformation solutions, Satellite Assembly & Integration, etc.

BEL also continuously strives to expand its business by capturing new customers in the existing geographical markets as well as new geographies for its proven products, systems & solutions. BEL has ventured into new business models like Government-owned Company Operated (GOCO), OPEX Model etc. (e.g. Class Room Jammers, X-ray Baggage Inspection Machines, etc.) to expand its business by capturing new customer segments. BEL is striving to exploit its dual-use technologies (e.g. SDR, Solar Cells, etc.) for expanding the market as well as customisation of its products/solutions to meet the new customer segments/geographical areas, especially in the export markets.

BEL is leveraging on its new International Marketing offices to expand the reach of its products & services to the new markets and also explore offset opportunities. BEL is also forging partnerships with other PSUs/industry players for quickly expanding the geo spatial reach through resource sharing.

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

1. Risk Management:

The Company has an established Enterprise Risk Management (ERM) framework to comprehensively address the potential Risks which may be

encountered by the Company in pursuit of its business objectives. The deployment of ERM is based on the Risk Management (RM) Policy of the Company, approved by the Board, based on the recommendation of the Risk Management Committee (RMC) of the Board.

A comprehensive framework for Risk Identification, Evaluation, Prioritisation and Mitigation of various risks associated with different areas such as Technology, Market, Product, Cyber Security, Operations, Finance, Human Resources, etc. are also defined in the Policy.

The risks having Company-wide impact, which needs review and advice, are placed before the RMC. Following review and recommendation by the RMC and approval by the Board (as applicable), these risks are addressed with appropriate mitigation measures. The implementation of mitigation measures are further reviewed by the RMC for compliance and the implementation status reported to the Board.

Risks which may significantly impact the operations of the Company or wherever deemed necessary are reported to RMC which reviews the risks and recommends to the Board for further deliberations and approval of mitigation measures.

2. Cost Reduction:

In view of increasing competitive environment in civil & defence, BEL has adopted cost reduction strategy as one of the thrust areas. "Cost Reduction" Task Forces are set up in all the Units/SBUs with members from Cross-Functional Areas. The Task Forces identify & take up projects and set target for achieving cost reduction with focus on both manufacturing & non-manufacturing areas and encompass all facets of business.

3. Indigenisation:

BEL strongly believes that achieving self-reliance is one of the prime objectives to meet the strategic needs of the nation. Towards this endeavour, around 80% of the Company's turnover is generated from indigenous technology.

In line with Government's "Make in India" policy, BEL has been taking several initiatives to achieve self-reliance through strong thrust on In-house R&D and Indigenisation, Increased outsourcing from Indian Private industries, Public Private Partnerships, Joint Ventures, Capacity expansion, Infrastructure Development & modernisation

etc. Major initiatives taken towards achieving the goals of indigenisation & self-reliance include:

- Continuous product development through In-house R&D efforts, Joint development by partnering with DRDO, National R&D Labs & Academia and Collaborative R&D partnership with Indian private sector (MSMEs/Start-ups) & foreign OEMs/Design houses.
- ToT based In-depth manufacturing from foreign OEMs.
- Import substitution of critical sub-systems through in-house/domestic vendor development.
- Three years R&D plan for Indigenous development.
- Outsourcing & Vendor Development Policy.
- Test facilities for use by Indian Private entities.
- EOIs published for imported items under Make-II to attract capable/prospective domestic manufacturers for indigenisation.
- Details of items planned for indigenisation uploaded on 'Srijan Portal', Indigenisation portal of MoD.

The Government has taken several policy initiatives and brought reforms to encourage indigenous design, development & manufacture of defence equipment within India, with an aim to reduce dependency on imports. These initiatives, inter alia, include (1) According priority to procurement of capital items from domestic sources under Defence Acquisition Procedure (DAP)-2020, (2) Notification of two 'Positive Indigenisation Lists' of total 209 items for which there would be an embargo on the import beyond the timeline indicated against them. There are as many as 169 items of BEL included in the lists. The lists have been hosted on Ministry of Defence website to give wide visibility to the Defence Industrial base in enabling them to effectively meet requirements of the Armed Forces. The initiative has been welcomed by the Indian industry.

In addition to this, setting up of the two defence corridors, one each in Uttar Pradesh and Tamil Nadu, aims to generate employment in coming years. Subsequently, six nodes, namely Aligarh, Agra, Chitrakoot, Jhansi, Kanpur and Lucknow were identified for Uttar Pradesh Defence Industrial Corridor (UPDIC) and five nodes, namely Chennai, Coimbatore, Hosur, Salem and Tiruchirappalli for Tamil Nadu Defence Industrial Corridor (TNDIC). Defence Industrial Corridors (DICs) are aimed at providing fillip to the defence manufacturing ecosystem in both States.

In order to meet the objectives set for Indigenisation of critical components, Government of India has been implementing various Action Plans that would address all aspects of the eco-system.

BEL has a greater role to play and complement in realising the Government's objectives on Indigenisation. With the sustained business growth of BEL in Defence Electronics, the opportunities for its supply chain partners are also on the increase, especially for the MSMEs, Start-ups and domestic players as the companies "thrust and thirst" has been on Indigenisation and Self-reliance since its inception.

While BEL's objective & initiatives provide tremendous scope for indigenisation activities, the Company is confident of increased participation from all sectors will lead to self-reliance and a win-win situation among its supply-chain partners.

DPSUs Positive Indigenisation List: MoD has released 1st DPSUs positive indigenisation list of 2,500 items (already indigenised) comprising 152 items of BEL & 351 items (to be indigenised in next 3 years) comprising 18 items of BEL during Dec 2021. 2nd DPSUs Positive indigenisation list has been released during March 2022 comprising 107 major LRUs/Subsystems across various segments. BEL has 21 major LRUs/Subsystems in the 2nd DPSUs Positive Indigenisation list which are under Make-II scheme and Eols have already been published for the same.

(B) Internal Control System and its Adequacy:

BEL has a robust system of internal controls in place. It has documented policies and procedures on Purchase, Sub-contract, Works contract, Accounting, HR, IT and Security, Sub-delegation of Powers, etc. covering all financial and operating functions, and revised in tune with the changing times. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, and protecting assets from unauthorised use or losses, compliance with regulations, etc. BEL has implemented File Life Cycle Management System (FLM) for online processing and approvals of procurement and other proposals, which facilitates complete transparency, accountability, protection and security of the information/files. Elaborate guidelines for preparation of accounts are followed consistently for compliance with Indian Accounting Standards (Ind AS) and Companies Act, 2013.

BEL has implemented Company-wide ERP system (SAP) with centralised deployment. Governance Risks and Compliance (GRC) Access Control module has been implemented as the primary means of addressing user access risks by embedding preventive rule based checks while assigning authorisations to business transactions.

Authorisations to users are given based on principles of Segregation of Duties and Least Privilege. Risk rules have been configured in the system in several business processes like Finance, Procure to Pay, Order to Cash, Material Management, HR and Payroll. Risk analysis reports are regularly run to ensure that processes are under control. Additional control in the form of biometric fingerprint authentication for critical transactions is also in place. Audit logs for all changes in roles and authorisations are maintained.

BEL has its own Internal Audit Department commensurate with the size of its operations, with teams of professionally qualified personnel who conduct regular and comprehensive internal audits to ensure that all checks and internal control systems are in place. Services of external professional audit firms are being utilised to carry out 100% vouching of vendor payments (including travel/medical claims/reimbursements) in nine Units (including BEL Corporate Office, CRL BG Cx, CRL Ghaziabad and PDIC during 2021-22). The Company has sub-committee of the Board viz. Audit Committee (AC) to keep a close watch on compliance with Internal Control Systems. Also, being a Government Company, BEL is subject to Audit by Comptroller & Auditor General of India (C&AG).

BEL's Internal Audit teams are located at major manufacturing units and Corporate Office of the Company which carry out audits as per risk-based Annual Audit Programme approved by Audit Committee of the Board. New centre is also planned to address the increased volume of transactions in certain regions wherever required. All the Internal Audit teams submit audit reports to their team leaders and after considering the Auditees' replies/action taken reports, team leaders submit reports of significant issues observed during audit to Head of Internal Audit on periodical basis. Head of Internal Audit submits his/her reports to Company's Management at various levels for corrective actions and finally submits report to the Audit Committee of Board indicating status of compliance with well-established internal control systems of the Company and plan for mitigating the key risks associated with major activities of the Company. State-of-the-art Data Analytical Tool is also being used in Internal Audit for monitoring of data for identification of outliers, if any.

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

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

(C) Financial/Operational Performance:

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

2. Performance Highlights:

Particulars	Year ended	
	31 March 2022	31 March 2021
Revenue from Operations	15,31,376	14,06,383
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	3,30,924	3,18,112
EBITDA Margin (EBITDA/ Revenue from operations [Net])	21.61%	22.62%
Profit After Tax	2,34,893	2,06,542
No. of Days Inventory/ Value of Production	133	130
No. of Days Trade Receivables/Turnover	148	173
Current Ratio	1.39	1.41
Debt Equity Ratio	-	-

3. Analysis of Financial Performance of FY 2021-22:

- Turnover registered a growth of 8.87% from ₹ 13,81,816 Lakh in 2020-21 to ₹ 15,04,367 Lakh in 2021-22.
- Value of Production has increased from ₹ 13,94,749 Lakh in 2020-21 to ₹ 15,32,064 Lakh in 2021-22. Increase of 9.85%.
- 13.73% increase in Profit After Tax, from ₹ 2,06,542 Lakh in 2020-21 to ₹ 2,34,893 Lakh in 2021-22.
- Increase of PAT to Turnover Ratio from 14.95% in 2020-21 to 15.61% in 2021-22.
- Turnover per Employee has increased from ₹ 150.66 Lakh in 2020-21 to ₹ 169.93 Lakh in 2021-22.
- Earnings Per Share has increased from ₹ 8.48 in 2020-21 to ₹ 9.64 in 2021-22.
- Book Value Per Share has increased from ₹ 44.36 in 2020-21 to ₹ 49.18 in 2021-22.
- Net Worth has increased from ₹ 10,80,789 Lakh in 2020-21 to ₹ 11,98,426 Lakh in 2021-22.
- Return on Net Worth has increased from 19.11% in 2020-21 to 19.60% in 2021-22. The main reason for increase is due to increase in value of production by 9.85%.

(D) Development in Human Resources:

BEL has been focussing on sustained development of its employees, both at the individual and at the team level through various Human Resources Development initiatives. The focus has been on Development and Enhancement of Functional, Behavioural and Leadership Competencies in Executives across all Domains and Grades. In line with this various Technology specific programmes, Management Development Programmes, Quality Related Certification Programmes and CEP Programs were organised both Internally through Subject Matter Experts and Externally through Premier Training Institutions.

Some of the Learning and Development initiatives rolled out during the year are enumerated below:

Sl. No.	Name of the Program	Brief of the Program	Target Audience	Coverage
1	Creativity and Innovation Program (CIP)	Creativity and Innovation is an essential imperative for executives in our organisation. This Program will address the business case for innovation and varied aspects of Creativity and Lateral Thinking required for progressing towards innovative behaviour culminating in effective growth.	E-II & E-III Executives	20 Executives attended the program
2	Re-Orientation Program for Promotee Executives	Re-orientation Program for Promotee Executives (ROPE) is organised as a structured development program to impart basic behavioural and management principles and concepts to promotee executives.	E-I & E-II Grade Executives	30 Executives attended the program
3	General Management Program for Young Executives (GEN Y)	General Management Program for Young Executives (GEN Y) Program is organised to sensitise executives in E-II/E-III grade with the trends in business environment and impart basics of general management subjects.	E-II & E-III Grade Executives (Directly Inducted)	29 Executives attended the program
4	Deputy Managers Executive Education Program (DEEP)	Deputy Managers Executive Education Program - DEEP is being conducted to familiarise executives in E-IV grade to develop a deeper insight into management functions like Strategy, Finance, Marketing, HR, etc. and provide an integrated perspective for executive development. The contents of the program have been curated to be in line with the requirement of FDC of BEL.	E-IV Executives	30 Executives attended the program
5	Young Leaders Program (YLP)	Current business environment demands executives to achieve peak performance for business excellence. This dedicated program is conducted for executives to address competencies required for their personal development enabling them to progress towards leadership roles facilitating business goals.	E-IV Grade Executives	25 Executives attended the program
6	Leadership Acceleration Program (LEAP)	Leadership Acceleration Program is being conducted to enhance leadership skills as executives in Manager grade hence enabling them to evolve as effective leaders. This program equips Managers to understand interpersonal dynamics & leverage the same to foster a high performance work culture.	E-V	79 Executives attended the program
7	Program for Awareness on Coaching Essentials (PACE)	Two programs were conducted to help Executives understand the concepts, methodology and practices in Coaching.	E-V Grade Executives	71 Executives attended the program
8	Induction Program Probationary Engineers	The Induction Program will enable PEs to understand the business operations and manufacturing procedures at BEL, with specific technical overviews along with Plant visit and Customer Site visit. The Induction Program also provides an opportunity for the PEs to imbibe professional skills that will help them to align with Organisational culture and requirements.	E-II Grade Executives	33 Probationary Engineers Recruited during FY attended the program
9	Intellectual Property Rights	The Program provides basic awareness on Intellectual Property Rights covering the various types of Intellectual Property like patents, copyrights, trademarks etc.	All Executives	143 Executives attended the program
10	Competency Enhancement Training Program (COMET)	Competency Enhancement Training Program (COMET) was conducted to enhance specific competencies for Executives after mapping the competencies in E-I to E-III grades, based on BEL Behavioural Company Model, analysing the group reports, identified behavioural competencies.	Executives in E-I to E-III grades	155 Executives attended the program
11	Finance for Non-Finance Exec Program	Developing a financial acumen is essential for all Executives. Also, in a highly competitive business environment, working knowledge of financial concepts is essential. This Program will enable participants to gain insight into various aspects of Finance and in turn take informed decisions.	E-III & above	55 Executives attended the program

Sl. No.	Name of the Program	Brief of the Program	Target Audience	Coverage
12	Competency Development Program (CODE)	Online Development Centres (ODC) has been conducted for executives in E-IV and E-V grades to identify the gaps in the Competencies based on BEL Behavioural Company Model. Analysing the group reports, identified behavioural competencies has been focussed in Competency Development Program (CODE) for enhancing specified competencies for individual and organisational excellence.	E-IV and E-V Grade Executives	240 Executives attended the program
13	High Impact Trainer (Train the Trainer) (HIT) Program	High Impact Trainer Program is a Train the Trainer Program conducted to develop a pool of internal Trainers possessing the appropriate competencies required for imparting training in various domains.	Executives in E-IV and above Grades.	27 Executives attended the program
14	Mastering the Art of Feedback (MAF)	Receiving and giving feedback is an integral part of Performance Management. This program is being conducted to empower our executives to receive and provide feedback for improving and building High Performance Teams.	E-IV & above	136 Executives attended the program
15	Enterprise Risk Management (ERM)	The occurrence of unanticipated business risks for the organisation is high. Enterprise Risk Management Program will provide a comprehensive overview to the participants on the theory and practice of Enterprise Risk Management.	E-V and above Grade Executives	35 Executives attended the program
16	Strategy Building and Competitive Intelligence (SBCI)	The current business scenario is intensely competitive and hence there are challenges posed by various players in different business segments. This Program will enhance strategising skills essential to achieve business growth.	E-VI and above Grade Executives	27 Senior Executives attended the program
17	Labour Laws and Domestic Enquiry Procedures Program	Legal System and Labour Legislations have a considerable impact on the functioning of industrial establishments. This program has been conducted for our Executives to be judicious and be aligned with the legal procedures prevalent since there are legal ramifications.	Executives in various grades.	32 Executives
18	Advanced Leadership Program (ALP)-I	Assessment Centres are being conducted for senior executives to assess their Behavioural Competencies based on the BEL Behavioural Competency Model. Based on the Group Reports, identified Behavioural Competencies has been addressed in the Advanced Leadership Program for building these competencies for individual growth and organisational excellence.	Executives in E-VI and E-VIA and E-VII Grade	54 Executives attended the program
19	Assessment and Development Centres Certification Program (ADCC)	Competency based Assessment and Development Centres program are being conducted for our Executives to assess their level of leadership competence. This program enhances the knowledge of our executives for internal capability building; to align with the competency based development initiatives.	Executives in E-V and above Grades	33 Executives Nominated for the Program
20	Post Graduate Certificate in Management- I & II	Managers face the challenge of increasing competition due to the globalisation of business and economy. Salient changes witnessed are the liberalisation of economies, new industry structures, technological advances, changes in the customer preferences and emergence of new forms of organisation and management practices. This Program will enable participants to have an in-depth knowledge of business subjects.	E-IV & above Grade Executives	25 Executives attending in Each batch of the program
21	Certificate Program in Executive Coaching	Leader have to appreciate that business goals can be achieved by instituting a coaching culture in the organisation it is imperative to gather leadership insides through the process of capability building in executive coaching for individual and organisation growth.	E-V & above	24 Executives Nominated for the Program

In addition to the above, the following new Domain-wise Competency Enhancement Programs were initiated during the financial year 2021-22

Sl. No.	Name of the Program	Brief of the Program	Target Audience	Coverage
1	Competency Enhancement Program for Material Management Executives (Purchase)	To enhance the competency of executives working in the Sub Contract domain, this program is organised covering the topics critical aspects of Purchase Procedure Preventive Vigilance and internal controls pertaining to Purchase Domain, Goods and Services Incoterms 2020 GST Letter of Credit Mechanism and Customs Procedure	All Executives of Purchase Department across Units	46 Executives attended the program
2	Competency Enhancement Program for Material Management Executives (Sub-Contracts)	To enhance the competency of executives working in the Sub Contract domain, this program is organised covering the topics critical aspects of Sub Contract Procedure Preventive Vigilance and internal controls pertaining to subcontracts Domain, Goods and Services	All Executives of Sub -Contracts Department across Units	33 Executives attended the program
3	Competency Enhancement Program for Marketing Executives	This program focusses on development of better customer insights so that opportunity can be seized in a changing business environment. It also touches upon aspects of branding, forecasting and regulatory frameworks and International Trade Laws	All Executives of Marketing Department across Units	31 Executives attended the program
4	Competency Enhancement Program for Finance Executives	Awareness Program on INCOTERMS – 2020 (6 Batches) To enhance the knowledge of executive and the revised INCOTERMS 2020	Finance Executives	123 Executives attended the program

During the FY 2021-22, various Technology programs were conducted to enhance Domain knowledge and Competencies of our engineers in various technology areas. Executives were also nominated for External Technology programs conducted by Premier Institutes. Some of the programs conducted at BAE/Nominated by BAE are:

Sl. No.	Name of the Program	Brief of the Program	Target Audience	Coverage
1	60 Unique technology programs from various technology domains	Topics on Communication, Signal Processing, RADAR, SONAR, Microwave Engineering, Antenna, Rob dynamics, GIS, Automation, Control Systems, Simulators, Avionics & Electronic Warfare Systems, EMI/EMC, RFIC Design, Unmanned Systems, Artificial Intelligence, Data Analytics, Machine Learning, Cryptography, Cyber Security, Simulators, IoT, Cloud Computing, Programming Languages.	EII-EVIA	2,057 Executives attended the program
2	Certification Programs	Topics on Wireless & Cellular Communication, SDR, Microwave Engineering, Mechanical Vibration, Machine Learning, Cryptology, Artificial Intelligence, FPGA, RADAR, Antenna, EW&A, Image Processing, Industry 4.0, HVAC, IndAS, GST, IBC, CDMA/MIMO/OFDM, Patent law for Engineers & Scientists, Manufacturing Automation, Control Systems, Unmanned Systems.	EII-EV	117 Executives attended the program
3	M.Tech (Communication & Signal Processing) - IIT Madras	Covers advance topics in DSP, Modulation and Coding, Wave propagation, Antenna, Wave guides, Microwave circuits and RADAR systems.	EII-EV	20 Executives are attending the program
4	M.Tech (Data Science & Engineering/AI) -BITS, Pilani	Provides mathematical foundation for data science and develop models based on AI, ML, Deep Learning and Natural Learning processing.	EII-EV	35 Executives attended the program
5	IITM - M.Tech (Microelectronics) - IIT Madras	Specialisation in Microelectronics with emphasis on design, simulation, modelling, fabrication and testing of microelectronic devices and systems.	EII-EV	20 Executives are attending the program
6	M.Tech (Communication & Signal Processing with Networks Specialisation) - IIT Madras	Covers advance topics in the areas of communications & signal processing, with a focus on networks that includes wireless LANS, cellular communication networks.	EII-EV	13 Executives are attending the program

In the Quality Domain, following Programs were conducted during FY 2021-22:

Sl. No.	Name of the Program	Brief of the Program	Target Audience	Coverage
1	Certified Quality Engineer (ASQ-CQE)	The ASQ-CQE Certification is a globally recognised certification for Quality Engineers working in any fields. This is the mother of all ASQ Certifications, and it is one of the most comprehensive programs on quality. The program covers the whole set of quality concepts which are imperative for any Engineer working in any field, and who intends to improve his/her work processes. The ASQ-CQE Body of Knowledge (BoK) covers all the latest and relevant global concepts on quality and related topics.	Executives in E-III to E-VIA grade	47 Executives attended the program
2	Certified Reliability Engineer (ASQ-CRE)	The ASQ-CRE is one of the most sought-after and globally recognised certification for Design Engineers. The ASQ-CRE Body of Knowledge (BoK) includes design review and control, prediction, estimation, and apportionment methodology, FMEA, Planning, operation and analysis of reliability testing including mathematical modelling, understanding human factors in reliability and the ability to develop and administer reliability information systems for failure analysis, design, and performance improvement over the entire product lifecycle	Executives in E-III to E-VIA grade	47 Executives attended the program
3	Certified Manager of Quality/Organisational Excellence (ASQ-CMQ/OE)	The ASQ-CMQ/OE is one of the most prestigious and globally recognised certification for top level Quality Managers. The ASQ-CMQ/OE Body of Knowledge (BoK) includes topics like: Lead and champion process improvement initiatives in organisations. Lead team efforts to establish and monitor customer/supplier relations; support strategic planning and deployment initiatives. Develop measurement systems to determine organisational improvement. Motivate and evaluate staff; manage projects and human resources. Analyse financial situations, determine and evaluate risk, and employ knowledge management tools and techniques in resolving organisational challenges.	Executives in E-V to E-VII grade (E-V + 4 Years' Experience)	20 Executives attended the program
4	Project Management Professionals (PMP)	The PMP Certification [based on Exam Content Outline (ECO)] is one of the most sought-after and globally recognised certification for Project Managers. The Project Management Body of Knowledge (PMBOK) includes ten Knowledge Areas (KAs) and the Agile Practice Guide. There are a total of 49 processes in these ten KAs grouped under five Process Groups i.e. Initiating, Planning, Executing, Monitoring & Controlling and Closing Process Group. This program introduces the participants with the basic project Management terminology, glossary and concepts including the Agile concepts as given in the PMBOK Guide. This "35 Contact Hours Project Management Preparatory Training" Program is a mandatory requirement for taking the PMP certification exam offered by PMI-USA.	Executives in E-IV to E-VII grade	93 Executives attended the program
5	Design for Six Sigma – Green Belt (DFSS-GB) (ISI)	Studies have shown that 70 - 80% of all quality problems are design related. The Design for Six Sigma (DFSS) aims to design or redesign products, services or processes so as to achieve Six Sigma quality. In addition to Six Sigma DMAIC tools, the program provides additional tools, structure and better methods for new design or design modification to achieve greater commercial and technical success of the ultimate product or service. The DFSS approach uses a structured method of DMADV, which indicates the five phases of design improvement, i.e. Define, Measure, Analyse, Design, and Verify.	Executives in E-III to E-VIA grade	47 Executives attended the program
6	Certified Six Sigma Black Belt (CSSBB) (ISI)	Six Sigma-DMAIC methodology is a powerful breakthrough business strategy based on data and fact driven approach, and sound performance metrics coupled with statistical analysis. It uses a structured method of DMAIC, i.e. Define, Measure, Analyse, Improve, and Control. The program is at Black Belt (BB) level. A Certified Six Sigma Black Belt (CSSBB) can successfully apply the methodology for breakthrough process improvement resulting in significant improvement in quality, productivity and competitiveness.	Executives in E-IV to E-VIA grade	19 Executives attended the program

Sl. No.	Name of the Program	Brief of the Program	Target Audience	Coverage
7	Business Analytics & Data Management (BA&DM) (ISI)	Data are extremely important for an organisation. The insights gained from data analysis can help an organisation develop specific strategies and actions to cost reduction, new product development and optimised customer offerings, and smarter business decision making that drives growth and reduces risks. In order to move to a fact-based decision making culture, managing performance, establishing a framework for decision-making and aligning strategies, the today's organisations must adapt business analytics. The course will dwell upon the data management techniques, supervised learning for developing models using statistical learning techniques, and machine learning techniques.	Executives in E-III to E-VIA grade	18 Executives attended the program
8	ISO 14001:2015 EMS Internal Auditor Program	Internal audit is an important aspect of an Environmental Management System. This course is intended to provide an understanding of the global environmental issues, the national and international legal and regulatory framework for environmental protection, and the requirements of the ISO 14001:2015 Standard. The program also covers the auditing requirements, and methodologies essential to conduct an effective internal audits per ISO 19011 Guidelines. Audit case studies and open discussions are used to reinforce the learning and required skills of an internal auditor.	Executives in E-IV to E-VIA grade	44 Executives attended the program
9	SIX SIGMA DMAIC - GREEN BELT (GB)	Six Sigma is a data-driven, process-oriented approach, for causing breakthrough improvement in products, processes, and services. Six Sigma is a new culture of doing business. It started with defect elimination through variability reduction in processes, and has become now a means to achieve business excellence. Six Sigma DMAIC methodology uses a structured method of Define, Measure, Analyse, Improve and Control. The program will cover the basic concepts of Six Sigma, various quantitative data analysis techniques for structured problem solving method, lean concepts, principles and tools. This program will equip the participants to acquire Six Sigma Green Belt certifications, and to successfully apply the methodology for breakthrough improvement.	Executives in E-III to E-VIA grade	183 Executives attended the program
10	Six Sigma Green Belt for Software (SSGB-SW) (ISI)	Six Sigma is a data-driven, process-oriented approach, for causing breakthrough improvement in products, processes, and services. It started with defect elimination through variability reduction in processes, and has become now a means to achieve business excellence. Six Sigma DMAIC methodology can be effectively used in software field for designing and developing high reliable software products based on data analysis. It uses a structured method of Define, Measure, Analyse, Improve and Control. The program will equip the participants to acquire Six Sigma Software Green Belt certifications, and to successfully apply the methodology for breakthrough improvement.	Executives in E-III to E-VIA grade	25 Executives attended the program

Some of the external/open programs attended by our Executives are:

- | | |
|---|--|
| i. Webinar on Overview on Lean Management organised by SODET. | vii. Workshop on posh of women at workshop organised by NIPM. |
| ii. Course on operational audit with idea analytics by IIA. | viii. CII Annual Meeting 2021 on the Theme: India @75: Government and Business working together for Atmanirbhar Bharat by CII. |
| iii. Online program on applications of GeM, GFR & CPP in Public Procurement organised by Ni-MSME. | ix. Webinar on Practical Aspects of POSH - Concerns & Challenges by EFSI. |
| iv. Orientation Program on Insolvency & Bankruptcy Code organised by DPE. | x. 15 th Global Communications Conclave - Communication 2021-2030 "Mapping the Mega Trends" by PRCI. |
| v. IIMB CCGC Webinar on Corporate Reporting Dialogue: Future of Corporate Transparency and Disclosure by IIM Bangalore. | |
| vi. Program on management of technology and innovation organised by IPE. | |

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Bengaluru
28 July 2022

Annexure-5 Corporate Governance Report

Philosophy and Code of Governance

Bharat Electronics Limited's (the Company/BEL) philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, compliances, transparency in decision-making and avoidance of conflicts of interest. The Company gives importance to adopted corporate values and objectives and continuously ensures ethical and responsible leadership at all levels in discharging social responsibilities as a corporate citizen. The Company 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.

The Company strives to transcend much beyond the basic requirements of Corporate Governance, focussing consistently towards value addition for all its stakeholders.

Board of Directors

Composition

Pursuant to the Companies Act, 2013, Bharat Electronics Limited is a 'Government Company' as 51.14% of the total paid-up share capital of the Company is held by the President of India as on 31 March 2022.

In line with the provisions of Regulations 17 of SEBI (LODR) Regulations, 2015, (hereinafter called 'the Listing Regulations') and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Dept.

of Public Enterprises, Govt. of India (DPE Guidelines), the composition of the Board of Directors of the Company has an appropriate mix of Executive Directors represented by Functional Directors, including the CMD and the Non-Executive Directors represented by Government Nominee Directors & Independent Directors, to maintain the independence of the Board and to separate the Board functions of management and control. As the Chairman is an Executive Director, Independent Directors comprise half of the strength of the Board.

As on 31 March 2022, BEL Board of Directors comprises of four Whole-time Executive (Functional) Directors including the CMD, two Part-time Government (Non-executive) Directors and eight Part-time Independent (Non-executive) Directors including one Woman Independent Director.

Meetings and Attendance of Board Meetings

During the financial year ended 31 March 2022, eight Board meetings were held and the maximum interval between any two meetings was not more than 120 days. The Board Meetings were held on 30 April 2021, 31 May 2021, 22 June 2021, 6 August 2021, 3 September 2021, 29 October 2021, 28 January 2022 and 17 March 2022. The requisite quorum was present for all the meetings. 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 2022 are given below:

Sl. No.	Name of Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 28 Sept. 2021	No. of Directorship(s) held *	No. of Committee Membership across all Companies#		Directorship in other listed entity (Category of Directorship)
						As Member	As Chairman	
Whole-Time Functional (Executive) Directors								
1	Mr M V Gowtama (ceased to be Director w.e.f 30.06.2021)	03	03	NA	-	-	-	-
2	Mrs Anandi Ramalingam	08	08	Yes	02	02	Nil	Nil
3	Mr Vinay Kumar Katyal	08	08	Yes	02	01	Nil	Nil
4	Mr Shivakumaran K M (ceased to be Director w.e.f 31.08.2021)	04	04	NA	-	-	-	-
5	Mrs Shikha Gupta (ceased to be Director w.e.f 07.05.2021)	01	Nil	NA	-	-	-	-
6	Mr Dinesh Kumar Batra	08	07	Yes	03	01	02	Nil
7	Mr Rajasekhar M V	08	08	Yes	03	02	Nil	Nil

Sl. No.	Name of Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 28 Sept. 2021	No. of Directorship(s) held *	No. of Committee Membership across all Companies#		Directorship in other listed entity (Category of Directorship)
						As Member	As Chairman	
Part-time Government (Non-executive) Director								
8	Ms J Manjula	08	01	No	01	Nil	Nil	Nil
9	Mr Anurag Bajpai	08	05	No	04	Nil	Nil	Mishra Dhatu Nigam Ltd. - Nominee Director
Part-time Independent (Non-executive) Directors								
10	Mr Sunil Kumar Kohli	08	08	Yes	01	00	02	Nil
11	Dr. Parthasarathi P V (appointed as Director w.e.f 28.12.2021)	02	02	NA	01	00	00	Nil
12	Mr Mansukhbhai S Khachariya (appointed as Director w.e.f 28.12.2021)	02	02	NA	01	01	00	Nil
13	Dr. Santhoshkumar N (appointed as Director w.e.f 28.12.2021)	02	02	NA	01	00	00	Nil
14	Mr Prafulla Kumar Choudhury (appointed as Director w.e.f 28.12.2021)	02	02	NA	01	01	00	Nil
15	Dr. Shivnath Yadav (appointed as Director w.e.f 28.12.2021)	02	02	NA	01	01	00	Nil
16	Mr. Gokulan B (appointed as Director w.e.f 20.01.2022)	02	02	NA	01	00	00	Nil
17	Mrs. Shyama Singh (appointed as Director w.e.f 07.02.2022)	01	01	NA	01	00	00	Nil

*Directorship in Companies registered under the Companies Act, 2013, excluding Directorships in Private Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

#Pursuant to Regulation 26 of the Listing Regulations, the Chairmanship/Membership of Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies are considered.

None of the Directors had any relationship inter-se during the year 2021-22. None of the Non-executive Directors held any equity shares or convertible instruments of the Company.

The number of Directorship and Committee positions given above are as notified by the Directors and it is confirmed that none of the Directors of the Company has been a member of more than ten Committees or acted as Chairman of more than five Committees across all Companies in which he/she is a Director. None of the Directors of the Company holds directorships in more than ten public companies and none of the Directors of the Company serves as Director or as an Independent Director in more than seven listed Companies. None of the Whole-Time Directors/Managing Director of the Company serves as an Independent Director in more than three listed Companies.

The Company has proper systems to enable the Board to periodically review the Compliance Reports of all laws applicable to the Company and steps taken by the Company to rectify instances of non-compliances. The Board reviewed Compliance Reports on a half-yearly periodicity.

Based on the declarations received from the Independent Director, the Board of Directors confirms that the Independent Director fulfils the criteria of independence specified in the

Listing Regulations and that they are Independent of the Management. None of the Independent Director(s) of the Company resigned before expiry of his/her tenure.

Skills/Expertise/Competencies of the Board of Directors

BEL is a Government Company and all Directors on its Board viz., Functional Directors, Government Nominee Directors and Independent Directors are appointed by the President of India, through the Administrative Ministry. The skills/expertise/competencies as required in the context of business(es) & sector(s) pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government as per a well laid out process for each category of Directors.

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

Familiarisation Programme for Independent Directors

At the time of induction of an Independent Director(s), a welcome letter is addressed to Director(s) along with details of duties and responsibilities required to be performed as a Director in addition to the compliances required from him under the Companies Act, 2013, the Listing Regulations and other applicable Regulations. The Management of the Company familiarises the newly appointed Director(s) about the Company, its operations, various policies and processes of the Company, various divisions of the Company and their role and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practices and orientation programmes etc. conducted by various institutes of repute. Details of training imparted to Directors are disclosed on the website of the Company at the web-link: <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=2505&LId=1&link=2505>

Certificate from Company Secretary in Practice

M/s Thirupal Gorige & Associates LLP, Practicing Company Secretaries, has issued a certificate as required under the Listing Regulations confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the Companies by the SEBI/Ministry of Corporate Affairs or any such Statutory Authority as on 31 March 2022. The certificate is attached with this Report.

Mandatory Committees of the Board of Directors Audit Committee







































The composition of the Audit Committee as on 31 March 2022 is in line with Section 177 of the Companies Act 2013 (the Act), Regulation 18 of the Listing Regulations, and DPE Guidelines. The Company's Audit Committee consists of three (03) Independent Directors. In addition, the Company's Statutory Auditors, Director (Bangalore Complex), Director (Finance), Director (Other Units) and Head of Internal Audit are also regularly invited to attend the Audit Committee meetings. The Chairman of the Audit Committee is an Independent Director. The Chairman of Audit Committee has attended the 67th Annual General Meeting of the Company held on 28 September 2021. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013, Regulation 18 read with Schedule II Part-C of Listing Regulations and DPE Guidelines (except to the extent of exemptions provided to Govt. Companies). The Audit Committee met six (6) times during the year 2021-22. All the recommendations of the Audit Committee have been accepted by the Board of Directors.








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

- Oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference as stated in Schedule II Part C (A) (4) of the Listing Regulations;
- Review and monitor the auditor's independence, performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the Management, performance of statutory and internal auditors, the adequacy of internal control;
- Review 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;
- Review of 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;
- Look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the Whistle Blower Mechanism;

- Review the Code of conduct for Prevention of Insider Trading;
- Review the Management Discussion and Analysis of financial condition and results of operations;
- Review the statement of significant related party transactions (as defined by the audit committee), submitted by Management;
- Review management letters/letters of internal control weaknesses issued by the statutory auditors;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Reviewing the utilisation of loans and/or advances from/ investment by the holding Company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments;
- Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- Review the internal audit reports relating to internal control weaknesses;
- Review the follow-up action on the audit observation of the C&AG audit;
- Carry out any other function as may be referred to the Committee by the Board.

The Composition of the Audit Committee during the year 2021-22 and details of the Members participation at the meetings are as under:

Name	Category	Position Held as on 31 March 2022	Attendance at the Audit Committee Meetings held on:					
			22 June 2021	05 August 2021	28 October 2021	19 January 2022	27 January 2022	25 March 2022
Mr Sunil Kumar Kohli								
Ms J Manjula (Ceased to be Member w.e.f 31.12.2021)		-						
Mr Anurag Bajpai (Ceased to be Member w.e.f 31.12.2021)		-						
Mr. Prafulla Kumar Choudhury (Appointed as Member w.e.f 31.12.2021)								
Dr. Shivnath Yadav (Appointed as Member w.e.f 31.12.2021)								

 Independent Director
  Non-Executive Nominee Director
  Chairman
  Member
 Attended
  Not Applicable
  Leave of Absence






















































Nomination and Remuneration Committee









The composition of the Nomination and Remuneration Committee as on 31 March 2022 is in line with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. The Chairman of Nomination and Remuneration Committee is an Independent Director. The Chairman of Nomination and Remuneration Committee has attended the 67th Annual General Meeting of the Company held on 28 September 2021. The terms of reference of the Nomination and Remuneration Committee are as specified in Section 178 of the Companies Act, 2013, Regulation 19 read with Schedule II Part-D of Listing Regulations (except to the

extent of exemptions provided to Govt. Companies). Some of the important functions performed by the Nomination and Remuneration 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 from time to time;
- Approval of Performance Related Pay to the employees of the Company;
- Selection of Executive Directors (EDs)/General Managers (GMs) below Board level.

The Nomination and Remuneration Committee met six (6) times during the year 2021-22. The Composition of the Committee during the year 2021-22 and details of the Members participation at the meetings of said committee are as under:

Name	Category	Position Held as on 31 March 2022	Attendance at the Nomination and Remuneration Committee Meeting held					
			30 April 2021	17 & 18 June 2021	29 July 2021	29 October 2021	05 January 2022	20 & 21 January 2022
Mr Sunil Kumar Kohli								
Ms J Manjula (Ceased to be Member w.e.f 06.01.2022)		-						
Mr Anurag Bajpai (Ceased to be Member w.e.f 06.01.2022)		-						
Mr M V Gowtama (Ceased to be a member w.e.f 30.06.2021)		-						
Mrs. Anandi Ramalingam (Appointed as Member w.e.f 07.07.2021)								
Dr. Parthasarathi P V (Appointed as Member w.e.f 06.01.2022)								
Dr. Santhoshkumar N (Appointed as Member w.e.f 06.01.2022)								

 Independent Director
  Non-Executive Nominee Director
  Executive Director
  Chairman
  Member
 Attended
  Not Applicable
  Leave of Absence

Remuneration Policy and Performance Evaluation of Directors

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 the Ministry of Defence and they are not entitled to any remuneration/sitting fees.

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

The appointment/remuneration and other matters in respect of Key Managerial Personnel and Senior Management Personnel are governed by the BEL Recruitment Rules and Procedures and subject to the policies and directives that may be issued by the Board of Directors and/or CMD as the case may be from time to time. Pay scales of the KMPs and Senior Management Personnel are governed by Presidential Directives received from the Ministry of Defence.

The Independent Director(s) reviewed the performance of the Chairman & Managing Director, Functional Whole-Time Directors, Non-Independent Directors and the Board as a whole in a separate meeting of Independent Director(s) held on 25 March 2022. An exercise was carried out to evaluate the performance of the Individual Directors, including the CMD on the basis of certain important parameters like level of engagement and contribution, exercising independence of judgement, achievement of objectives and targets, protection of interest of various stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board.

Remuneration paid to Directors during for the FY 2021-22 is as under:

(Amount in ₹)					
Name of Director	Designation As on 31.03.2022	Salaries & Allowances	Performance Linked Incentive	Other Benefits and Perquisites	Total
Mr M V Gowtama (Ceased to be a Director w.e.f 30.06.2021)	Chairman and Managing Director	12,31,054	55,558	10,36,766	23,23,378
Mrs Anandi Ramalingam	Director (Marketing), Additional Charge - CMD, Director (Human Resource) & Director (Other Units)	41,58,526	14,77,488	23,77,216	80,13,230
Mr Vinay Kumar Katyal	Director (Bangalore Complex)	37,07,999	13,16,381	21,02,721	71,27,101
Mr Shivakumaran K M (Ceased to be a Director w.e.f 31.08.2021)	Director (HR)	16,89,259	35,822	10,41,586	27,66,667
Mrs Shikha Gupta (Ceased to be a Director w.e.f 07.05.2021)	Director (Other Units)	4,43,039	28,222	2,20,531	6,91,792
Mr Dinesh Kumar Batra	Director (Finance) & CFO	35,88,714	11,10,542	19,95,316	66,94,572
Mr M V Rajasekhar	Director (R&D)	40,78,135	10,56,205	13,51,497	64,85,837

Part-time Official (Government/Non-executive) Directors are not paid any remuneration or sitting fees for attending Board/Committee meetings. Part-time Independent (Non-executive) Directors are paid sitting fees of ₹ 20,000 for each Meeting of the Board & Board Committee(s) meetings attended. w.e.f 22 December 2021 Part-time Independent (Non-executive) Directors are paid sitting fees of ₹ 30,000 for each meeting of the Board & ₹ 25,000 for each Board Committee(s) meeting. Details of sitting fees paid to the Independent Directors for attending Board and Committee meetings during the year 2021-22 are given below:

Name of the Independent Directors	Amount (₹)
Mr Sunil Kumar Kohli	9,60,000
Dr. Parthasarathi P V	1,10,000
Mr. Mansukhbhai S Khachariya	1,35,000
Dr. Santhoshkumar N	1,10,000
Mr. Prafulla Kumar Choudhury	1,60,000
Dr. Shivnath Yadav	1,60,000
Mr. Gokulan B	85,000
Mrs. Shyama Singh	55,000
Total	17,75,000

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. Apart from receiving the sitting fee and reimbursement of expenses incurred in the discharge of their duties, none of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2021-22.

Stakeholders' Relationship Committee



















The composition of the Stakeholders' Relationship Committee as on 31 March 2022 is in line with Section 178








of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. Ms. J Manjula, Chairperson of Stakeholder Relationship Committee has nominated Mr. Rajasekhar M V, Director (R&D) to attend the 67th Annual General Meeting of the Company held on 28 September 2021 on her behalf. Mr. Rajasekhar M V attended the 67th Annual General Meeting of the Company held on 28 September 2021. The terms of reference of the Stakeholder Relationship Committee are as specified in Section 178 of the Act and Regulation 20 read with Part D Schedule II of the Listing Regulations.

Some of the functions performed by the Stakeholders' Relationship Committee include:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Reviewing the measures taken for effective exercise of voting rights by shareholders.
- Reviewing the adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Reviewing the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Composition of the Stakeholders' Relationship Committee during the year 2021-22 and details of the members' participation at the meeting of the said Committee are as under:

Name	Category	Position Held as on 31 March 2022	Attendance at the Stakeholder Relationship Committee Meeting held on 28 January 2022
Mr Sunil Kumar Kohli (Appointed as Chairman w.e.f 31.12.2021)			
Mr K M Shivakumaran (Ceased to be Member w.e.f 31.08.2021)		-	
Mrs Shikha Gupta (Ceased to be Member w.e.f 07.05.2021)		-	
Mr Dinesh Kumar Batra			
Ms Manjula J (Ceased to be Chairman w.e.f 31.12.2021)		-	
Mrs. Anandi Ramalingam [As additional charge – Director (OU) & Director (HR)]			
Mr. Mansukhbhai S Khachariya (Appointed as Member w.e.f 31.12.2021)			

 Independent Director
  Non-Executive Nominee Director
  Executive Director
  Chairman
  Member
 Attended
  Not Applicable

Complaints received from the shareholders are attended promptly as and when they are received. Grievances from shareholders, mainly relating to dividend payment and Annual Report were received and resolved during the year. No grievance was pending as on 31 March 2022. Following are the details of investors' complaints during 2021-22 (SEBI SCORES):

No. of Complaints Received	No. of Complaints Resolved	No. of Complaints Pending
05	05	Nil

Compliance Officer

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

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

Corporate Social Responsibility Committee

In pursuant to the provisions of Section 135 of the Companies Act, 2013, Rules made thereunder (as amended) and DPE Guidelines, Corporate Social Responsibility (CSR) Committee has been constituted. The salient terms of reference of the CSR Committee include reviewing of the CSR Policy and

making it more comprehensive to indicate the activities to be undertaken by the Company as specified under Schedule-VII of the Companies Act, 2013 and the DPE Guidelines as amended from time to time. Some of the important terms of reference of the Committee are as follows:

- Formulating, reviewing and recommending to the Board, Corporate Social Responsibility Policy and the activities to be undertaken by the Company;
- Recommending the projects, programmes, annual action plan and amount of expenditure to be incurred on the activities undertaken;
- Reviewing the performance of the Company in the area of Corporate Social Responsibility;
- Monitoring the Corporate Social Responsibility Policy of the Company from time to time.

The composition of the CSR Committee during the year 2021-22 and the details of members' participation at the meetings of the said Committee are as under:

Name of the Member	Category	Position Held as on 31 March 2022	Attendance at the CSR Meeting held on:				
			28 May 2021	29 July 2021	03 September 2021	27 January 2022	03 March 2022
Mrs. Anandi Ramalingam (As CMD – Additional Charge w.e.f 01.07.2021)			NA	✓	✓	✓	✓
Mr M V Gowtama (Ceased to be Chairman w.e.f 30.06.2021)		-	✓	NA	NA	NA	NA
Mr K M Shivakumaran (Ceased to be Member w.e.f 31.08.2021)		-	✓	✓	NA	NA	NA
Mrs Shikha Gupta (Ceased to be a Member w.e.f 07.05.2021)		-	NA	NA	NA	NA	NA
Mr Vinay Kumar Katyal (Appointed as Member w.e.f 03.06.2021)			NA	✓	✓	✓	✓
Mr Dinesh Kumar Batra			✓	✓	✓	✓	✓
Mr Sunil Kumar Kohli			✓	✓	✓	✓	✓
Mr. Mansukhbhai Shamjibhai Khachariya (Appointed as Member w.e.f 31.12.2021)			NA	NA	NA	✓	✓

Independent Director |
 Executive Director |
 Chairman |
 Member |
 Attended |
 Not Applicable

Risk Management Committee

Pursuant to the requirements of Regulation 21 of the Listing Regulations, Board of Directors has constituted a Risk Management Committee with majority of members from the Board of Directors. The Board of Directors reviews and monitors the status of Risk Management through the Risk Management Committee, which examines the risks identified by internal Corporate Risk Management Committee, assesses the current status of Risk Management in the Company, monitors and reviews the implementation and effectiveness of the risk mitigation measures. The Risk Management Policy is posted on the Company's website, www.bel-india.in. A write-up on Risk Management Procedure forms a part of the Management Discussion and Analysis Report.

The composition of the Risk Management Committee during the year 2021-22 and the details of members' participation at the meetings of the said Committee are as under:

Name of the Member	Category	Position Held as on 31 March 2022	Attendance at the RMC Meeting held on:	
			18 October 2021	03 March 2022
Mrs Anandi Ramalingam			✓	✓
Mr Vinay Kumar Katyal			✓	✓
Mrs Shikha Gupta (ceased to be a Member w.e.f 07.05.2021)		-	NA	NA
Mr Dinesh Kumar Batra			✓	✓
Mr. Sunil Kumar Kohli (appointed as Member w.e.f 22.06.2021)			✓	✓
Mr Rajasekhar M V (appointed as Member w.e.f 22.06.2021)			✓	✓
Mrs Hemalatha K (Ceased to be Member w.e.f 31.01.2022)		-	✓	NA

Independent Director |
 Executive Director |
 ED-Strategic Planning |
 Chairman |
 Member |
 Attended |
 Not Applicable

Independent Directors' Meeting

During the year 2021-22, one meeting of Independent Director(s) was held on 25 March 2022, inter alia, to:

- review the performance of Non-independent Directors and the Board as whole;
- review the performance of Chairman of the Company, taking into account, the views of Executive and Non-executive Directors;
- assess the quality, contents and timelines of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Other Non-Mandatory Committees

The following Sub Committees of the Board have been constituted:

Research & Development Committee

R&D Committee, comprising the Chairman & Managing Director, Independent Director, Director (Finance) and Director (R&D), has been constituted to consider and approve major Research, Development and Engineering proposals.

Capital Investment Committee

Capital Investment Committee comprises Independent Director(s), Director (Finance), Director (Bangalore Complex) and Director (R&D) and has been constituted to consider and approve major capital investment proposals.

Share Transfer Committee

Share Transfer Committee comprising the Chairman & Managing Director, Director (Finance) and Director (R&D) has been constituted to consider and approve share transfer, transmission, duplicate certificates etc.

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

Code of Conduct

The Board of Directors of the Company has laid down a Code of Business Conduct and Ethics for all Board Members, KMPs and Senior Management of the Company pursuant to Regulation 17(5) of the Listing Regulations and DPE Guidelines. The Code of Business Conduct and Ethics has been posted on the Company's website, www.bel-india.in. All Board Members, the KMPs and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics as on 31 March 2022. A declaration to this effect signed by the Chairman & Managing Director is attached with this Report.

Code for Prevention of Insider Trading and Fair Disclosure

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended), the Company has put in

place a Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insider and Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information (hereinafter referred to as the Code) duly approved by the Board of Directors. This Code is applicable to all the designated persons, including their immediate relatives, person who are privy to price sensitive information and any other connected as defined in the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company Secretary is responsible for implementation of the code. The Code has been posted in the Company's website www.bel-india.in.

Subsidiary Companies

The Company does not have any material unlisted Indian Subsidiary Company as on 31 March 2022. The Company's Audit Committee reviews the Consolidated Financial Statements of the Company as well as the Audited Annual Financial Statements, including quarterly results of the subsidiaries, including the investments made by the subsidiaries. The Minutes of the Board Meetings, along with a report of the significant transactions and arrangements of the unlisted subsidiaries of the Company are placed before the Board of Directors of the Company. A policy on Material Subsidiaries has been formulated and has been posted in the Company's website at <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=527&LId=1&link=527>

Presidential Directives and Guidelines

Your Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time.

CEO/CFO Certification

As required under the Listing Regulations and DPE Guidelines, the CEO and CFO certificate is attached with this Report.

Reconciliation of Share Capital Audit

In pursuant to Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018, the Company obtains a Reconciliation of Share Capital Audit Report (RSCAR) from a Practising Company Secretary every quarter to reconcile the total admitted capital with the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL), and physical holding with the total issued and listed capital. The RSCAR confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL. The RSCAR is forwarded to the Stock Exchanges (BSE & NSE).

DPE Grading

The DPE Guidelines on Corporate Governance for the CPSEs provide that the CPSEs would be graded on the basis of their compliance with the Guidelines. The DPE has graded BEL as 'Excellent' for the year 2021-22.

Transfer to Investor Education and Protection Fund Account

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended), dividend, if not claimed for a period of seven years from the date of transfer to unpaid dividend account of the Company, is liable to be transferred to the Investor Education and Protection Fund (IEPF). Further, all the shares in respect of which the dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

During the year 2021-22, the Company transferred to IEPF an unclaimed/unpaid amount pertains to final dividend 2013-14 and interim dividend 2014-15. The unclaimed/unpaid dividend amount pertains to final dividend for the year 2014-15 and interim dividend for the year 2015-16 are due for transfer to IEPF during 2022-23. The Company has posted on its website www.bel-india.in in a separate page titled 'Investors – Dividend' the details of unclaimed dividend and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided there to claim unpaid/unclaimed dividend. Details of shares transferred to IEPF have been uploaded on the website of IEPF as well as of the Company.

In respect of dividend/shares which have been transferred to the IEPF, shareholders can claim the same from the IEPF authority by following the procedure prescribed under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

General Body Meetings

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

Year	Venue	Date & Time
2018-19	The Kalinga Hall, Hotel Lalit Ashok, Kumar Krupa High Grounds, Bengaluru - 560001	16 September 2019 at 03:30 P.M.
2019-20	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")	30 September 2020 at 10:00 A.M.
2020-21	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")	28 September 2021 at 10:00 A.M.

(b) **Special resolutions passed in the previous three AGMs:** Special resolution(s) for alteration of the Object Clause in the Memorandum of Association was passed in the 65th Annual General Meeting held on 16 September 2019.

(c) **Special Resolution passed last year through postal ballot - details of voting pattern:** No special resolution was passed through postal ballot during 2021-22.

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

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

(f) **Procedure for Postal Ballot:** Not Applicable.

Means of Communication

As required under the Listing Regulations, the Company issues a notice in advance, to the Stock Exchanges, of the Board Meetings in which the unaudited/audited financial results are due for consideration. The quarterly (unaudited) and annual (audited) financial results of the Company are uploaded on the NSE Electronic Application Processing System (NEAPS) and the BSE Listing Centre in accordance with the requirements of Listing Regulations. The approved financial results are published within 48 hours of conclusion of the Board meeting in at least one English daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region (Kannada), where the registered office of the Company is situated and also uploaded on the Company's website www.bel-india.in.

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI Regulations including material information having a bearing on the performance/operations of the Company or other price sensitive information. The official media releases and presentations made to institutional investors/analysts are posted on the Company's website.

In compliance with Regulation 46 of the Listing Regulations, the Company disseminates on its website information which inter-alia contains, details regarding Board of Directors composition of various committees of Board of Directors, code of conduct, policy dealing with RPTs, contact information of the designated officials of the Company responsible for assisting and handling investor grievances etc.

General Information for Shareholders

Annual General Meeting

Date : 30 August 2022

Time : 10:00 a.m. (IST)

Venue: The 68th Annual General meeting of the Company will be held through VC/OAVM pursuant to MCA General Circular Nos. 14/2020 dated 8 April 2020, 17/2020 dated 13 April 2020, 20/2020 dated 5 May 2020, the

latest being 2/2022 dated 5 May 2022 and Securities Exchange Board of India (SEBI) Circular No. SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated 13 May 2022 and as such there is no requirement to have venue for the AGM. For more details please refer to the Notice of 68th AGM of the Company.

Financial Calendar 2022-23

Financial Year	: 1 April 2022 to 31 March 2023
First quarter results	: By end of July 2022
Second quarter results	: By end of October 2022
Third quarter results	: By end of January 2023
Annual Audited results	: By end of May 2023
Annual General Meeting	: August/September 2023

Book Closure

From 11 August 2022 to 14 August 2022 (both days inclusive).

Dividend Payment Date

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

Listing on Stock Exchanges

BEL's shares are currently listed on the following stock exchanges:

- (1) Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.
- (2) National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051.

The Company has paid listing fees for the financial years 2021-22 and 2022-23 to both the stock exchanges.

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

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

Custody Fees to Depositories

The Company has paid annual custody fees for the financial years 2020-21 & 2022-23 to both the Depositories, viz.,

National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

Registrar and Share Transfer Agent

Integrated Registry Management Services Pvt. Ltd., Bengaluru, a SEBI registered Category-I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent (RTA) [SEBI Reg. No: INR000000544]. The RTA's address is given below to forward all share transfer/transmission/split/consolidation/issue of duplicate certificates/change of address requests/dematerialisation/rematerialisation requests and related matters as well as all dividend related queries and complaints etc.

Address and contact details of Company's RTA:

Integrated Registry Management Services Pvt. Ltd.
No. 30, Ramana Residency, 4th Cross Sampige Road, Malleswaram, Bengaluru – 560 003
Telephone: 080-23460815/16/17/18
Fax: 080 23460819
E-mail: irg@integratedindia.in

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialised form w.e.f. 1 April 2019, except in case of request received for transmission or transposition of securities. However, shareholders are not barred from holding shares in physical form. Members holding shares in the physical form are requested to consider converting their holdings to the dematerialised form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). As on 31 March 2022, 99.99% of the total equity shares of the Company are held by the investors in dematerialised form with NSDL and CDSL. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE263A01024.

The Company's shares are very liquid and are actively traded in BSE and NSE. Relevant data of turnover for the financial year 2021-22 is given below:

Particulars	BSE	NSE	Total
No. of shares traded	14,43,75,999	2,49,00,67,961	2,63,56,09,837
Value (₹ in Lakh)	2,63,256	44,27,006	46,92,614

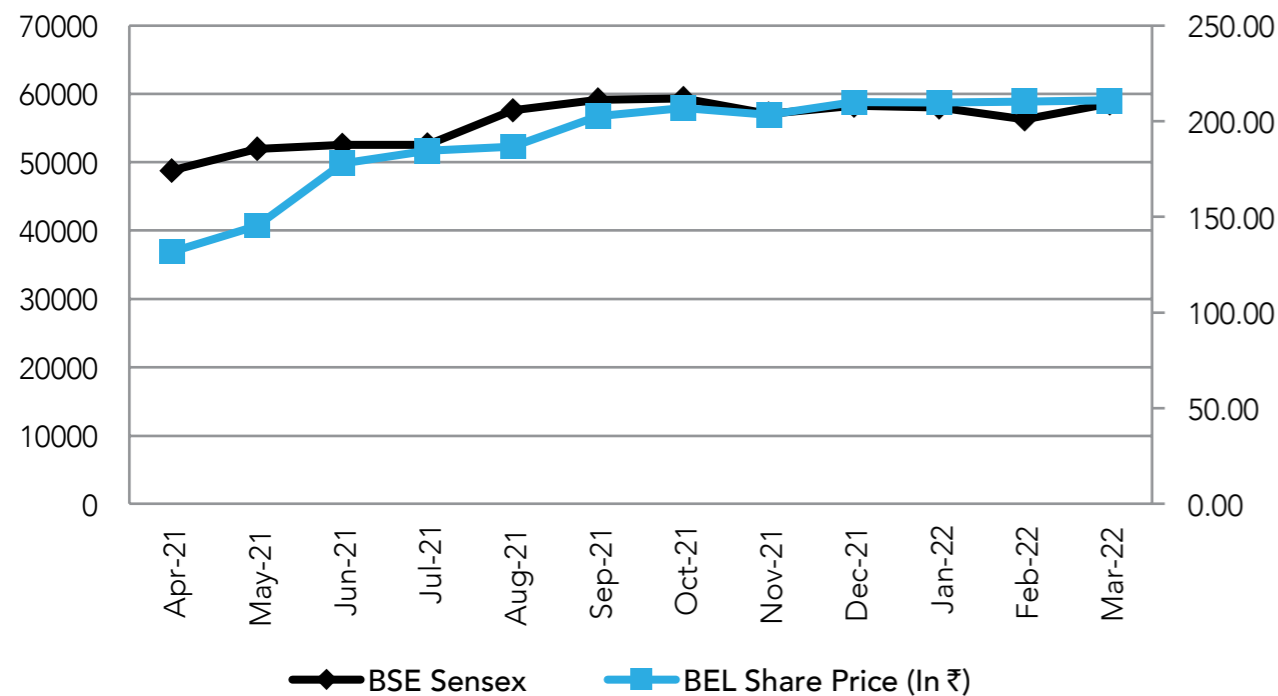
Market Price Data

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

BEL Share Price on BSE vis-à-vis BSE Sensex from April 2021 to March 2022.

Month	BSE Sensex Close	BEL Share Price			No. of Shares Traded	Turnover (₹ in Lakh)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
April 2021	48,782	136.40	120.55	131.80	98,81,905	12,704
May 2021	51,937	160.00	128.95	145.35	2,04,22,381	30,082
June 2021	52,483	178.90	140.50	178.00	1,96,73,801	31,548
July 2021	52,587	191.60	177.15	184.70	1,42,88,351	26,131
August 2021	57,552	187.40	162.40	186.70	1,03,64,821	18,210
September 2021	59,126	212.50	186.55	202.65	92,52,898	18,665
October 2021	59,307	221.50	183.45	206.90	96,00,135	19,732
November 2021	57,065	227.95	188.85	203.45	73,54,078	15,550
December 2021	58,254	214.60	191.95	209.90	2,04,48,996	42,659
January 2022	58,014	222.80	193.90	209.70	99,69,740	20,767
February 2022	56,247	212.25	186.90	210.30	62,84,390	12,654
March 2022	58,569	226.40	203.30	210.85	68,34,503	14,553

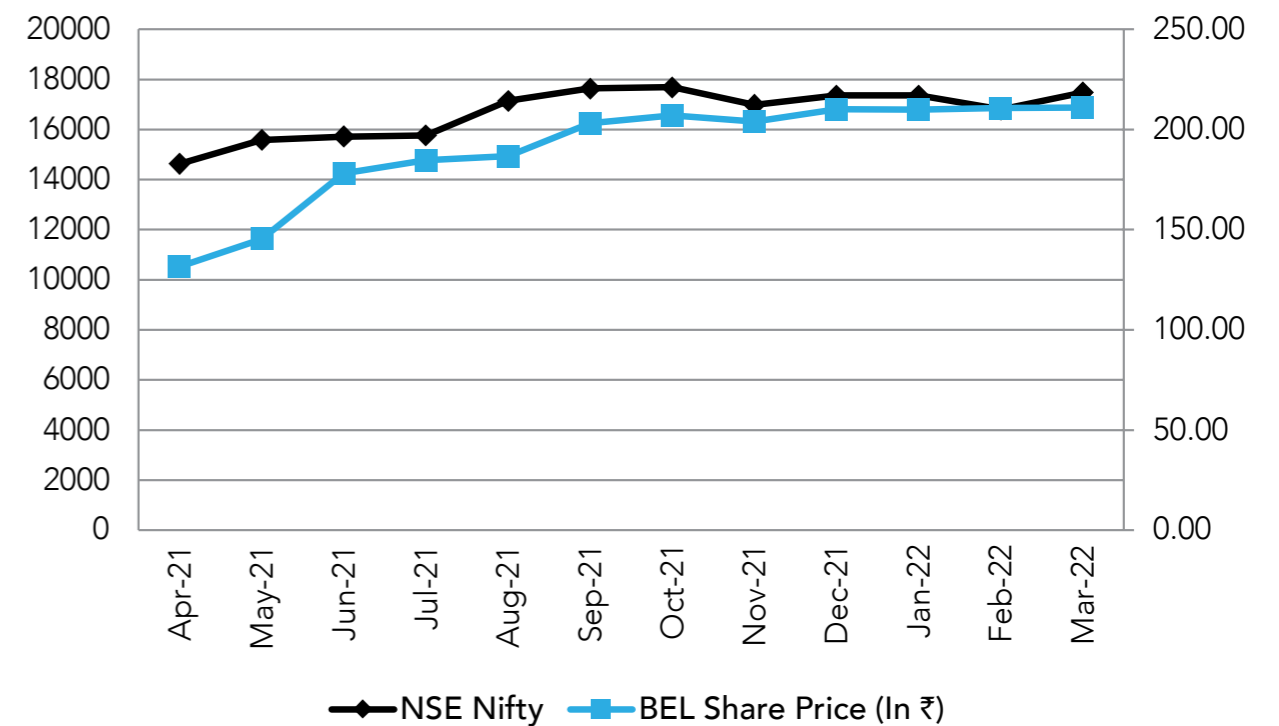
A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX during the year 2021-22 is presented in the following graph:



BEL Share Price on NSE vis-à-vis NSE Nifty from April 2021 to March 2022.

Month	NSE Nifty Close	BEL Share Price			No. of Shares Traded	Turnover (₹ in Lakh)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
April 2021	14,631	136.45	120.50	131.75	19,44,14,850	2,50,203
May 2021	15,583	160.00	128.85	145.40	50,18,42,165	7,45,135
June 2021	15,722	178.90	140.50	178.00	39,55,87,024	6,38,755
July 2021	15,763	191.70	177.10	184.65	19,62,88,011	3,59,951
August 2021	17,132	187.40	162.35	186.65	19,12,46,700	3,35,852
September 2021	17,618	212.45	186.55	202.95	15,74,32,400	3,16,866
October 2021	17,672	221.50	183.45	206.85	13,31,28,697	2,75,481
November 2021	16,983	228.00	188.80	203.75	13,65,49,940	2,88,175
December 2021	17,354	214.70	191.65	209.95	12,25,34,669	2,53,929
January 2022	17,340	222.80	194.20	209.70	13,60,16,272	2,85,675
February 2022	16,794	212.45	187.00	210.45	12,75,03,918	2,57,284
March 2022	17,465	226.50	203.25	210.80	19,75,23,315	4,19,701

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2021-22 is presented in the following graph:



Category-wise Shareholders Pattern as on 31 March 2022

Sr.	Category	No. of Shareholders	No. of Shares	% Holding
1	Central Government	1	1,24,59,73,978	51.14
2	Mutual Funds/UTI	153	52,95,97,535	21.74
3	Financial Institutions/Banks	3	21,000	0.00
4	Alternative Investments Funds	12	13,09,360	0.05
5	Insurance Companies	64	10,49,25,828	4.31
6	Foreign Portfolio Investors	618	40,86,38,455	16.76
7	Provident Funds/Pension Funds	27	1,49,40,145	0.61
8	Bodies Corporate	1,087	82,24,324	0.34
9	Individuals	4,22,221	11,49,32,067	4.72
10	Trusts	28	6,22,263	0.03
11	NRIs	6,599	58,59,701	0.24
12	Foreign Individuals	0	0	0.00
13	Clearing Members	220	15,25,767	0.06
14	Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	1	22,520	0.00
Total		4,31,034	2,43,65,92,943	100.00

Top 10 Shareholders (Other than Promoters) as on 31 March 2022 (PAN based)

Sr.	Name of the shareholder	No. of Shares	% Holding
1	HDFC Trustee Company Ltd. - A/C HDFC Mid-Cap Opportunities Fund	12,65,04,722	5.19
2	CPSE Exchange Traded Scheme (CPSE ETF)	10,86,96,187	4.46
3	Kotak Flexicap Fund	9,33,06,845	3.83
4	Mirae Asset Large Cap Fund	4,69,15,239	1.93
5	Life Insurance Corporation Of India	3,10,78,770	1.28
6	HDFC Life Insurance Company Limited	2,34,62,194	0.96
7	Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	2,19,50,700	0.90
8	Franklin India Flexi Cap Fund	1,90,60,749	0.78
9	SBI Blue Chip Fund	1,85,00,000	0.76
10	Bharat 22 ETF	1,69,55,928	0.70

Distribution of Shareholding as on 31 March 2022

No. of Equity Shares held	No. of Shareholders	%	No. of Shares	%
Up to 500	3,91,809	90.90	3,26,28,709	1.34
501 - 1000	19,499	4.52	1,51,46,088	0.62
1,001-2,000	10,799	2.51	1,55,83,000	0.64
2,001-3,000	2,808	0.65	70,98,118	0.29
3,001-4,000	1,663	0.39	58,13,097	0.24
4,001-5,000	940	0.22	44,24,940	0.18
5,001-10,000	1,608	0.37	1,15,68,300	0.47
10,001 and Above	1,908	0.44	2,34,43,30,691	96.21
Total	4,31,034	100.00	2,43,65,92,943	100.00

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

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on 31 March 2022, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

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

Plant Locations

- Jalahalli Post, Bengaluru – 560013 (Karnataka).
- Site IV, Sahibabad Industrial Area, Bharat Nagar Post, Ghaziabad – 201010 (Uttar Pradesh).
- Plot No.405, Industrial Area, Phase III, Panchkula – 134113 (Haryana).
- Balbhadrapur, Dist. Pauri Garhwal, Kotdwara – 246149, (Uttarakhand).

- Plot No.L-1, M.I.D.C. Industrial Area, Navi Mumbai – 410208.
- N.D.A. Road, Pashan, Pune – 411021 (Maharashtra).
- Industrial Estate, Nacharam, Hyderabad – 500076 (Telangana).
- Post Box No. 26, Ravindranath Tagore Road, Machilipatnam – 521001 (Andhra Pradesh)
- Post Box No. 981, Nandambakkam, Chennai – 600089 (Tamil Nadu)

Address for Correspondence

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

Credit Rating

ICRA (Credit Rating Agency) has reaffirmed the following credit ratings of the Company:

- Long-term rating of [ICRA]AAA (pronounced ICRA triple A) to ₹ 500 Crore fund based limits of credit and long term - unallocated to ₹ 300 crore.
- Short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to ₹ 4,500 Crore non-fund based limits of credit.

The outlook on the long-term rating is 'Stable'. These ratings indicate the highest credit quality in the long- and short-term. The instruments rated in these categories carry the lowest credit risk in the long- and short-term. These ratings are valid till 12 February, 2023.

Other 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. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. Nonetheless, transactions with related parties have been disclosed in Note No.31 of Notes to Accounts in the Annual Report. The Board's approved policy for related party transactions has been placed on the Company's website and can be accessed through <https://www.bel-india.in/ContentPage.aspx?Mid=17&CId=527&LId=1&link=527>
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years;

The NSE & the BSE have imposed fine for non-compliance with the provision of Regulation 17 (1) - appointment of adequate number of Independent Directors including one Independent Woman Director, 18(1) - Composition of Audit Committee and 19(1)/(2) Composition of Nomination and Remuneration Committee. The Board suggested that NSE & BSE should be informed about the procedure for appointment of Directors followed by the Company as per DPE Guidelines, being a Government Company, the Independent Directors are appointed by the Administrative Ministry. Hence, the penalty levied to BEL by NSE & BSE can be excused. Accordingly, reply was sent to BSE & NSE and no fine was paid.

- The Company has established a vigil mechanism and adopted a Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics Policy. The employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company www.bel-india.in.
 - During the year 2021-22, the Board of Directors has accepted all the recommendations of its Committees which were mandatorily required.
 - The Company has not raised any funds through preferential allotment or qualified institutional placement as specified in the Regulation 32 (7A) of the Listing Regulations.
 - Details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the statutory auditor is a part during the year 2021-22 are given below:
- | Particulars | Amount (₹ in Lakh) |
|---------------------------|--------------------|
| Audit Fees | 34 |
| Tax Audit Fees | 5 |
| Other Services | 9 |
| Reimbursement of expenses | 12 |
| Total | 60 |
- The details of complaints filed, disposed of and pending during the financial year pertaining to sexual harassment are provided in the Business Responsibility Report annexed to Board's Report.
 - 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 the books of accounts.

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

Administrative and office expenses were 2.51% of the total expenses for the year 2021-22 against 2.11% in the previous year.

Details of Non-Compliances

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 Nominees & Independent Directors. As the Chairman is an Executive Director, Independent Directors comprise half of the strength of the Board. There were temporary vacancies of Independent Directors including one Women Independent Director during the year. The same were filled by appointing five (5) Independent Directors w.e.f 28/12/2021, one (1) Independent Director w.e.f 20/01/2022 and one (1) Women Independent Director w.e.f 07/02/2022.

The composition of the Audit Committee was not in line with regulation 18(1) of SEBI (LODR) Regulations, 2015 due to non-availability of requisite number of Independent Directors on the Board. The Audit Committee is re-constituted w.e.f 31/12/2021 in line with regulation 18(1) of SEBI (LODR) Regulations, 2015.

The composition of the Nomination & Remuneration Committee was not in line with of regulation 19(1) of of SEBI (LODR) Regulations, 2015 due to non-availability of requisite number of Independent Directors on the Board. The Nomination & Remuneration Committee is re-constituted w.e.f 06/01/2022 in line with regulation 19(1) of SEBI (LODR) Regulations, 2015.

The gap between two meetings of audit committee held in month of January 2021 and June 2021 was more than 120 days in terms of regulation 18(2). Due to prevailing COVID-19 pandemic situation serious restrictions/lockdown in the

State and non-availability of Directors, the Audit Committee meeting couldn't be conducted within 120 days from the date of previous meeting.

All the vacancies were notified to Government for filling up. BEL being a Govt. Company, all Directors on the Board of BEL are appointed by the Govt. of India and the selection process & appointment, which involves various Ministries and approval by the ACC, takes time and is beyond the control of the Company.

Compliance with Discretionary Non-Mandatory Provisions

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

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

Compliance

The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations and all mandatory requirements of the DPE Guidelines on Corporate Governance for CPSEs except composition of the Board of Directors, Audit Committee and Nomination and Remuneration Committee. The Company has also been submitting to the stock exchanges and to the Government, quarterly compliance report on Corporate Governance. As required under the Listing Regulations with the stock exchanges, the Auditors' Certificate on compliance of conditions of Corporate Governance by the Company is attached to this report.

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Bengaluru
28 July 2022

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
Bharat Electronics Limited
Outer Ring Road, Nagavara
Bengaluru - 560045, Karnataka.

In pursuance of Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have examined the relevant registers, records, forms, returns and disclosures received from the Directors of BHARAT ELECTRONICS LIMITED having CIN L32309KA1954GOI000787 and having registered office at Outer Ring Road, Nagavara, Bengaluru - 560045, Karnataka (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate.

On the basis of the written disclosures/declarations received from the Directors of the Company and according to the verifications (including view Director Master Data & DIN status at the portal www.mca.gov.in) as considered necessary and to the best of our information, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2022 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Designation	Date of appointment in Company
1	Mrs. Anandi Ramalingam	07616518	Whole-time Director	16/09/2016
2	Mr. Vinay Kumar Katyal	08281078	Whole-time Director	27/11/2018
3	Mr. Dinesh Kumar Batra	08773363	Whole-time Director	01/08/2020
4	Mr M V Rajasekhar	08850171	Whole-time Director	01/09/2020
5	Ms. J Manjula	07684528	Govt. Nominee Director	23/04/2018
6	Mr. Anurag Bajpai	08948155	Govt. Nominee Director	29/10/2020
7	Mr. Sunil Kumar Kohli	05321549	Independent Director	18/07/2019
8	Dr. Venkata Parthasarathi Podala	06400408	Independent Director	28/12/2021
9	Mr. Mansukhbhai S Khachariya	01423119	Independent Director	28/12/2021
10	Dr. N. Santhoshkumar	09451052	Independent Director	28/12/2021
11	Mr. Prafulla Kumar Choudhury	00871919	Independent Director	28/12/2021
12	Dr. Shiv Nath Yadav	09450917	Independent Director	28/12/2021
13	Mr. Gokulan Bangakandy	09473378	Independent Director	20/01/2022
14	Mrs Shyama Singh*	09495164	Independent Director	07/02/2022

*As per MCA records, the name is Shyama Kumari (Maiden name).

For Thirupal Gorige & Associates LLP
Practising Company Secretaries

CS Thirupal Gorige
Designated Partner
FCS No. 6680; CP No.6424
UDIN: F006680D000365381

Place: Bengaluru
Date: 23 May 2022

Declaration of Compliance with the Code of Business Conduct and Ethics

Pursuant to the relevant provisions under SEBI (LODR) Regulations, 2015 and the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 22 June 2007, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, KMPs & Senior Management of Bharat Electronics Limited, for the year ended 31 March 2022.

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Bengaluru
23 May 2022

Certificate by CEO & CFO

for the Purpose Of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & as Required Under DPE Guidelines On Corporate Governance

To,
The Board of Directors
Bharat Electronics Limited

We hereby certify that:

- (a) We have reviewed the Standalone Financial Results for the period ended 31 March 2022 and that to the best of our knowledge and belief:
 - (i) These results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These results together present a true and fair view of the Company's affairs and are in compliance with existing Indian Accounting Standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Management, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Management:
 - (i) Any significant changes in internal control over financial reporting during the period;
 - (ii) Any significant changes in accounting policies during the period; and
 - (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dinesh Kumar Batra
Director (Finance) & CFO

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Bengaluru
23 May 2022

Auditor's Certificate on Corporate Governance

The Members of Bharat Electronics Limited,

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited ('the Company'), for the year ended on 31 March 2022, as per the Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises.

Management Responsibility

Compliance with the Conditions of Corporate Governance is the responsibility of the Management of the Company. The responsibility includes the design, implementation, and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditors Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company. We have carried out an examination of the relevant records of the Company, in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance notes require that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Listing Regulations as applicable, except for the following mandates under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines:

- (i) Pursuant to the provisions of Regulation 18(2)(a), the gap between the last Audit Committee meeting for the fourth quarter of the financial year 2020-21 and the first meeting for the first quarter of the financial year 2021-22 is more than 120 days.
- (ii) During the last quarter of the financial year 2021-22, the Company has appointed Mr. Gokulan Bangakandy and Mrs. Shyama Singh as the Independent Directors w.e.f. 20 January 2022 and 07 February 2022 respectively who are required to be appointed in General meeting within a period of 3 months from the date of their appointment as per Regulation 17(1C) of the SEBI (LODR) Regulations, 2015. However, considering the subsequent events till the date of issuance of this certificate, Company has not conducted any General Meeting.
- (iii) Pursuant to the provisions of Regulation 18(2)(b), the quorum for the Audit Committee Meetings from first quarter (April to June) to third quarter (October to December) for the financial year 2021-22 was not in compliance with the requirement of Listing Regulations due to non-availability of requisite number of Independent Directors.
- (iv) The Company has not appointed an Independent Women Director on the Board of the Company, as per the requirement under Regulation 17(1)(a), but later the Company has appointed Mrs. Shyama Singh as the Independent Women Director w.e.f. 07 February 2022.
- (v) During the year, the composition of the Audit Committee was not in compliance with the provisions of Regulation 18(1)(a) due to non-availability of requisite number of Independent Directors, but the same has been complied by reconstitution of the Audit Committee w.e.f. 31 December 2021.
- (vi) During the year, the composition of the Nomination and Remuneration Committee was not in compliance with the provisions of Regulation 19(1)(c) due to non-availability of requisite number of Independent Directors, but the same has been complied by reconstitution of the Nomination and Remuneration committee w.e.f. 06 January 2022.

(vii) During the year, the composition of the Board of Directors was not in compliance with the provisions of Regulation 17(1) (b), since the Board did not have requisite number of Independent Directors. However, the same has been complied with by appointment of Independent Directors w.e.f. 28 December 2021. As at year end, the Board has in total fourteen (14) Directors consisting of a Chairperson, who is an Executive Director (Whole Time Director in additional charge of Managing Director), three (3) Executive Directors, two (2) Non-Executive & Non-Independent Directors (Government Nominees) and eight (8) Independent Directors.

It is informed that the appointment of Directors is done by the Government of India and filling up of vacancies of 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.

Other Matters and Restrictions on use

This report 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.

This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and the applicable guidelines and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For Guru & Jana
Chartered Accountants
Firm Registration No: 006826S

Ananth Prasad B R
Partner
Membership No: 218145
UDIN: 22218145AJLSGY5611

Place: Varanasi
Date: 23 May 2022

Annexure-6 Sustainability Report

Your Company is committed to achieve the economic, ecological and social responsibility objectives of sustainable development through its varied business operations and activities in a planned way by proactively undertaking environment management and sustainable development programmes. It has, over the years, acquired enough in-house expertise in the areas of resource management and sustainable development, including water management, waste management, energy conservation, use of non-conventional energy like wind energy, solar energy, etc. The Company strives to build on this expertise and further promotes sustainable development initiatives in its business operations and activities. It has formulated a policy towards sustainable development to fulfil this objective. BEL's Sustainable Development policy is posted on its website: www.bel-india.in

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

Environment Management – Preserving the Environment

Bharat Electronics Limited has systematically integrated sustainability into its business operations, developing best practices aimed at a long-term clean and environmentally-friendly environment. All BEL units are committed to maintaining environment-friendly processes and firmly believe that environmental sustainability leads to inclusive growth. BEL sets goals in accordance with the Department of Public Enterprises (DPE) guidelines, introducing state-of-the-art technologies to improve environmental performance of products from design to its disposal. All BEL units are actively involved in conserving natural resources such as rainwater harvesting, energy conservation and reduction of waste and is working towards environmental sustainability. BEL goes beyond the obvious ways to improvise performance towards environmental excellence.

Cleaner Technology – Key Catalyst

The concepts of cleaner technology are practiced in the manufacturing process for to prevent pollution. The pursuit of continuous improvement in the introduction of clean technologies in the electronic manufacturing processes is always ongoing. These efforts have largely reduced pollution. Our research and development departments are always on the lookout for environmentally-friendly components and processes. Corporate Standards Department have published several process guidelines for environmental-friendly

materials, components and manufacturing processes that are incorporated into the design across the Company. Corporate Standards regularly reviews, standardises and implements many Restriction of Certain Hazardous Substances (RoHS) elements that comply with European and other international directives. In the continued efforts of the previous year, 47 new RoHS-compliant components have been introduced and 63 standards have been revised, covering areas like electronics/mechanical components and raw materials. In the area of electronic/electrical/mechanical components, eight process standards have been revised and have been published with a clause containing guidelines on safety and environmental aspects. A total of 689 RoHS-compliant standards are in place for areas of electronic/electrical/mechanical components.

BEL understands that pollution prevention starts at the source, accordingly various improvements and modification have been made to the existing processes. Many RoHS-compliant processes have been introduced in PCB manufacturing and surface treatment activity. This includes low-smoke halogen cables, low-VOC finishing processes (polyurethane) and trivalent chromate conversion coatings, based on chrome. A technical series document has been released on RoHS-compliant Cadmium Plating alternates for fasteners and screws. This aids in spreading awareness and adherence on RoHS-compliant alternatives among various D&E and quality engineers across BEL. Further, Corporate Standard has identified new standards for the environmental-friendly automated cleaning process of printed wiring assembly using aqueous-based cleaners replacing the use of Isopropyl Alcohol.

Emissions to Air – Clean Firmament

The air emissions are monitored and controlled through suitable Air Pollution Control equipment. The paint booth and the plating baths are operated with a slight vacuum (negative) pressure to extract air emissions from these processes and are arrested in the Air Pollution Control Equipment. Wet scrubbers are used to treat process emissions before the release of gaseous process emissions. The emission results are well within the discharge standards of the Pollution Control Board and are supported by the ambient air quality measured at various locations in the units. In addition to the air pollution control equipment provided for the plating bath, suction filters are also provided at the workplace to draw in solder fumes. Operation controls are also put in place to control emissions effectively.

Water Pollution – Giving Back

Wastewater generated during the manufacturing process is separated at source and treated appropriately to meet Pollution Control Board standards. This isolated treatment is specific to this type of wastewater to ensure effective detoxification with less chemical consumption. BEL has taken a step forward in treating wastewater to meet reusable standards thus recycling it for production purposes. Likewise, domestic wastewater is treated and recycled for horticultural purposes. The double plumbing system is a part of the design for all new buildings.

The five-star GRIHA-rated BEL Academy for Excellence and C-type residential areas are equipped with a dual pumping system. BEL Bangalore complex has achieved a water positive status with the commissioning of a wastewater treatment plant (STP) to treat 10 MLD sewage and rejuvenate the local Bangalore Lake. 2 MLD of this will be used for BEL gardening and other applications that lead to enormous conservation of natural resources and groundwater.

Hazardous Waste Management System – Earth-care

When handling with hazardous waste, the principle of reduction, reuse, recovery and recycling is practiced. The production of hazardous waste has been reduced at the process level by introducing appropriate chemicals and procedures that produce less hazardous sludge in the wastewater detoxification process, in addition to the use of cleaner technologies. The use of sodium hydrides, sodium hypochlorite, and sodium metabisulfite in place of lime, bleach powder, and iron sulphate help reduce the amount of hazardous sludge. In addition, the introduction of cyanide-free galvanising and copper plating processes have helped reduce the production of hazardous waste. In the previous year, BEL achieved continual improvement by the elimination of IPA use in HF Oxide etching process in the solar plant. These initiatives resulted in generation of less hazardous waste. Bharat Electronics has set up a system for the safe handling of hazardous waste by creating an exclusive, well-protected place for the safe storage of hazardous waste. BEL has tied up with the State Pollution Control Board's Treatment, Storage & Disposal Facility operators to dispose of solid hazardous waste that can be land filled. Recyclable waste is handed over to authorised facilities of the Pollution Control Board for scientific processing and recycling. This system effectively prevents pollution from hazardous waste.

E-Waste Management

Electronic waste that is generated during the manufacturing of products is segregated, stored and handed over to authorised agencies of the Pollution Control Board for scientific processing, recovery and recycling. End of Life electronic waste such as computers and other electronic

items are also handed over to authorised agencies of the Pollution Control Board for scientific processing, recovery and recycling. End of Life e-waste products such as electronic voting machines are received back under Extended Producer responsibility initiative and are disposed scientifically. Users of electronic products receive handling and disposal guidelines for the safe disposal of electronic waste after expiry. Efforts are being made to reduce the hazardous component in electronic products by introducing as many RoHS-compliant components as possible.

Biomedical Waste

Biomedical waste generated in the BEL hospital and medical centres is collected and scientifically disposed of in accordance with regulatory requirements.

Solid Waste Management

BEL has put in place a source segregation system for proper handling of waste. Biodegradable waste such as food waste and green waste of colony is composted through the 1.0 tonne organic waste converter with an average of 0.45 to 0.6 tonnes per day, wherein manure is generated. The manure so generated is used for horticulture application in the BEL Estate area. The green waste generated in BEL is subjected to natural composting. Leaf shredding machine is available for reduction of the size of green waste. In addition, the food waste generated in the factory canteen is transported to Bio-Methanation plant on daily basis. The anaerobic biogas plant is based on UASB technology with a capacity of 2.0 tonnes and leads to a saving of about 50 SCM PNG per day in cooking. Land fillable waste is sent to a well-established solid waste treatment facility in Bangalore for processing.

Water Management – Saving Life

Water conservation measures are achieved through the result of a water audit. Several water conservation projects were carried out to save water, such as the needs-based automation of the water supply, water shower-based taps, and yield-based automation of the borewell water drawing, control of the water tank level, efficient dishwashing system and use of swirl water with air agitation, minimising rejects of the cooling tower. The implementation of these water conservation projects has led to a steady reduction in water consumption year-on-year. Recharge of rainwater and innovative recharging measures of bore wells, facilitated recharging of surface runoff are all efforts to improve groundwater. The extensive rainwater harvesting reservoir in Bengaluru has a capacity of 170 Million litres with an expected annual yield of around 234 Million litres. When using rainwater on the roof last year, 745 m³ of rainwater was collected and used directly to generate RO water. All units have rainwater-harvesting facilities for the collection and reuse of rainwater.

On-Site Emergency Plan and Systems

Emergency preparedness and response plans exist at the plant levels and the workplace levels, which have been institutionalised 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 the:

1. Task Force and repair teams
2. Fire-fighting teams
3. Security teams
4. Transport teams
5. First-aid and medical teams

The sequence of events is recorded for improving the mock drill exercise while the planning is monitored by the senior management.

Incident controllers go to the accident site and co-ordinate with rescue teams and take steps to restore normalcy after the incident, if any. The learning's from the stock-taking meeting are implemented as corrective action measures for improvement.

Sustainable Development Initiatives – Key Focus

BEL has developed a systematic approach to conserving natural resources. The main focus is on saving the electricity, water and improving the greenery of the factory and its surroundings.

BEL has installed capacity of 13.9 MW Wind Power plant. Total green energy wheeled from BEL owned wind power

Bengaluru
28 July 2022

plant during 2021-22 is 210.38 Lakh of units, which results in avoiding CO₂ emission equivalent to 21,023 MT.

The total cumulative capacity of grid connected Solar Power plant is 5101 KWp which are installed at roof tops of various buildings of all BEL Units. This has contributed about 10.1% of the total energy consumption of all units of BEL.

Overall, the contribution of renewable energies from BEL captive Solar and Wind power plants contribute to around 49.36% of total energy consumption. In addition, following energy conservation measures are taken up, energy-efficient retrofitting - LED lights, DALI (Digital Addressable Lighting Interface) lighting control system, Sky Light Pipe for daylight harvesting, reducing carbon footprint and water footprint. The concept of green building has been introduced in all new buildings and all future buildings will meet the GRIHA rating (Green Rating for Integrated Habitat Assessment).

It is planned to set up an additional 4 MW of Wind Power Plant in the coming FY 2022-23 as further enhancement towards Green Energy initiative leading reduction in Co₂ emissions to the environment.

Ecological Sustainability

We embark on a journey of ecological sustainability and greenery at BEL. Around 1,500 different types of plants are grown in our campuses and it is a home to various birds and other creatures. On our 685 hectare green campus in Bengaluru, we maintain a lawn of approximately 4,94,000 square metres and hedges of 25,200 metres as well as over 1,40,500 trees.

The green carpet helps hold back dust, absorbs heat, creates a carbon sink and releases fresh oxygen. Lush green plantations on several hectares of land are a testimony to Bharat Electronics' commitment to Afforestation.

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Annexure-7

Business Responsibility Report (BRR)

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 -560045
4. **Website** : www.bel-india.in
5. **E-mail id** : secretary@bel.co.in
6. **Financial Year reported** : 2021-22
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)** : Weapon Systems - 2927
 Communication Systems - 2630
 Electronic Warfare Systems - 2008
8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**
 - i. Weapon Systems
 - ii. Communication Systems
 - iii. Electronic Warfare Systems
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: 06 i.e. New York (USA), Singapore, Vietnam, Myanmar, Sri Lanka and Oman.
 - ii. **Number of National Locations:**
 Manufacturing Units: 09 i.e. Bengaluru (Karnataka), Ghaziabad (Uttar Pradesh), Panchkula (Haryana), Kotdwara (Uttarakhand), Pune and Navi Mumbai (Maharashtra), Hyderabad (Telangana) and Machilipatnam (Andhra Pradesh) and Chennai (Tamil Nadu).

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

Section B: Financial Details of the Company:

1. Paid-up Capital	: ₹ 24,366 Lakh
2. Total Turnover	: ₹ 15,04,367 Lakh
3. Total Profit After Taxes	: ₹ 2,34,893 Lakh
4. Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%)	: 2% of average net profits of the Company made during the three immediately preceding financial years. Refer to Annexure - 2, Report on CSR activities.
5. List of activities in which expenditure in 4 above has been incurred	: (Refer to the Annexure-2 report on CSR activities).

Section C: Other Details:
1. Does the Company have any Subsidiary Company/Companies?

Yes.

- i. BEL Optronics Limited.
- ii. BEL-THALES Systems Limited.

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%]

BEL's environmental policies are communicated to suppliers and vendors through purchase orders and work orders. Environmental awareness and policy requirements are communicated during annual vendor meet also for ensuring compliance.

Section D: BR Information
1. Details of Director/Directors responsible for BR:
a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

- DIN : 07616518
- Name : Mrs Anandi Ramalingam
- Designation : Director (HR) – Additional Charge

b) Details of the BR head:

Sl	Particulars	Details
1.	DIN (if applicable)	07616518
2.	Name	Mrs Anandi Ramalingam
3.	Designation	Director (HR) – Additional Charge
4.	Telephone number	080-25039200
5.	e-mail id	anandiramalingam@bel.co.in

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Policy formulated after extensive internal consultation, covering all functional areas.								
3	Does the policy conform to any national/international standards? If yes, specify?	Policy conforms to SEBI guidelines on "BR Reports" for listed entities and the Ministry of Corporate Affairs 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Policy approved by the management and issued as Office Order for compliance by employees at all level across the Company. Yes. (File approval is 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?	The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report forming part of the Annual Report.								
6	Indicate the link for the policy to be viewed online?	The policies are available on the Company's website: https://www.bel-india.in/ContentPage.aspx?MId=17&CId=527&LId=1&link=527								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes.								

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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.				

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

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the 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)									

Not Applicable.

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 one year?

Periodical review of the working of CSR & Sustainability Policy, Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Workplace, Whistle Blower Policy, Code of Business Conduct and Ethics for Board Members, Key Managerial Personnel and Senior Management, Code of Conduct and Fair Disclosure Procedure for Regulating, Monitoring, Reporting and Prohibition of Insider Trading in BEL Securities, Related Party Transactions Policy, Risk Management Policy are being carried out by the Board of Directors/Committee(s) of the Board.

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

Yes. The Company publishes a BR Report and a Sustainability Report as part of its Annual Report and posts the same on its website at - <https://www.bel-india.in/ContentPage.aspx?MId=17&CId=427&LId=1&link=427>

Section E: Principle-wise performance:

Principle 1

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

Yes, the policy covers the Company. In addition, the Company has an adopted Integrity Pact with all vendors/suppliers/contractors/service providers for all Orders/Contracts of value ₹ 300 Lakh. 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. The 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.

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

In the Company, 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. BEL has opened 10 Regional Product Support Centres for supporting Indian Airforce & Indian Army and Water Front Support Centres at 7 locations for

Supporting Indian Navy ensuring timely resolution of Customer Complaints. These Support Centres are single point of contact of Customers in their respective operational zones, thereby facilitating better and faster coordination between customer and BEL manufacturing Units. 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 Docket Number for the registered complaint. The cell generates monthly report on summary of complaints for management. Summary of complaints for the FY 2021-22 are as follows:

No. of Complaints Registered	No. of Complaints Resolved	No. of Complaints Pending
12,939	11,712 (90.52%)	1,227 (9.48%)

Principle 2

- List up to three 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.

- Oxygen Concentrators
- Haemo Dialysis Machine
- Smart City Projects
- Platform Screen Doors for Metro Rail

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

- Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The manufacturing process is not constant and the integration of several electronic components takes place. Production ranges from manufacturing of integrated circuits to bigger electronic equipment like RADAR etc. Therefore, product-specific information cannot be quantified.

- Does the Company have procedures in place for sustainable sourcing (including transportation)?

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

Yes. The Company has established a rigorous selection mechanism for supplier selection and inclusion in the Company's Vendor Directory with the goal of sustainable sourcing and long-term mutual benefit. The Company provides feedback to suppliers by regularly monitoring performance on a variety of parameters including quality, cost and delivery. The Company's image, ethical and transparent business practices, and good relationships with suppliers make it possible for most items to be sustainable. MSME meetings are also held and sustainable supply is encouraged.

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

BEL's mainstream business is 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 enhance procurement from local suppliers, various Units of BEL across India engage in continuous Vendor Development program to attract vendors from around the respective Unit locations.

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 equipment, Electronics Testing Systems, Indigenisation of Defence Products, Industrial Tailoring, Power Supply & UPS, Rubber & Plastic Products, Sheet Metal Products, Solar Products, Stainless Steel Customised Products and Traffic Signal Systems.

The services include Advanced Welding, Assembly & Testing of Electronic Products, CNC Machining, Electroplating, Indigenisation of Defence Products, Painting & Coating, Product Improvement and Sheet Metal Fabrication. Design services include: 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 & maintains AVD including MSMEs for standard components, materials and sub-contract items across India. This provides ample of 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 & capability for evaluation. The various issues arising due to the above factors are addressed during the annual vendor meet of BEL for mutual benefit. BEL's Test facilities are made accessible to domestic vendors at nominal rates to facilitate manufacturing. BEL has in place collaborative R&D Process by engaging domestic vendors including MSME as Technology partners towards indigenisation efforts. Besides, the Company also provides support to Startups in line with Government guidelines.

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

The Company does not recycle products because most of the products are used for strategic/national security applications. Products delivered to customers are not returned to the Company. Guidelines have been provided to customers for handling and disposal of their End of life products. However, services have

6. Please indicate the number of complaints related to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

Sr. No.	Category	No. of Complaints pending as on 1 April 2021	No. of complaints filed during 2021-22	No. of Complaints resolved during 2021-22	No. of Complaints pending as on 31 March 2022
1.	Child labour/forced labour/involuntary labour	Nil	Nil	Nil	Nil
2.	Sexual harassment	Nil	01	01	Nil
3.	Discriminatory employment	Nil	Nil	Nil	Nil

been provided to customers who are willing to return products for scientific disposal. End-of-life products are scientifically processed and recycled through agency approved by the Pollution Control Board.

The Company has a structured mechanism to deliver waste from the manufacturing process of its products/equipment through authorised recyclers approved by the Pollution Control Board. Metal waste, waste oil, solvents and copper containing rejects are sent (100%) to authorised recyclers for recycling and recovery. Paper and plastic are handed over to recyclers. In addition, the food waste is used for biogas generation in the Bio-Methanation plant, which in turn was used for light cooking purposes or organic matter are converted to manure in organic waste converter.

Wastewater from the manufacturing process is treated and reused. Domestic waster is treated and recycled for horticultural purposes.

Principle 3

1. Please indicate the total number of employees: 8,853.
2. Please indicate the total number of employees hired on contractual/temporary/casual basis: 4,468 on contractual basis.
3. Please indicate the number of permanent women employees: 1,926
4. Please indicate the number of permanent employees with disabilities: 205
5. Do you have an employee association that is recognised by the management?: Yes
6. What percentage of your permanent employees are members of this recognised employee association?: 90.77%

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

Sr. No.	Category	% of employees covered through training on safety aspects	% of employees covered through training on skill upgradation
1.	Permanent Employees	30%	92%
2.	Permanent Women Employees	32%	91%
3.	Casual/Temporary/Contractual Employees	65%	18%
4.	Employees with Disability	23%	89%

Principle 4

1. Has the Company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Yes

- i. SC/ST employees
- ii. Employees with disabilities
- iii. Women employees

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

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

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

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

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

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

Special Initiatives for Employees with Disabilities:

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

Principle 5

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

Human Rights have been built into all the policies, systems and processes used in the Company. Human rights are a fundamental precept of all the Company's 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 the Company and covers the entire spectrum of the Company's business activities.

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

Summary of Complaints for the financial year 2021-22:

No. of Complaints Registered	No. of Complaints Resolved	No. of Complaints Pending
12,939	11,712 (90.52%)	1,227 (9.48%)

Principle 6

- Does the policy related to Principle 6 cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

It covers only the Company. In addition, the Company promotes customer awareness in environmental management to minimise the impact on the environment during the use of Company's products. The Company also persuades and encourages its business partners/suppliers/contractors to move towards environment friendly processes, from design to disposal.

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

Yes. The Company addresses issues such as climate change and global warming through effective energy management measures and adopting renewable energy sources. Energy-saving initiatives such as energy-efficient chillers, lighting management systems, building management systems, and daylight harvesting are followed. There is an impetus to use renewable energy sources such as wind and solar for energy generation and captive consumption. The Company is aiming for attaining stage of net-zero grid energy.

- Does the Company identify and assess potential environmental risks? Y/N

Yes. This is well established as a part of the environment management system based on ISO 14001 Standards. Regular internal and external audits are also conducted to verify the effectiveness of the implementation.

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

Yes. Generation of wind energy (Green Energy) through 2.5 MW and 8.4 MW capacity wind energy power plants at Davanagere and 3 MW capacity windmill 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 2021-22 and cumulative from inception of these are provided below:

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

a. Total generation during 2021-22	22,15,575 KW hrs
b. Total wheeled energy during 2021-22	19,86,925 KW hrs
c. Reduction in CO ₂ emission	1,925 tonnes of CO ₂ equivalent
d. Carbon credits	15,856 CERs
e. Cumulative wheeled from inception	4,68,28,538 KW hrs
f. Cumulative CO ₂ emission reduction	49,805.98 tonnes of CO ₂ equivalent

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

a. Total generation during 2021-22	44,84,400 KW hrs
b. Total wheeled energy during 2021-22	40,15,000 KW hrs
c. Reduction in CO ₂ emission	3,913 tonnes of CO ₂ equivalent
d. Carbon credits	Registered with UNFCC
e. Cumulative wheeled from inception	6,50,74,524 KW hrs
f. Cumulative CO ₂ emission reduction	74,363 tonnes of CO ₂ equivalent

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

a. Total generation during 2021-22	1,66,17,800 KW hrs
b. Total wheeled energy during 2021-22	1,50,36,583 KW hrs
c. Reduction in CO ₂ emission	15,185 tonnes of CO ₂ equivalent
d. Carbon credits	Yet to be registered with UNFCC
e. Cumulative wheeled from inception	9,70,89,357 KW hrs
f. Cumulative CO ₂ emission reduction	: 1,02,471 tonnes of CO ₂ equivalent

- Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

Yes. The concept of clean technology is practiced in the manufacturing process to prevent pollution. BEL always pays more attention towards prevention of pollution at source itself. In such endeavour, several improvements and modifications have been incorporated in the existing processes. Many of the Restriction of Certain Hazardous Substance (RoHS) compliant processes have

been introduced into the PCB manufacturing and metal finishing processes. Additional environmentally friendly materials have been introduced, such as low smoke halogen cables, low VOC metal finish (polyurethane), cyanide-free silver, zinc and copper plating, and trivalent chromium-based chromate conversion coating. A technical series of document have been published on RoHS compliant cadmium plating alternatives for fasteners and screws. This helps spread awareness and compliance of RoHS compliant alternatives among BEL's various D&E and quality engineers. New standard is released for environmental-friendly automated cleaning process of Printed wiring assembly using Aqueous based cleaner replacing the use of Iso-propyl Alcohol.

BEL has installed capacity of 13.9 MW Wind Power plant. Total green energy wheeled from BEL owned wind power plant during 2021-22 is 210.38 Lakh of units. Also, the total cumulative capacity of Grid connected Solar Power plant is 5101 KWp which generated 54 Lakh of units which are installed at roof tops of various buildings of all BEL Units. Wind energy contribution is 39% and Solar contribution is 10%. The total renewable energy contribution is around 49%. This has resulted in avoiding emission of 25,1161 MT equivalent of CO₂.

In addition, following energy conservation measures are taken up, energy-efficient retrofitting-LED lights, DALI (Digital Addressable Lighting Interface) lighting control system, Sky Light Pipe for daylight harvesting, reducing carbon footprint and water footprint. The concept of green building has been introduced in all new buildings and all future buildings will meet the GRIHA rating (Green Rating for Integrated Habitat Assessment).

- 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.

- Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of the Financial Year:

Nil, the Company has a good record of environment management and compliance.

Principle 7

- Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:

- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Confederation of Indian Industry (CII)

- Associated Chambers of Commerce and Industry of India (ASSOCHAM)

- Standing Conference of Public Enterprises (SCOPE)

- Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).

Yes, whenever policy guidelines are issued, suggestions are being provided. In addition, seminars/workshops are also attended for facilitating our view on the policies.

Principle 8

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

Yes.

The Company has formulated a Corporate Social Responsibility Policy pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications, amendments issued by Ministry of Corporate Affairs (MCA). The CSR Projects are taken up in line with the Schedule-VII of the Companies Act, 2013, which is duly incorporated in the Corporate Social Responsibility Policy and forms the guiding principle for all our CSR programmes.

Our Corporate Social Responsibility encompasses holistic community development, institution building and sustainability-related initiatives. Our interventions contribute to inclusive growth and equitable development in society through capacity building measures, empowerment of the marginalised and underprivileged sections/communities.

Key focus is in the areas of:

- Education** – facilitating a conducive learning environment in remote Govt. Schools
- Healthcare & Sanitation** – augmenting Health infrastructure in Govt. Hospitals and Sanitation facilities in Govt. Schools
- Rural Development** – rolling out developmental interventions in adopted villages
- Vocational Skill Development** – imparting technical skills, employability skills & providing industry exposure to youth from economically weaker sections of society
- Sustainable development of Environment**

A two-tier organisation structure is in place for Strategising, Planning, Approving, Implementing, Monitoring and Reporting of the CSR programmes/projects focussed towards community development.

2. Foundation/external NGO/Government structures/any other organisation?

The CSR initiatives of the Company are taken up through in-house teams.

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

Yes. The Company has undertaken impact assessment study of the toilets constructed by BEL under Swachh Bharat Mission, through an independent agency. Refer to Annexure-2, Report on CSR activities for Impact Assessment Report.

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 2021-22, an amount of ₹ 5,329.19 Lakh was allocated by the Company for various CSR programmes/projects. Details of CSR Projects undertaken during the year are given in 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.

Yes. The Company has established a comprehensive process to identify and implement CSR Projects/ Programmes focussed towards Community Development. Any CSR intervention begins with a need assessment by a cross-functional in-house team. The requirements are deliberated with the community, prioritised in consultation with the local administration and necessary clearances obtained. During execution of approved CSR Projects, BEL teams establish regular dialogue & consultation with its key stakeholders (Local Communities/Beneficiaries, Panchayat, District administration etc.) to ensure that the intended benefits have been achieved on completion of the CSR Projects, thus, paving way for successful adoption of the CSR intervention by the community.

The Company capitalised on its principles of service to humanity & in-kind delivery of societal commitments during COVID-19 pandemic by rolling out CSR interventions that directly impacted the community.

Medical Oxygen Generation Plants were set-up in 12 Government hospitals across 6 States, to ramp up their oxygen requirement and help ease the oxygen crises in the country. Health infrastructure was augmented in remote Govt. Hospitals & Primary Health Centres. Ventilators were donated to paediatric ICUs in the Govt. Hospitals of Yadgir Aspirational district. Persons with Disabilities in the Aspirational districts of Raichur & Yadgir in Karnataka were included in the relief efforts by supporting them with Aids & Appliances that facilitate their mobility.

Principle 9

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

There are a total of 1,227 customer complaints are pending out of total 12,939 complaints as on 31 March 2022. This amounts to 9.48% of total complaints registered. Handling customer complaints is an ongoing process. The Company will attend defects in such a way that the downtime of the product/system is minimal. Our Product Support teams are located very close to the Products/Systems and will be able to reach out in short span of time. There are no legal cases pending as on 31 March 2022.

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)

No.

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.

Nil.

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

Yes. This year, the Company has conducted Customer Satisfaction Survey for capturing holistic perceptions of Customers, with respect to the End User (Product Survey). Questionnaires are distributed and Customers feedback are obtained and analysed by external surveying agency using various analytical techniques. The organisation has received excellence Customer Satisfaction Index of 84% during the year, and the net promoter score of 59.06.

For and on behalf of the Board

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Independent Auditor's Report

To the Members of Bharat Electronics Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of BHARAT ELECTRONICS LIMITED (the "Company") which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements"), in which are included the Returns for the year ended on that date audited by the branch auditors of the Company's branches located at Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India:

- a. In case of Balance Sheet, of the state of affairs of the Company as at 31 March 2022;
- b. In case of Statement of Profit and Loss, of the profit and total comprehensive income for the year ended on that date;

- c. In case of Statement of changes in equity, changes in equity for the year ended on that date and
- d. In case of Statement of cash flows, of the cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Sl. No.	Key Audit Matter	Auditor's response
1	<p>Accuracy of recognition, measurement, presentation and disclosure of revenue and related balances towards Ind AS 115- Revenue from Contracts with Customer.</p> <p>The application of this standards involves the assessment towards identification of the distinct performance obligations, determination of the transaction price for each of the identified performance obligation, the judgements used for determining the satisfaction of those performance obligations over time or at a point in time.</p> <p>Additionally, the application of the standard also involves judgement used in identifying the amount of cost incurred to obtain or fulfil a contract and the disclosure of the periods over which performance obligations are satisfied over time subsequently to the reporting date.</p> <p>The Company's Revenue from Contracts mainly includes supply of defence electronics equipment's and systems.</p> <p>(Refer Note No. 23 to the standalone financial statements and S.No. 5 to the Accounting policies)</p>	<p>Principal Audit procedure -</p> <p>Our Audit procedure involve identification of internal controls and their operating effectiveness towards application of this standard. We have also carried out the substantive testing of the transactions.</p> <ol style="list-style-type: none"> We have assessed the appropriateness of the revenue recognition policies by comparing with the applicable Indian accounting standards. Selected the samples of continuing contracts as well as new contracts and identified the performance obligations and compared the same with performance obligation identified by the Company. Verified the basis of allocation of the transaction price to the identified performance obligation if not specifically mentioned in the contract. Identified the basis to be considered to determine the satisfaction of the performance obligation and compared the same with the judgments used by the company in determining the satisfaction of performance obligation over the time or at a point in time. Verified the appropriate evidence considered for determining the satisfaction of performance obligation towards transfer of promised goods or services. In respect of the contracts where the satisfaction of performance obligation over time, we have verified the method identified by the company for recognising the revenue and ensured that those methods are appropriate considering the nature of the performance obligation. Verified the judgements used by the company to identify those costs that are incurred to obtain or fulfil the contract and period over which those costs will be amortised. Review of the plan available with the company towards satisfaction of remaining performance obligation identified based on the delivery terms defined in the Customer order to prepare the disclosure relating to periods over which remaining unsatisfied or partially satisfied performance obligation will be satisfied subsequent to the reporting date. Verified the judgements used by the company to identify the performance obligation under unconditional appropriation in case of Bill and Hold arrangements.

Sl. No.	Key Audit Matter	Auditor's response
2	<p>Critical estimates in respect of Onerous Contracts –</p> <p>Estimation of unavoidable costs for meeting or satisfaction of performance obligation in respect of contract that have become onerous is critical. The unavoidable costs to complete the performance obligations, being an accounting estimate, is subjected to estimation uncertainty.</p> <p>(Refer Note No. 21 to the standalone financial statements and S.No. 23 to the Accounting policies)</p>	<p>Principal Audit procedure –</p> <p>We have enquired with the Management regarding the internal controls available towards identification of onerous contracts and cost to fulfil those contracts.</p> <ol style="list-style-type: none"> Selected the sample of the continuing as well as new contracts and tested the effectiveness of the controls towards recognition of costs incurred for a particular contract and estimation of costs necessary to fulfil the unsatisfied/ partially satisfied performance obligations in it. Carried out test of controls and substantive procedures in determining the estimates for unavoidable costs towards onerous contracts. Verified the purchase/Service Orders issued towards satisfying the performance obligation and costs incurred thereunder. Verified the internal controls towards identification of costs incurred towards the concerned contracts and ensured that only the costs related to the contract is recorded. Verified the possible reductions in the contract price towards the balance performance obligations in respect of penalties, contract modifications.
3	<p>Critical estimates made in respect of expected cost to complete the contract i.e., satisfaction of performance obligation over time. The estimate has inherent limitation of certainty towards estimating the cost to satisfy the performance obligation.</p> <p>(Refer Note No. 23 to the standalone financial statements and S.No. 5 to the Accounting policies)</p>	<p>Principal Audit procedure –</p> <p>We have enquired with the Management regarding the internal controls available towards the identification of contract where the performance obligation are satisfied over the period of time –</p> <ol style="list-style-type: none"> Selected the sample of the continuing as well as new contracts and tested the effectiveness of the controls towards recognition of costs incurred for a particular contract and estimation of costs necessary to fulfil the unsatisfied/ partially satisfied performance obligations in it. Carried out test of controls and substantive procedures in determining the estimates for cost necessary to fulfil the contract. Verified the purchase/Service Orders issued towards satisfying the performance obligation and costs incurred thereunder. Verified the internal controls towards identification of costs incurred towards the concerned contracts and ensured that only the costs related to the contract is recorded. Verified the possible reductions in the contract price towards the balance performance obligations in respect of penalties, contract modifications. Discussed with the Management and analysed that the cost estimated is towards the work that are pending to be carried out for completion and satisfaction of the performance obligation.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the company in accordance with the Ind AS and other accounting principles generally accepted in India. The Management of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management of the company are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless the management intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the financial reporting process of the Company.

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

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

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

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

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

Other Matters

1. 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 ₹ 5,98,940 lakhs as at 31 March 2022 and total revenues of ₹ 5,16,364 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of these branches have been audited by the branch auditors appointed by Comptroller & Auditor General of India, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

2. The comparative financial information of the Company for the year ended 31 March 2021 is prepared in accordance with Ind AS included in this standalone financial statements has been audited by the predecessor auditor, except for the comparative information pertaining to presentation and disclosure in respect of amendments in Division II of Schedule III vide notification dated 24 March 2021. The report of the predecessor auditor on the comparative financial information dated 17 August 2021 expressed an unmodified opinion.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2020 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure 'A', a statement of matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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 purpose of our audit of the aforesaid standalone financial statements.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books. The audit of the accounts of units (Bangalore complex, Hyderabad and Chennai) and Corporate Office was carried out by us, whilst the audit of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam units were audited by the respective branch auditors. The report of the branch auditors has been considered by us while preparing our report. In case of New York, Singapore and other offices, not visited by us, the returns/records received from the said offices have

- been verified and found to be adequate for the purpose of our audit.
- c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors (in respect of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam units) have been sent to us and have been properly dealt with by us in preparing this report.
- d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts maintained by company and with the returns received from the offices not audited by us.
- e) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The company being a Government Company, the provisions of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Directors are not applicable.
- g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"** which is based on the auditor's report of the company.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Companies Act, 2013 as amended:
In our opinion and to the best of information since the company being Government Company, the provisions in relation to the payment of managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013 is not applicable.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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 2022. Refer Note 30(8) to the standalone financial statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts - Refer Note No.21 to the standalone financial statements. The Company do not have any derivative contracts - Refer Note No 30(15) to the standalone financial statements.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- c) Based on the audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note 30(18) to the standalone financial statements
- a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- c) The Board of Directors of the Company have proposed final dividend for the year which is

subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

- vi. The reporting responsibility on the accounting software for maintaining the books of accounts has been deferred to the next financial year.
3. As required by Sec. 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the standalone financial statements of the company in **"Annexure C"**

For **Guru and Jana**
Chartered Accountants
Firm Registration No.: 006826S

Ananth Prasad B R
Partner

Varanasi
23 May 2022

Membership No.: 218145
UDIN: 22218145AJLRUO1188

"Annexure A" to the Independent Auditor's Report of even date

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Bharat Electronics Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

A. The company has generally maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

B. The company has generally maintained proper records showing full particulars of Intangibles assets.

b. The Property, Plant and Equipment have been physically verified by the company during the year and no material discrepancies were observed in such verification.

c. The title deeds of Immovable properties are held in the name of the Company other than the property which is mentioned in Note No. 1 (xiv) of the standalone financial statements.

d. The company has not revalued its Property, Plant and Equipment, Right of Use assets, and Intangible Assets during the year.

iii. The company has not made investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties except Loans to Employees and Advances in nature of Loans to Employees.

a. During the year, the company has not granted loans, advances in nature of loans, or stood guarantees or security to any other entity except for Loans & Advances in nature of Loans to employees:

(₹ in Lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of Loans
Aggregate of amounts granted/ provided during the year to Employees	Nil	Nil	113.85	340.06
Balance outstanding as at the balance sheet date in respect of above	Nil	Nil	560.33	241.35

b. In case of Loans granted and Advances in nature of loans are not prejudicial to the interest of the company's interest.

c. In case of Loans granted and Advances in nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and repayments/receipts are regular.

e. No proceedings have been initiated during the year or pending against the company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. a. The company has conducted the physical verification of inventory at reasonable intervals, in our opinion, the coverage and procedure of such verification by the company is appropriate; Further there were no discrepancies of 10% or more in the aggregate for each class of inventory and hence we are not commenting on the same.

In respect of the materials with sub-contractors, majority confirmations have been received and reconciled with the books of accounts. However, in case of such items for which confirmations have not been received, which are not significant, the company has dealt with the same by making necessary provision in the books of accounts.

b. The company has been granted on the working capital limits in excess of five crore rupees in aggregate from banks on the basis of security of Current assets. No working capital limits taken from any financial institutions. The Quarterly returns or statements filed by the company with such banks are in agreement with books of accounts of the company.

d. There are no overdue amount for more than 90 days, in respect of the loan granted and advances in nature of loans except for amounts disclosed below.

(₹ in Lakhs)

No of cases	Principal Overdue	Interest Overdue	Total Overdue	Remarks (if any)
1	0.51	-	0.51	-

Further, reasonable steps taken by the company to recover the overdue amount is adequate.

e. No loan/advance in nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

f. The company has not granted any loans or advances in nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. The company being a Government company, the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, are not applicable.

v. 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, 2013 and the rules framed there under. We were informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

All deposits have matured and settled except for ₹ 36.95 lakhs, out of which ₹ 36.50 lakhs is retained as per Garnishee Order of Lokayukta, Bengaluru and the balance of ₹ 0.45 lakhs though matured is unpaid due to legal issues.

vi. We have broadly reviewed the books of accounts relating to the materials, labour and other items of cost maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for the maintenance of cost records under Section 148(1) (d) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out any detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. In respect of statutory dues:

a. According to information and explanations given to us and on the basis of our examination of the books of accounts, and records, the company has been generally regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, duty of Customs, duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. There were no undisputed amounts payable in respect of the above in arrears as at 31 March 2022 for a period of more than six months from the date when they became payable.

b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31 March 2022 on account of disputes are given below –

Nature of the Statute	Nature of Dues	Amount (₹ In lakhs)	Period to which amount relates to	Forum where it was pending
The Income Tax Act, 1961	Disallowances as per Assessment orders	2,765.37	2008-09, 2009-10, 2011-12 to 2013-14, 2015-16 to 2017-18	Commissioner of Income Tax (Appeals)
Chapter V of Finance Act, 1994	Service Tax	206.75	2011-12	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	MODVAT credit	23.65	1991-92	Commissioner Appeals
Central Excise Act, 1944	Interest on Excise Duty	243.87	2011-12 & 2012-13	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Customs Act, 1962	Customs Duty	25.45	2012-13	Commissioner (Appeals) of Customs
Central Excise Act, 1944	Excise Duty	6.04	1991-92	Commissioner Appeals
Sales Tax Act, Bihar	Disputed Tax under Bihar Sales Tax	66.44	1995-96 to 1997-98	Commissioner of Commercial Taxes (Appeals), Chirkunda, Bihar
Andhra Pradesh State VAT Act	Sales Tax	21.66	2009-10	Commercial Tax officer, Nampally, Hyderabad

Nature of the Statute	Nature of Dues	Amount (₹ In lakhs)	Period to which amount relates to	Forum where it was pending
Chapter V of Finance Act, 1994	Service Tax	713.31	2014-15 & 2015-16	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Customs Act, 1962	Customs Duty	427.80	2015-16	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Commercial Tax	Commercial Tax	31.83	2011-12 & 2013-14	CTO, Rajasthan Government
Central Sales Tax Act, 1956	Central Sales Tax	2,728.91	2016-17	Joint Commissioner of Commercial Tax Appeals
Karnataka Value Added Tax, 2003	Karnataka Value Added Tax	291.93	2016-17	Joint Commissioner of Commercial Tax Appeals
Madhya Pradesh Value Added Tax, 2002	Value Added Tax and Entry Tax	48.37	2010-11	MP Commercial Tax Appellate Board
Customs Act, 1962	Customs Duty	1,540.46	2020-21	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Customs Act, 1962	Customs Duty	0.20	2020-21	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
The Income Tax Act, 1961	Tax deducted at source	40.13	2007-08 to 2017-18	TDS circle, LTU
Central Sales Tax Act, 1956	Central Sales Tax	162.87	2020-21	Deputy Commissioner of Commercial Taxes (DCCT)
Employees State Insurance Act, 1948	Employee State Insurance Dues	45.73	2006-2011	Appeal pending to be file
Customs Act, 1962	Customs Duty	68.98	2021-22	Additional Commissioner of Customs
Chapter V of the Finance Act, 1994	Service Tax	10.58	2007-08	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	48.00	2007-08 to 2009-10	Sales Tax Tribunal
Chapter V of the Finance Act, 1994	Service Tax	515.90	2010-11 to 2015-16	CESTAT, Chennai
Chapter V of the Finance Act, 1994	Service Tax	30.93	2016-17 to 2017-18	CESTAT, Chennai
Tamil Nadu General Sales Tax Act	Sales Tax	106.64	2015-16	Sales Tax Tribunal
Tamil Nadu General Sales Tax Act	Sales Tax	30.97	2016-17	Sales Tax Tribunal
Chapter V of the Finance Act, 1994	Service Tax	211.57	2005-06 to 2008-09	Customs, Excise, and Service Tax Appellate Tribunal (CESTAT), Bangalore
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	22.54	2014-15	Additional Commissioner Act, 2008 Gr-2 (Appeal) - IV, Ghaziabad
Chapter V of the Finance Act, 1994	Service Tax	60.93	Till 30 June 2017	Superintendent, 2017 Range 34, Division VII, Ghaziabad
Employees State Insurance Act, 1948	Interest & Damages towards late deposit	3.52	2000-01	Punjab & Haryana High Court, Chandigarh
Chapter V of the Finance Act, 1994	Service Tax	6.18	2005-06 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore
Uttarakhand Value Added Tax Act, 2005	Trade Tax & Interest	220.08	2001-02	Uttarakhand High Court, Act, Nainital
Chapter V of the Finance Act, 1994	Service Tax	1.01	2005-06 to 2008-09	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore
Employees State Insurance Act, 1948	ESI Contribution	10.17	1992-93	Andhra Pradesh High Court
Employees State Insurance Act, 1948	Interest & Cost of recovery	20.26	1998-99 to 2000-01	Andhra Pradesh High Court
Sales Tax	Sales Tax	58.85	2008-09	The case is pending with Rajasthan Tax Board
Local Body Tax	Local Body Tax	41.43	2016-17	Assistant Commissioner of Panvel Municipal Corporation
Local Body Tax	Local Body Tax	16.80	2017-18	Assistant Commissioner of Panvel Municipal Corporation
Total disputed amount		10,876.11		
Total amount paid under protest		723.76		

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. a. The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b. The company is not declared as wilful defaulter by any bank or financial institution or government or any government authority.
- c. The company has not taken any term loans hence reporting under clause 3(ix)(c) of the Order is not applicable.
- d. On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e. The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f. The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, hence reporting under clause 3(ix)(f) of the Order is not applicable.
- x. a. The reporting requirements on the moneys raised by way of initial public offer or further public offer (including debt instruments) during the year will not be applicable as there are no such transactions during the year.
- b. The company has not made any preferential allotment or private placement of shares or convertible debentures during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. a. Based upon the audit procedures performed, we report that no material fraud by the company or on the company has been noticed or reported during the course of our audit.
- b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- Further, as per the representation obtained from the Management, there are no instances of such

- reporting under Section 143(12) by predecessor auditor during the year.
- c. As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, all the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. a. The Company has an Internal audit system which commensurate with the size and nature of its Business.
- b. We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion,
- a. The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.
- b. The company has not conducted any Non-Banking Financial or Housing Finance activities. Hence, reporting under clause 3(xvi)(b) of the Order is not applicable.
- c. The Company is not a Core Investment Company (CIC) as defined under the Regulations by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
- d. The group in which the company is a part of, does not have any Core Investment Company. Hence, reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses in the current financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company.

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. a. There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing

projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

b. In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the current financial year and previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of Section 135(6) of the Act.

For **Guru and Jana**
Chartered Accountants
Firm Registration No.: 006826S

Ananth Prasad B R
Partner
Membership No.: 218145
UDIN: 22218145AJLRUO1188

Varanasi
23 May 2022

"Annexure B" to the Independent Auditor's Report of even date

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Bharat Electronics Limited of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Bharat Electronics Limited ("the Company") as of 31 March 2022 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 Management of the company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the 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 with reference to standalone financial statements 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 with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements reporting and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion

In our Opinion, to the best of our information and according to the explanations given to us, the company was able to provide us with sufficient appropriate audit evidence on the system of internal financial controls with reference to standalone financial statements based on criteria considering the essential components of internal control as stated in the

Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of the company, which comprise the Balance Sheet as at 31 March 2022 and the related Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information, and our report even dated expressed an unqualified opinion thereon.

For **Guru and Jana**
Chartered Accountants
Firm Registration No.: 006826S

Ananth Prasad B R
Partner
Membership No.: 218145
UDIN: 22218145AJLRUO1188

Varanasi
23 May 2022

"Annexure C" to the Independent Auditor's Report of even date

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Bharat Electronics Limited of even date)

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **Bharat Electronics Limited, for the year 2021-22** issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sl. No.	Directions / Sub-Directions	Action taken	Impact on Standalone Financial Statements
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company process all the accounting transaction on a day-to-day basis through IT system.	Nil
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	According to the information and explanation provided to us and based on the verification of records, the company has not obtained any loans from banks or financial institutions and hence this clause is not applicable to the company.	Nil
3	Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilised as per its term and conditions? List the cases of deviation.	Yes, according to the information and explanations provided to us and based on the verification of records, the funds received towards the specific schemes from central / state agencies have been appropriately accounted and utilised for the purpose for which it is received.	Nil

For **Guru and Jana**
Chartered Accountants
Firm Registration No.: 006826S

Ananth Prasad B R
Partner
Membership No.: 218145
UDIN: 22218145AJLRUO1188

Varanasi
23 May 2022



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

दिनांक/ DATE. 25th July 2022

To
Mrs. Anandi Ramalingam,
Chairman and Managing Director,
Bharat Electronics Limited,
PO Nagavara, Outer Ring Road,
Bengaluru - 560 045.

Madam,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022.

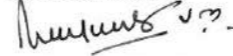
I forward **Nil Comments Certificate** of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,


(Arun Kumar V.M.)
Director (Reports)

Encl: As above.

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

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

फैक्स /Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2022

The preparation of financial statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022 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 23 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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


(Santosh Kumar)

Principal Director of Commercial Audit

Place: Bengaluru
Date: 25 July 2022

Balance Sheet

(₹ in Lakhs)

Particulars	Note no.	As at 31 March 2022	As at 31 March 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	1	2,45,451	2,42,265
(b) Capital work-in-progress	2	39,855	35,069
(c) Investment property	3	7	8
(d) Other intangible assets	4	6,905	5,730
(e) Intangible assets under development	5	46,045	38,556
(f) Financial assets			
(i) Investments	6	1,55,424	1,33,119
(ii) Trade receivables	7	-	-
(iii) Loans	8	728	736
(iv) Other financial assets	9	2,275	2,813
(g) Deferred tax assets (net)	10	62,070	46,339
(h) Inventories	11	2,734	3,938
(i) Other non current assets	12	67,784	39,081
		6,29,278	5,47,654
(2) Current assets			
(a) Inventories	11	5,53,956	4,91,529
(b) Financial assets			
(i) Trade receivables	7	6,10,339	6,55,154
(ii) Cash & cash equivalents	13	1,23,904	3,01,565
(iii) Bank balances [other than (ii) above]	14	6,26,010	1,99,256
(iv) Loans	8	148	532
(v) Other financial assets	9	10,231	5,980
(c) Current tax assets (net)	15	14,325	12,998
(d) Other current assets	12	7,76,803	6,90,647
		27,15,716	23,57,661
TOTAL ASSETS		33,44,994	29,05,315
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	24,366	24,366
(b) Other equity		11,74,060	10,56,423
		11,98,426	10,80,789
LIABILITIES			
(1) Non-current liabilities			
(a) Deferred income	17	6,152	6,493
(b) Financial liabilities			
(i) Borrowings	18	-	-
(i)a Lease liabilities		5,151	117
(ii) Trade payables	19	-	-
- total outstanding dues of micro enterprises & small enterprises; and		-	-
- total outstanding dues of creditors other than micro enterprises & small enterprises		34	29
(iii) Other financial liabilities	20	2,022	671
(c) Provisions	21	1,80,006	1,40,744
(d) Other non-current liabilities	22	-	-
		1,93,365	1,48,054

Balance Sheet

(₹ in Lakhs)

Particulars	Note no.	As at 31 March 2022	As at 31 March 2021
(2) Current liabilities			
(a) Deferred income	17	339	396
(b) Financial liabilities			
(i) Borrowings	18	-	-
(i)a Lease liabilities		119	135
(ii) Trade payables	19	-	-
a. total outstanding dues of micro enterprises & small enterprises; and		24,795	15,204
b. total outstanding dues of creditors other than micro enterprises & small enterprises		3,11,801	3,14,450
(iii) Other financial liabilities	20	95,736	95,544
(c) Other current liabilities	22	14,78,850	12,16,497
(d) Provisions	21	41,563	34,246
(e) Current tax liabilities (net)	15	-	-
		19,53,203	16,76,472
TOTAL EQUITY AND LIABILITIES		33,44,994	29,05,315

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

 For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

 Varanasi
23 May 2022

Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note no.	For the year ended 31 March 2022	For the year ended 31 March 2021
I Revenue from operations	23	15,31,376	14,06,383
II Other income	24	23,359	12,610
III Total income (I+II)		15,54,735	14,18,993
IV EXPENSES			
a Cost of material consumed		8,09,634	6,68,520
b Cost of stores & spares consumed		2,964	3,874
c Consumption of stock in trade		1,05,349	1,23,321
d Changes in inventories of finished goods, work in progress & scrap	25	(27,697)	(12,933)
e Employee benefits expense	26	2,10,939	1,94,068
f Finance costs	27	485	608
g Depreciation and amortisation expense	28	38,018	36,633
h Other expenses	29	99,263	1,11,421
TOTAL EXPENSES (a to h)		12,38,955	11,25,512
V Profit before exceptional items & tax (III - IV)		3,15,780	2,93,481
VI Exceptional items		-	-
VII Profit before tax (V - VI)		3,15,780	2,93,481
VIII Tax expense	10		
- Current tax		91,052	82,493
- Earlier years tax		-	(2,492)
- Deferred tax		(10,165)	6,938
Total provision for taxation		80,887	86,939
IX Profit for the year (VII - VIII)		2,34,893	2,06,542
X Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the net defined benefit liability/asset		(19,940)	(11,639)
- Equity instruments through other comprehensive income		1	1
- Income tax relating to these items		5,018	2,929
Total other comprehensive income / (loss) (net of tax)		(14,921)	(8,709)
XI Total comprehensive income for the year (IX + X) [comprising profit and other comprehensive income for the year]		2,19,972	1,97,833
XII Earnings per equity share (face value of INR 1/- each) :	30(1)		
(1) Basic [in INR]		9.64	8.48
(2) Diluted [in INR]		9.64	8.48

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **Guru & Jana**,
Chartered Accountants
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Company Secretary

Varanasi
23 May 2022

Statement of Changes in Equity

(₹ in Lakhs)

A. Equity share capital

Particulars	Note no.	Amount
Balance as at 1 April 2021		24,366
Changes in equity share capital during the year		
- Issue of shares	16	-
- Buyback of shares		-
Balance as at 31 March 2022		24,366

Particulars	Note no.	Amount
Balance as at 1 April 2020		24,366
Changes in equity share capital during the years		
- Issue of shares	16	-
- Buyback of shares		-
Balance as at 31 March 2021		24,366

B. Other equity

Particulars	Note no.	Reserves & surplus				Other reserve		Total other equity
		Capital reserve*	Capital redemption reserve*	General reserve	Retained earnings	Equity instruments through other comprehensive income*	Other comprehensive income*	
Balance as at 1 April 2021		4,669	1,868	3,99,546	6,78,160	8	(27,828)	10,56,423
Profit for the year		-	-	-	2,34,893	-	-	2,34,893
Addition during the year		-	-	-	-	1	(14,922)	(14,921)
Total		4,669	1,868	3,99,546	9,13,053	9	(42,750)	12,76,395
Amount transfer to general reserve		-	-	40,000	(40,000)	-	-	-
Transaction with owners in their capacity as owner								
Dividends	16	-	-	-	(1,02,335)	-	-	(1,02,335)
Issue of shares	16	-	-	-	-	-	-	-
Buyback of shares	16	-	-	-	-	-	-	-
Balance as at 31 March 2022		4,669	1,868	4,39,546	7,70,718	9	(42,750)	11,74,060

Statement of Changes in Equity

(₹ in Lakhs)

Particulars	Note no.	Reserves & surplus				Other reserve		Total other equity
		Capital reserve*	Capital redemption reserve*	General reserve	Retained earnings	Equity instruments through other comprehensive income*	Other comprehensive income*	
Balance as at 1 April 2020		4,669	1,868	3,59,546	6,13,956	7	(19,118)	9,60,928
Profit for the year		-	-	-	2,06,542	-	-	2,06,542
Addition during the year		-	-	-	-	1	(8,710)	(8,709)
Total		4,669	1,868	3,59,546	8,20,498	8	(27,828)	11,58,761
Amount transfer to general reserve		-	-	40,000	(40,000)	-	-	-
Transaction with owners in their capacity as owner								
Dividends	16	-	-	-	(1,02,338)	-	-	(1,02,338)
Issue of shares	16	-	-	-	-	-	-	-
Buyback of shares	16	-	-	-	-	-	-	-
Balance as at 31 March 2021		4,669	1,868	3,99,546	6,78,160	8	(27,828)	10,56,423

* Refer Note 16 (B).

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

 For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

 Varanasi
23 May 2022

Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before exceptional items and tax	3,15,780	2,93,481
Adjustments for:		
Depreciation and amortisation expense	38,018	36,633
Provision for intangible assets under development	-	7,213
Intangible assets under development charged off	-	75
Capital work in progress charged off	-	1,468
Corporate social responsibility	5,329	4,688
Transfer from government grants	(398)	(422)
Interest income	(17,377)	(5,649)
Dividend income	(407)	(351)
Interest on lease liability	306	24
Finance costs	179	584
Fair valuation of loan to subsidiary	-	(14)
Profit on sale of property, plant & equipment	(45)	(121)
Operating Profit Before Working Capital Changes	3,41,385	3,37,609
Increase / (Decrease) due to:		
Trade receivables	44,815	18,137
Loans	392	5,303
Other financial assets	(3,540)	(2,872)
Other assets	(1,14,859)	(90,426)
Inventories	(61,223)	(99,192)
Trade payables	6,947	87,188
Other financial liabilities	6,133	8,248
Other liabilities	2,62,353	2,96,210
Provisions	26,640	15,759
Current tax assets	(12,683)	(12,388)
Cash Generated from Operations	4,96,360	5,63,576
Income taxes paid (net)	(80,244)	(53,230)
Cash Flow Before Exceptional Items	4,16,116	5,10,346
Exceptional items	-	-
Net Cash from / (used in) Operating Activities	4,16,116	5,10,346
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant & equipment and other intangible assets	(55,348)	(46,773)
Less: Receipt of grant	-	-
Purchase of property, plant & equipment and other intangible assets (net)	(55,348)	(46,773)
Proceeds from sale of property, plant & equipment	740	133
Increase / (Decrease) from term deposits & other bank balances	(4,26,927)	(1,99,281)
Equity investments in subsidiaries & associates	-	(157)
Investments in others	(22,305)	(16,781)
Interest received	17,377	5,649
Dividend received	407	351
Net Cash from / (used in) Investing Activities	(4,86,056)	(2,56,859)

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds / Repayment from borrowings (net)	-	(833)
Corporate Social Responsibility (CSR) expenditure	(4,738)	(3,670)
Dividend paid	(1,02,331)	(1,02,274)
Repayment of lease liabilities	(167)	(159)
Interest on lease liability	(306)	(24)
Finance costs	(179)	(584)
Net Cash from / (used in) Financing Activities	(1,07,721)	(1,07,544)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,77,661)	1,45,943
Cash and Cash Equivalents at the beginning of the year	3,01,565	1,55,622
Cash and Cash Equivalents at the end of the year	1,23,904	3,01,565

Non-cash changes recognised in respect of liabilities on account of financing activities is Nil (Nil).

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

 For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
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Dinesh Kumar Batra
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Ananth Prasad B R
Partner
Membership No. 218145

 Varanasi
23 May 2022

S Sreenivas
Company Secretary

Notes to Accounts

(₹ in Lakhs)

Note 1 - Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2021	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2022	Accumulated depreciation / amortisation as at 1 April 2021	Depreciation / amortisation for the year	Deductions / adjustments during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Owned Asset										
Freehold land	13,711	606	-	14,317	-	-	-	-	14,317	13,711
Roads and culverts	2,216	55	-	2,271	396	117	-	513	1,758	1,820
Buildings	82,337	5,718	-	88,055	11,981	3,370	-	15,351	72,704	70,356
Installations	4,717	275	2	4,990	2,366	436	2	2,800	2,190	2,351
Plant and machinery	1,51,093	14,885	146	1,65,832	65,935	14,981	146	80,770	85,062	85,158
Electronic equipment	59,822	5,169	511	64,480	37,612	7,158	363	44,407	20,073	22,210
Equipment for R & D lab	46,958	5,567	34	52,491	30,260	7,241	34	37,467	15,024	16,698
Vehicles	875	271	50	1,096	540	136	32	644	452	335
Office equipment	12,132	1,869	51	13,950	7,743	1,736	51	9,428	4,522	4,389
Furniture, fixtures and equipments	9,348	799	63	10,084	4,972	931	62	5,841	4,243	4,376
Assets acquired for sponsored research	65	-	-	65	65	-	-	65	-	-
Right of Use Asset										
Lease of other assets	440	4,459	37	4,862	198	280	37	441	4,421	242
Leasehold land	20,821	757	541	21,037	202	163	13	352	20,685	20,619
Total	4,04,535	40,430	1,435	4,43,530	1,62,270	36,549	740	1,98,079	2,45,451	2,42,265

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2020	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2021	Accumulated depreciation / amortisation as at 1 April 2020	Depreciation / amortisation for the year	Deductions / adjustments during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Owned Asset										
Freehold land	13,711	-	-	13,711	-	-	-	-	13,711	13,711
Roads and culverts	2,191	25	-	2,216	281	115	-	396	1,820	1,910
Buildings	76,125	6,212	-	82,337	8,849	3,132	-	11,981	70,356	67,276
Installations	4,235	532	50	4,717	2,002	414	50	2,366	2,351	2,233
Plant and machinery	1,37,994	13,249	150	1,51,093	51,600	14,482	147	65,935	85,158	86,394
Electronic equipment	57,885	1,982	45	59,822	29,947	7,709	44	37,612	22,210	27,938
Equipment for R & D lab	43,197	3,775	14	46,958	23,230	7,044	14	30,260	16,698	19,967
Vehicles	713	173	11	875	421	125	6	540	335	292
Office equipment	10,504	1,660	32	12,132	6,135	1,637	29	7,743	4,389	4,369
Furniture, fixtures and equipments	8,716	664	32	9,348	4,065	939	32	4,972	4,376	4,651
Assets acquired for sponsored research	65	-	-	65	65	-	-	65	-	-
Right of Use Asset										
Lease of buildings	400	109	69	440	120	147	69	198	242	280
Leasehold land	20,703	118	-	20,821	61	141	-	202	20,619	20,642
Total	3,76,439	28,499	403	4,04,535	1,26,776	35,885	391	1,62,270	2,42,265	2,49,663

Notes to Accounts

(₹ in Lakhs)

- i. Freehold land consists of 2,081.80 acres (2,072.87 acres) and Leasehold land consists of 989.28 acres (948.20 acres).
- ii. Freehold land includes 5.32 acres (7.21 acres) leased to commercial / religious organisations and in their possession.
- iii. Additions related to R&D assets during the year includes
 - A. ₹ 995 (₹ 2,074) in respect of the assets of Central Research Laboratories / Product Development and Innovation Centre accounted under natural code heads.
 - B. Nil (₹ 17) in respect of the assets of Pune Unit accounted under natural code heads.
- iv. Electronic Equipment value includes POS machines valuing ₹ 886 (₹ 1,026) which are under the control of Haryana Government (operating lease).
- v. **Site Restoration Obligation**
Refer Note 21 for Site Restoration Obligation in respect of Wind Mill & Solar Power Plants.
Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 2,318 (₹ 2,105) in respect of Wind Mill & Solar Power Plants.
- vi. **Contractual Commitments**
Refer Note 30(6) for outstanding Contractual Commitments.
- vii. **Deemed Cost**
On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant & equipment.
- viii. **Estimation of Useful Life of Assets**

The management has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

The estimated useful lives of various categories of Tangible Assets is as follows:

Asset Class	Years
Buildings	20-40
Roads and Culverts	20-40
Installations	10
Plant and Machinery	2-25
Electronic Equipment	5-7
Vehicles	4-5
Office Equipment	5-7
Furniture, Fixtures and equipments	6-10
Equipment for R & D Lab	5

Notes to Accounts

(₹ in Lakhs)

- ix. **Depreciation / Amortisation**
Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets.
Leased Assets are amortised on a straight-line basis over their estimated useful lives or their respective lease term whichever is shorter.
- x. **Method of Accounting Depreciation**
Depreciation / Amortisation has been calculated as per the Accounting Policy No. 8 of the Company and recognised as expenses in the Statement of Profit and Loss. Amount of Depreciation recognised as part of Cost of Other Asset is Nil (Nil).
- xi. **Impairment of Assets**
Refer Note 30(4).
- xii. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, Plant & Equipment.
- xiii. Land acquired free of cost from the Government in some units has been accounted in line with provisions of Ind AS 101.
- xiv. **Details of Registration, Pending Litigation etc.**
 - a. Pending execution of title/sale deed and handing over physical possession of land allotted by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in respect of land admeasuring 5.60 acres (5.60 acres) in Mallapur allotted to BEL, Hyderabad and the matter being under litigation, no provision towards registration and other costs has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65 (₹ 65) is included in Capital Advances.
 - b. 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 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.
 - c. Land admeasuring to 122.82 acres (122.82 acres) at Ibrahimpatnam allotted by APIIC / TSIIIC possession is given for which sale deed is pending.
 - d. A demand of ₹ 256 (₹ 256) being 50% of the compensation amount decreed by City Civil court, Hyderabad has been received towards additional compensation from TSIIIC dated 31.01.2015 for land of 22.375 acres (22.375 acres) which is part of the Freehold 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.
 - e. Free hold Land to the extent of 1.22 acres (1.22 acres) which was allotted by Government Authorities in Bengaluru in return for handing over of Land measuring 1.24 acres (1.24 acres) is under litigation.
 - f. The Company has installed Windmill Generator at three locations. Out of which : Windmill Generator-I capitalised in the year 2006-07 on Lease Land. Upfront Lease rent is Nil and Lease Agreement for the land is pending finalisation. Windmill Generator - II is capitalised in the year 2007-08 on the leased land by paying upfront lease rent of ₹ 36. Lease Agreement for the land is pending finalisation.
 - g. The title deed in respect of land in Panchakula measuring 0.30 acres (0.30 acres) is under litigation. Two cases are pending in court in this regard.
 - h. Leasehold land admeasuring 8.93 acres (8.93 acres) has been converted into freehold land in Pathankot is pending for registration. No provision towards registration and other cost has been made in the books of accounts for pending registration.
 - i. Sale deed is pending for finalisation of the land admeasuring to 913.99 acres (913.99 acres) at Palasamudram, Ananthapur Dist. AP.

Notes to Accounts

(₹ in Lakhs)

- xv. Company has installed solar power plants on lease land in Ordance Factory Board at Medak, Itarsi, Bolangir, HVF Avadi, GCF Jabalpur, VFJ Jabalpur, Hazratpur, Muradnagar, Nalanda, MSF Ishopore by paying a nominal value of INR 1 (represents absolute figure) as annual lease rent for every plant.
- xvi. Prepaid rent paid for 3 MW Hassan & 8.4 MW Davangere windmill plants capitalised as Right of Use on transition to Ind AS 116.
- xvii. Land admeasuring to 31.15 acres (31.15 acres) located at Devanahalli, Bengaluru is received from Karnataka Industrial Area Development Board (KIADB) and the cost of land along with the cost of registration of ₹ 7,974 (₹ 7,974) capitalised under Lease hold land. As per the terms of the lease agreement, on successful commencement of the project the same will be converted as freehold land.
- xviii. Borrowing cost of ₹ 974 (₹ 729) (net of interest income) towards Employee quarters is capitalised. Capitalisation rate is 6.47% p.a (6.47% p.a.)
- xix. Short term lease amount expended during the year is Nil (Nil).
- xx. Leasehold land includes 9.62 acres (9.62 acres) leased to Government Organisation for use during construction and is in their possession of NCRTC as at the year end. (Ghaziabad Unit)
- xxi. Lease agreement has been entered with Tamil Nadu Industrial Explosives Ltd (TEL) Chennai, towards lease of 50 acres for 29 years and capitalised during FY 2021-22 as an ROU asset for total value of ₹ 5,166. Interest expense on lease liability is ₹ 289. Discounting Rate considered is 6.95% (i.e. applicable incremental borrowing rate) as per Ind AS 116. Total cash outflow for TEL lease is ₹ 13,685.
- xxii. Equipments belong to "Electronics Computer system" whose Gross block is ₹ 3 (₹ 3) and accumulated depreciation of ₹ 3 (₹ 2), and Equipments belongs to "Miscellaneous Maintainance Equipment" whose Gross block is ₹ 2 (₹ 1) and accumulated depreciation of ₹ 1 (₹ 1) are lying at Naval Dockyard, Vizag.
- xxiii. DAV Public School was provided a portion of leasehold land by the Unit. Unit has filed a case against DAV Public School for eviction (Ghaziabad Unit).
- xxiv. Repayment of Lease during the year amounting to ₹ 167 (₹ 159).

Note 2 - Capital work-in-progress

Particulars	As at 31 March 2022	As at 31 March 2021
Civil Construction	20,849	12,193
Plant & Machinery	16,918	16,687
Others	1,643	4,489
Capital Items in Transit	569	1,824
	39,979	35,193
Less : Provision for impairment	(124)	(124)
	39,855	35,069

Notes to Accounts

(₹ in Lakhs)

Capital Work in Progress 2021-22

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Project in progress	22,423	7,240	2,744	1,747	34,154
Others	4,817	489	178	217	5,701
Project temporarily suspended	-	-	-	124	124
Provision for impairment	-	-	-	(124)	(124)
Total	27,240	7,729	2,922	1,964	39,855

Completion schedule - Time and Cost overrun 2021-22

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
LRSAM	18,023	-	-	-	18,023
DSIC Palasamudram	565	-	-	274	839
Production building	124	-	-	-	124
TEL Facility	104	-	-	-	104
MWC building	11	-	-	87	98
Project - Ibrahimpatnam	47	-	-	-	47
MCG CADDs building	-	-	-	38	38
Flap barrier	-	26	-	-	26
Total	18,874	26	-	399	19,299

Completion schedule - Suspended projects 2021-22

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Production building	124	-	-	-	124
Total	124	-	-	-	124

Capital Work in Progress 2020-21

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Project in progress	19,437	4,113	358	1,611	25,520
Others	5,958	296	1,019	2,277	9,549
Project temporarily suspended	-	-	-	124	124
Provision for impairment	-	-	-	(124)	(124)
Total	25,395	4,409	1,377	3,888	35,069

Notes to Accounts

(₹ in Lakhs)

Completion schedule - Time and Cost overrun 2020-21

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
LRSAM	14,208	-	-	-	14,208
RF Seeker Facility	1,811	-	-	-	1,811
DSIC Palasamudram	592	-	-	272	864
Production Building	-	124	-	-	124
Project - Ibrahimpatnam	-	47	-	-	47
Mega Solar Power Plant	27	-	-	-	27
Total	16,638	171	-	272	17,080

Completion schedule - Suspended projects 2020-21

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Production Building	-	124	-	-	124
Total	-	124	-	-	124

- Civil construction mainly comprises of Production related building, R&D building and Employee Quarters.
- Refer Note 30 (6) in respect of contractual commitments.
- Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, plant & equipment.
- Impairment of Assets**
Building under construction with carrying value of ₹ 124 is halted for more than three years as the contractor to whom the said work was awarded is in the process of winding up, and there has been no progress in the work. During the year a claim of ₹ 1,398 submitted to Official Liquidator based on independent valuation report. Official Liquidator (High court, Madras) advised BEL to submit the claim along with condonation of delay. The company is in the process of submitting the same. An amount of ₹ 124 was impaired in the financial year 2018- 19. Refer Note 30(4).
- Borrowing costs of Nil (₹ 245) [net of interest income] has been included in Capital WIP in respect of employee quarters under construction. The capitalisation rate is 6.47% p.a (6.47% p.a).

Note 3 - Investment property

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2021	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2022	As at 1 April 2021	Depreciation / amortisation for the year	Deductions / adjustments during the year	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
Freehold land*	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	6	1	-	7	7	8
Total	14	-	-	14	6	1	-	7	7	8

* Freehold land includes INR 3,830 (INR 3,830) [represents absolute figure] which is rounded off.

Notes to Accounts

(₹ in Lakhs)

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2020	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2021	As at 1 April 2020	Depreciation / amortisation for the year	Deductions / adjustments during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Freehold land*	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	5	1	-	6	8	9
Total	14	-	-	14	5	1	-	6	8	9

* Freehold land includes INR 3,830 (INR 3,830) [represents absolute figure] which is rounded off.

i. Amount recognised in Statement of Profit & Loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Rental Income	191	193
b. Direct Operating Expenses (including R&M) from property that generated rental income	-	-
c. Direct Operating Expenses (including R&M) from property other than above	-	-
d. Depreciation	(1)	(1)
e. Profit from Investment Property	190	192

ii. Refer Note 30(6) for Contractual Commitments.

iii. Fair Value of the investment properties

Particulars	As at 31 March 2022	As at 31 March 2021
Land	2,896	2,255
Building	839	903

iv. Land comprises of Freehold Land of 1.48 acres (1.48 acres) in Bengaluru.

v. Deemed Cost

On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its investment property as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the investment property.

vi. Estimation of Useful Life of Assets

The management has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

The estimated useful life of Tangible Asset is as follows:

Asset Class	Years
Buildings	40

vii. Depreciation

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

The amount of Depreciation has been recognised as expense in the Statement of Profit and Loss.

viii. Method of Accounting Depreciation

Notes to Accounts

(₹ in Lakhs)

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

ix. Impairment of Assets

As the fair value of the Investment Property is higher than its carrying value, there is no indication of impairment.

x. Restrictions on the realisability of Investment Property

The land is allotted by Government of India.

xi. Related Party Transactions

Investment Property includes Building and land measuring 0.31 acres (0.31 acres) given under cancellable operating lease to Subsidiary Company BEL Thales Systems Ltd. Also Refer Note 31.

xii. Details of Registration, Pending Litigation etc.

A. Nil (Nil).

xiii. Estimation of Fair Value

The company has estimated the fair value of Investment Property based on the Government Guidance Value (municipal value) of the similar properties in the investment property's location and not based on the valuation by registered valuer. All resulting fair value estimates for the investment properties are included in level 2.

Note 4 - Other intangible assets

PARTICULARS	GROSS CARRYING AMOUNT				AMORTISATION			NET CARRYING AMOUNT		
	As at 1 April 2021	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2022	As at 1 April 2021	Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Software licenses/ implementation enterprise resource planning (ERP)	291	2,323	-	2,614	286	394	-	680	1,934	5
Others (development cost)*	6,919	320	-	7,239	1,194	1,074	-	2,268	4,971	5,725
Total	7,210	2,643	-	9,853	1,480	1,468	-	2,948	6,905	5,730

* Includes funding to other development agencies.

PARTICULARS	GROSS CARRYING AMOUNT				AMORTISATION			NET CARRYING AMOUNT		
	As at 1 April 2020	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2021	As at 1 April 2020	Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Software licenses / implementation Enterprise resource planning (ERP)	285	6	-	291	255	31	-	286	5	30
Others (Development Cost)*	2,745	4,174	-	6,919	478	716	-	1,194	5,725	2,267
Total	3,030	4,180	-	7,210	733	747	-	1,480	5,730	2,297

* Includes funding to other development agencies.

i. Deemed Cost

Notes to Accounts

(₹ in Lakhs)

On transition to Ind AS (01.04.2015), the company has elected to continue with the carrying value of all its other intangible assets as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of other intangible assets.

ii. Estimated useful life

The estimated useful lives of the Other Intangible Assets is as follows :

Asset Class	Years
Software licenses / implementation Enterprise resource planning (ERP)	3
Others (Development Cost)	3 - 15

iii. Amortisation

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

The amount of amortisation has been recognised as expense in the Statement of Profit and Loss.

iv. Method of Accounting Amortisation

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

v. Refer Note 30(6) for Contractual Commitments.

vi. Impairment of Assets

Refer Note 30 (4).

vii. The restriction on the title of the assets is governed by the terms of agreement.

viii. Refer Note 30(7) for the aggregate amount of research and development expenditure recognised as an expense during the period.

Note 5 - Intangible assets under development

Particulars	As at 31 March 2022	As at 31 March 2021
Internally developed *	53,258	45,769
Less: Provision for impairment	(7,213)	(7,213)
Total	46,045	38,556

*Includes funding to other development agencies.

Intangible assets under development 2021-22

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Project in progress	6,672	1,526	2,576	34,415	45,189
Others	856	-	277	6,936	8,069
Provision for impairment	-	-	(277)	(6,936)	(7,213)
Total	7,528	1,526	2,576	34,415	46,045

Completion schedule - Time and cost over run 2021-22

Notes to Accounts

(₹ in Lakhs)

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
QRSAM	17,105	-	-	-	17,105
ATULYA	8,416	-	-	-	8,416
QT model for Sarang	478	-	-	-	478
Design and development of AFC gate	242	-	-	-	242
Development work for Nikash system	173	-	-	-	173
Porpoise Upgradation Project	118	-	-	-	118
Development work for Sarvadhari System	104	-	-	-	104
Development for Samudrika Project	97	-	-	-	97
QT model for Sarakshi	36	-	-	-	36
UET model for Tushar	15	-	-	-	15
Total	26,784	-	-	-	26,784

Completion schedule - Suspended projects 2021-22

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Total	-	-	-	-	-

Intangible assets under development 2020-21

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Project in progress	1,565	2,576	6,957	27,458	38,556
Others	-	277	725	6,211	7,213
Provision for impairment	-	(277)	(725)	(6,211)	(7,213)
Total	1,565	2,576	6,957	27,458	38,556

Completion schedule - Time and cost over run 2020-21

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
QRSAM	-	16,082	-	-	16,082
ATULYA	7,364	-	-	-	7,364
Total	7,364	16,082	-	-	23,446

Completion schedule - Suspended projects 2020-21

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Total	-	-	-	-	-

i. Refer Note 30 (6) for Contractual Commitments.

Notes to Accounts

(₹ in Lakhs)

ii. Impairment of Assets

An amount of ₹ 7,213 was provided during FY 2020-21 as impairment loss since development activity is not being continued at present and also as per company's assessment the probability of generating economic benefits was not certain (Refer Note 30(4)).

Note 6 - Investments

Particulars	As at 31 March 2022	As at 31 March 2021
Fair Valuation of loan given to Subsidiary		
BEL Optronics Devices Ltd., Pune	227	227
(I) Investment in Equity Instruments (Unquoted)		
(a) Subsidiary (at Cost)		
BEL Optronics Devices Ltd., Pune*		
8,45,06,970 (8,45,06,970) equity shares of INR 10 each fully paid	16,763	16,763
BEL Thales Systems Limited, Bengaluru		
42,63,538 (42,63,538) equity shares of INR 100 each fully paid	4,264	4,264
(b) Associate (at Cost)		
GE-BE Private Ltd., Bengaluru		
26,00,000 (26,00,000) equity shares of INR 10 each fully paid	260	260
(c) Others (at FVOCI) (refer note v below)		
Mana Effluent Treatment Plant Ltd., Hyderabad		
500 (500) equity shares of INR 1,000 each fully paid	13	12
Defence Innovation Organisation, Bengaluru		
50 (50) equity shares of INR 1,000 each fully paid	1	1
(II) Other investments (Unquoted)		
(a) Investment in Co-operative Societies (at Cost)**		
Cuffe Parade Persopolis Premises Co-Op Society, Mumbai		
40 (40) equity shares of INR 50 each fully paid	-	-
Sukhsagar Premises Co-Op. Society, Mumbai		
10 (10) equity shares of INR 50 each fully paid	-	-
Shri.Sapta Ratna Co-Op. Society, Mumbai		
10 (10) equity shares of INR 50 each fully paid	-	-
Dalamal Park Co-Op. Society, Mumbai		
5 (5) equity shares of INR 50 each fully paid	-	-
Chandralok Co-Op. Housing Society, Pune		
30 (30) equity shares of INR 50 each fully paid	-	-
(b) Others (at FVTPL)		
Life Insurance Corporation Of India – (Refer Note ii)	1,33,896	1,11,592
	1,55,424	1,33,119

* M/s BEL Optronics Devices Ltd. (wholly owned Subsidiary) has sub divided its face value of Equity shares from INR 100 per Equity share to INR 10 per Equity share during the FY 2020-21 and accordingly number of Equity shares have been restated.

** INR 4,750 (INR 4,750) [represents absolute figure] which is rounded off. The same represents value of share acquired in Housing Societies as per their by-law regulation.

Particulars	2021-22	2020-21
Aggregate value of quoted investments and market value thereof	-	-
Aggregate value of unquoted investments	1,55,424	1,33,119
Aggregate amount of impairment in value of investments	-	-

Notes to Accounts

(₹ in Lakhs)

ii. The company has invested its Leave Encashment & "BEL Retired Employees' Contributory Health Schemes"(BERECHS) liabilities in LICs New Group Leave Encashment Plan & New Group Superannuation Cash Accumulation Plan respectively [Refer note 21].

iii. Refer Note 33 for classification of financial instruments.

iv. An amount of INR 50,000 [represents absolute figure] has been contributed towards equity capital in M/s Defence Innovation Organisation (DIO). DIO was incorporated on 10 April 2017 as a 'Not for profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an authorised share capital of ₹ 100 (BEL :50 %; HAL:50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises Bengaluru.

An amount of ₹ 5,000 has been provided in the books of account towards contribution to initial corpus fund. Out of this an amount of ₹ 4,000 is pending for disbursement.

v. a. The Company has designated investment in equity shares of Mana Effluent Treatment Plant Ltd, Hyderabad and Defence Innovation Organisation, Bengaluru at FVOCI because these equity shares represent investments that are intended to be held for long-term for strategic purposes. Fair Value of the Investment based on Net Asset Value Method is given below :

Particulars	Fair value as at 31 March 2022	Dividend income recognised during 2021-22	Fair value as at 31 March 2021	Dividend income recognised during 2020-21
Mana Effluent Treatment Plant Ltd., Hyderabad	13	-	12	-
Defence Innovation Organisation, Bengaluru	1	-	1	-

b. Company has not received any dividend so far on these Investments.

c. No strategic investments were disposed off during 2021-22, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

vi. Related party disclosure

For Related Party Disclosures refer Note 31.

Note 7 - Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Non current		
Unsecured, considered doubtful		
Trade Receivables	1,59,043	1,43,587
Less: Provisions*	(1,59,043)	(1,43,587)
Sub Total (A)	-	-
Current		
Secured, considered good	785	901
Unsecured, considered good	6,09,554	6,54,253
Sub Total (B)	6,10,339	6,55,154
Total (A+B)	6,10,339	6,55,154

*Includes ₹ 339 (₹ 339) in respect of receivables which are credit impaired.

Notes to Accounts

(₹ in Lakhs)

Non Current Trade Receivable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total	
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years		More than 3 years
Undisputed Trade Receivables – considered doubtful	8,582	59	10,507	7,287	14,348	15,291	86,192	1,42,266
Undisputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	339	339
Disputed Trade Receivables–considered good	-	-	-	-	-	-	16,438	16,438
Disputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less : Provisions	(8,582)	(59)	(10,507)	(7,287)	(14,348)	(15,291)	(1,02,969)	(1,59,043)
Total	-	-	-	-	-	-	-	-

Current Trade Receivable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total	
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years		More than 3 years
Undisputed Trade receivables – considered good	82,465	3,362	3,11,367	68,204	71,810	45,315	27,015	6,09,538
Undisputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-	801	801
Disputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	82,465	3,362	3,11,367	68,204	71,810	45,315	27,816	6,10,339

Non Current Trade Receivable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total	
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years		More than 3 years
Undisputed Trade Receivables – considered doubtful	1,036	230	10,029	3,533	21,739	15,551	74,692	1,26,810
Undisputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	339	339
Disputed Trade Receivables–considered good	-	-	-	-	-	-	16,438	16,438
Disputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less : Provisions	(1,036)	(230)	(10,029)	(3,533)	(21,739)	(15,551)	(91,469)	(1,43,587)
Total	-	-	-	-	-	-	-	-

Notes to Accounts

(₹ in Lakhs)

Current Trade Receivable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	1,17,316	4,931	3,04,806	74,746	97,125	24,029	31,400	6,54,353
Undisputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Disputed Trade Receivables – considered good	-	-	-	-	-	-	801	801
Disputed Trade Receivables – significant credit risk	-	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total	1,17,316	4,931	3,04,806	74,746	97,125	24,029	32,201	6,55,154

i. Payment Terms

- In majority of contracts, payment (net of advance received, if any) is due on delivery of items. However, in some contracts a portion of dues (Typically 5% to 10%) is linked to satisfaction of further performance obligation like completion of installation and commission activity etc. In respect of turnkey contracts, payment (net of advance, if any) is linked to achievement of specified milestone.
- Advance including progressive payments received from customer are classified as contract liability and adjusted on completion of related performance obligation.
- Amount retained by customer in respect of completed performance obligation, due to linking of payment with completion of other performance obligations in the contract, is classified as contract asset. Balance amount receivable is classified as Trade receivable.

ii. Financial instruments

Refer Note 33 for classification of financial instruments.

iii. Impairment of financial assets

Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iv. Related party disclosure

For Related Party Disclosures refer Note 31.

v. Security, Hypothecation etc

Refer Note 35.

Notes to Accounts

(₹ in Lakhs)

Note 8 - Loans

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Unsecured, Considered Good		
Loans to employees	728	736
	728	736
Others		
Loans to employees	1	1
Less: Provisions	(1)	(1)
	-	-
Loans to others	132	132
Less: Provisions*	(132)	(132)
	-	-
Sub Total (A)	728	736
Current		
Unsecured, Considered Good		
Loans to related parties**	-	380
Others		
Loans to employees	148	152
Sub Total (B)	148	532
Total (A+B)	876	1,268

*Includes ₹ 132 (₹ 132) in respect of loans which are credit impaired.

**Maximum amount outstanding at any time during the year is ₹ 380 (₹ 1,640) which includes interest.

i. Financial Instruments

Refer Note 33 for classification of financial instruments.

ii. Impairment of Financial Assets

Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iii. Related Party Disclosure

For Related Party Disclosures refer Note 31.

Notes to Accounts

(₹ in Lakhs)

Note 9 - Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Unsecured, considered good		
Security deposits	2,076	2,588
Receivables other than trade receivables	-	26
Bank deposits with more than 12 months maturity**	173	173
Other assets	26	26
	2,275	2,813
Unsecured, Considered Doubtful		
Security deposits	80	104
Less: Provisions	(80)	(104)
	-	-
Advance to others	14	12
Less: Provisions	(14)	(12)
	-	-
Receivables other than trade receivables	969	966
Less: Provisions *	(969)	(966)
	-	-
Other assets	74	74
Less: Provisions	(74)	(74)
	-	-
Sub Total (A)	2,275	2,813
Current		
Unsecured, considered good		
Security deposits	1,881	1,414
Advance to employees	168	165
Advance to others	3	5
Interest accrued but not due on term deposits	3,775	1,219
Receivables other than trade receivables	2,540	588
Other assets	1,864	2,589
Sub Total (B)	10,231	5,980
Total (A+B)	12,506	8,793

* Refer Note 30 (23).

** Represent balances held as margin money against bank guarantee.

i. Financial Instruments

Refer Note 33 for classification of financial instruments.

ii. Impairment of Financial Assets

Provisions for impairment has been made in line with Accounting Policy No. 30 of the Company.

iii. Related Party Disclosure

For Related Party Disclosures refer Note 31.

iv. Net carrying amount of Nil (Nil) has been added in other assets with respect to Property, Plant and Equipment not in active use.

Notes to Accounts

(₹ in Lakhs)

Note 10 - Deferred tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets	83,519	69,264
Deferred tax liabilities	(21,449)	(22,925)
	62,070	46,339

i. Income Tax recognised in Statement of Profit or Loss

Sl. No	Particulars	As at 31 March 2022	As at 31 March 2021
1	Income Tax Expenses:		
	- Current period	91,052	82,493
	- Changes in estimates related to earlier years	-	(2,492)
2	Deferred tax:		
	- Origination and reversal of temporary differences	(10,165)	6,938
3	Total deferred tax expense/(benefit)	(10,165)	6,938
4	Income tax expenses	80,887	86,939

ii. Income Tax recognised in other comprehensive income

Sl. No	Particulars	As at 31.03.2022			As at 31.03.2021		
		Before Tax	Tax (expense)/ benefit	Net of Tax	Before Tax	Tax (expense)/ benefit	Net of Tax
1	Remeasurement of the net defined benefit liability/(asset)	(19,940)	5,019	(14,921)	(11,639)	2,930	(8,709)
2	Equity instruments through other comprehensive income	1	(1)	-	1	(1)	-
	Total	(19,939)	5,018	(14,921)	(11,638)	2,929	(8,709)

iii. Income Tax recognised directly in Equity

There are no income tax recognised directly in equity for the year ended 31 March 2022 & 31 March 2021.

iv. Reconciliation of Effective Tax Rates

Particulars	As at 31.03.2022		As at 31.03.2021	
	Rate	Amount	Rate	Amount
Profit Before Tax		3,15,780		2,93,481
Tax using the company's Domestic Tax Rate	25.17%	79,476	25.17%	73,863
Effect of				
Additional deduction on Research & Development Expenses	-	-	-	-
Exempt Income	-	-	-	-
Tax Incentives	-	-	-	-
Changes in estimates related to previous years	-	-	-0.64%	(1,888)
Non-deductible Expenses	0.42%	1,338	0.40%	1,166
Impact on change in Tax Rate	-	-	4.76	13,993
Others	0.02%	73	-0.08%	(195)
Effective Tax rate	25.61%	80,887	29.62%	86,939

Notes to Accounts

(₹ in Lakhs)

v. Deferred Tax (Assets) and Liabilities are attributable to the following :

Sl. No	Particulars	Deferred Tax (Assets)		Deferred Tax Liability		Net Deferred Tax (Assets)/Liability	
		As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021	As at 31.03.2022	As at 31.03.2021
1.	Trade Receivables	(10,985)	(10,154)	-	-	(10,985)	(10,154)
2.	Inventory	(11,784)	(11,039)	-	-	(11,784)	(11,039)
3.	Provision others	(17,707)	(14,687)	-	-	(17,707)	(14,687)
4.	Employee Benefits	(39,387)	(30,429)	-	-	(39,387)	(30,429)
5.	Other Intangible Assets	-	-	487	442	487	442
6.	Deferred Revenue	(261)	(268)	-	-	(261)	(268)
7.	Other Assets	-	-	-	1	-	1
8.	Property, Plant and Equipment	-	-	16,488	18,010	16,488	18,010
9.	ICDS Adjustment	-	-	-	-	-	-
10.	Equity Investments	-	-	2	3	2	3
11.	Other Financial Liabilities	-	-	8	7	8	7
12.	Provision for Impairment	(3,394)	(2,687)	-	-	(3,394)	(2,687)
13.	Intangible Assets under development	-	-	4,463	4,463	4,463	4,463
14.	Total	(83,518)	(69,265)	21,448	22,926	(62,070)	(46,339)
15.	Set off of (Asset)/Liability	21,448	22,926	(21,448)	(22,926)	-	-
	Net Deferred Tax (Asset)/Liability	(62,070)	(46,339)	-	-	(62,070)	(46,339)

vi. Movement of Deferred Tax (Assets) & Liabilities

Sl. No	Particulars	Balance as on 01.04.2021	Recognised in P&L during 2021-22	Recognised in OCI during 2021-22	Balance as on 31.03.2022
1.	Trade Receivables	(10,154)	(831)	-	(10,985)
2.	Inventory	(11,039)	(745)	-	(11,784)
3.	Provision others	(14,687)	(3,020)	-	(17,707)
4.	Employee Benefits	(30,429)	(3,391)	(5,567)	(39,387)
5.	Other Intangible Assets	442	45	-	487
6.	Deferred Revenue	(268)	7	-	(261)
7.	Other Assets	1	(1)	-	-
8.	Property, Plant and Equipment	18,010	(1,522)	-	16,488
9.	ICDS Adjustment	-	-	-	-
10.	Equity Investments	3	(1)	-	2
11.	Other Financial Liabilities	7	1	-	8
12.	Provision for Impairment	(2,687)	(707)	-	(3,394)
13.	Intangible Assets under development	4,463	-	-	4,463
	Total	(46,339)	(10,165)	(5,567)	(62,070)

Notes to Accounts

(₹ in Lakhs)

Sl. No	Particulars	Balance as on 01.04.2020	Recognised in P&L during 2020-21	Recognised in OCI during 2020-21	Balance as on 31.03.2021
1.	Trade Receivables	(14,528)	4,374	-	(10,154)
2.	Inventory	(14,954)	3,915	-	(11,039)
3.	Provision others	(17,908)	3,221	-	(14,687)
4.	Employee Benefits	(34,217)	7,325	(3,537)	(30,429)
5.	Other Intangible Assets	166	276	-	442
6.	Deferred Revenue	(373)	105	-	(268)
7.	Other Assets	1	-	-	1
8.	Property, Plant and Equipment	26,790	(8,780)	-	18,010
9.	ICDS Adjustment	-	-	-	-
10.	Equity Investments	2	-	1	3
11.	Other Financial Liabilities	10	(3)	-	7
12.	Provision for Impairment	(2,006)	(681)	-	(2,687)
13.	Intangible Assets under development	7,277	(2,814)	-	4,463
	Total	(49,740)	6,938	(3,536)	(46,339)

vii. Unrecognised Deferred Tax (Assets) / Liabilities

There are no temporary differences on which deferred tax (Assets) /Liability have not been recognised for the year ended 31 March 2022 & 31 March 2021.

viii. Tax Losses carried forward

There are no Tax Losses on which Deferred Tax Asset has been recognised for the year ended 31 March 2022 & 31 March 2021.

Notes to Accounts

(₹ in Lakhs)

Note 11 - Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
Non current		
Raw Materials & Components	49,002	47,115
Add: Raw Materials & Components in Transit	64	91
Less : Provisions	(46,419)	(43,358)
	2,647	3,848
Stock in Trade	88	188
Less: Provisions	(88)	(188)
	-	-
Stores & Spares	275	257
Less: Provisions	(246)	(236)
	29	21
Loose Tools	127	147
Less: Provisions	(69)	(78)
	58	69
Sub Total (A)	2,734	3,938
Current		
Raw Materials & Components	3,35,495	2,89,541
Add: Raw Materials & Components in Transit	21,517	29,168
	3,57,012	3,18,709
Work In Progress	1,67,272	1,36,061
Finished Goods	14,536	17,874
Add: Finished Goods in Transit	9,712	9,801
	24,248	27,675
Stock in Trade	1,647	6,053
Add: Stock in Trade in Transit	5	-
	1,652	6,053
Stores & Spares	2,722	1,955
Add: Stores & Spares in Transit	-	6
	2,722	1,961
Loose Tools	814	747
	814	747
Disposable Scrap	236	323
	236	323
Sub Total (B)	5,53,956	4,91,529
Total (A+B)	5,56,690	4,95,467

Notes to Accounts

(₹ in Lakhs)

- i. Raw Materials and Components include ₹ 14,707 (₹ 8,440) being materials with sub-contractors, out of which ₹ 386 (₹ 694) of materials is subject to confirmation and reconciliation. Against ₹ 386 (₹ 694) an amount of ₹ 386 (₹ 694) has been provided for.
- ii. **Stock verification discrepancies for the year are as follows:**
Shortages of ₹ 705 (₹ 473) and surplus of ₹ 389 (₹ 405). Pending reconciliation, an amount of ₹ 316 (₹ 68) has been provided for.
- iii. Valuation of Inventories has been made as per Company's Accounting Policy No. 18.
- iv. A. The United Nations Climate Change Secretariat has granted 15,856 (15,856) TON CO2EQ carbon credit for the 2.5 MW BEL Grid Connected Wind Power Project Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2012. The carbon credits are included under Finished Goods at a value of ₹ 2 (₹ 2). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.
B. CER under Certification: Nil (Nil) CERS.
C. Depreciation & Operation Cost of Emission Reduction Equipments during the year :

SI No.	Particulars	2021-22	2020-21
i.	Depreciation	287	287
ii.	Operation Cost of Emission Reduction Equipments	201	154
	Total	488	441

- v. **Security, Hypothecation etc**
Refer Note 35.
- vi. **Amount recognised in Statement of Profit & Loss**
Write-down of inventories to net realisable value amounted to ₹ 1,575 (₹ 1,599) has been recognised in the statement of profit and loss.
- vii. Reversal of write down of inventories of ₹ 539 (₹ 1,985) has been made during the year, which were recognised as an expenses in the previous year.
- viii. **Impairment of Assets**
Provisions for inventory has been made in line with Accounting Policy No. 18 of the Company.
- ix. Materials amounting to ₹ 4,350 (₹ 4,370) are located physically at Customer Premises.
- x. The company has received / retained the assets of the customer as per the contractual terms and those do not form part of the inventory.

Notes to Accounts

(₹ in Lakhs)

Note 12 - Other assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Capital advances	2,576	1,366
	2,576	1,366
Advances other than capital advances		
Advances for purchase	2,742	2,743
Less: Provisions	(2,742)	(2,743)
	-	-
Contract asset	15,282	13,363
Less: Provisions	(15,282)	(13,363)
	-	-
Others		
Balances with customs, port trust and other government authorities	497	470
Less: Provisions	(424)	(397)
	73	73
Prepaid expenses	504	64
Claims receivable purchases	1,102	973
Less: Provisions	(1,102)	(973)
	-	-
Contract costs	64,631	37,578
Others - Assets	19	29
Less: Provisions	(19)	(29)
	-	-
Sub Total (A)	67,784	39,081
Current		
Advances other than Capital advances		
Advances to employees	781	637
Advances for purchase	1,41,295	1,66,327
Contract asset	5,67,036	4,66,681
Others		
Balances with customs, port trust and other government authorities*	35,826	28,472
Prepaid expenses	5,348	5,642
Prepaid taxes	6,178	6,037
Claims receivable purchases	2,370	1,431
Contract costs	16,760	14,392
Others - Assets	1,209	1,028
Sub Total (B)	7,76,803	6,90,647
Total (A+B)	8,44,587	7,29,728

* Two decisions came in favour of BEL from Single & Larger bench of Hon'ble High Court of Madras. Caveat filed in Supreme Court and GST department is persuaded for enabling BEL to utilise the credit. ₹ 1,497 (₹ 1,497) of GST transitional credit is pending for utilisation.

i. Impairment of Assets

Provisions for impairment of non financial assets has been made in line with accounting policy No. 13 of the company.

Notes to Accounts

(₹ in Lakhs)

ii. Related Party Disclosure

For related party disclosures refer Note 31.

iii. Impairment of contract asset

Impairment of contract asset is ₹ 881 (₹ 3,210).

iv. Fair value Measurement

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Contract Asset	-	-	5,67,036	-	-	4,66,681

v. Closing balance of contract cost represents, cost to obtain the contract from customer ₹ 7,970 (₹ 6,329) & cost to fulfill contract is ₹ 73,421 (₹ 45,641).

vi. Amortisation and Impairment of Contract Costs

Amortisation of contract costs is determined based on the period of benefit expected from the contract cost is ₹ 11,717 (₹ 7,527). Impairment of contract costs recognised is Nil (Nil).

Note 13 - Cash & cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Balance with banks	38,403	51,049
Cash on hand	1	1
Term deposits	85,500	2,50,515
	1,23,904	3,01,565

Cash and cash equivalents includes Term Deposits with original maturity period up to three months. Term Deposits with original maturity period beyond Three months upto Twelve months have been included in Bank balances (Refer Note 14) and Term Deposits with original maturity period beyond Twelve months have been included in Other financial assets (Refer Note 9).

- Refer Note 33 for classification of financial instruments.
- There are no repatriation restrictions with regard to cash and cash equivalents.
- Balance with banks include :- Pursuant to the stay order received from Honorable High Court of Karnataka, bank authorities have held ₹ 46 (₹ 46) based on the Garnishee order issued by the recovery Officer - ESI Corporation.

Note 14 - Bank balances [other than (ii) above]

Particulars	As at 31 March 2022	As at 31 March 2021
Term deposits	6,24,300	1,98,000
Unpaid dividend account *	1,710	1,256
	6,26,010	1,99,256

*Includes ₹ 1,495 (₹ 1,045) of tax withheld on distribution of dividend.

- Refer Note 33 for classification of financial instruments.
- There are no repatriation restrictions with regard to bank balances.

Notes to Accounts

(₹ in Lakhs)

Note 15 - Current tax assets / liability

Particulars	As at 31 March 2022	As at 31 March 2021
Current tax assets (net)		
Advance payment of income tax	14,325	12,998
	14,325	12,998
Current tax liability (net)		
Provision for taxation	-	-
	-	-

Note 16

A. Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
i. Authorised capital		
2,50,00,00,000 (2,50,00,00,000) Equity Shares of INR 1 (INR 1) each	25,000	25,000
ii. Issued, subscribed & fully paid-up capital		
2,43,65,92,943 (2,43,65,92,943) Equity Shares of INR 1 (INR 1) each	24,366	24,366

iii. Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	2,43,65,92,943	24,366	2,43,65,92,943	24,366
Add: Shares issued during the year	-	-	-	-
Less: Shares Bought Back during the year	-	-	-	-
Shares outstanding at the end of the reporting period	2,43,65,92,943	24,366	2,43,65,92,943	24,366

iv. Shares in the company held by each shareholder holding more than 5%

Name of Shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,24,59,73,978	51.14%	1,24,59,73,978	51.14%
CPSE Exchange Traded Scheme (CPSE ETF)	-	-	13,75,69,765	5.65%
HDFC Trustee Company Ltd - A/C HDFC MID CAP OPPORTUNITIES FUND	12,65,04,722	5.19%	13,63,88,678	5.60%

v. Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years.

Equity shares allotted as fully paid up by way of bonus shares

Year	2016-17	2017-18	2018-19	2019-20	2020-21
No. of shares	-	22,33,62,793	-	-	-

vi. Aggregate number and class of shares bought back during the previous 5 years.

Equity shares bought back

Year	2016-17	2017-18	2018-19	2019-20	2020-21
No. of shares	1,66,37,207	2,03,97,780	-	-	-

vii. During the previous five years the company has not allotted any shares as fully paid up pursuant to contract without payment being received in cash.

Notes to Accounts

(₹ in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
viii. Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.	-	-
ix. The aggregate value of calls unpaid (including Directors and Officers of Company)	-	-
x. Shares forfeited	-	-

xi. Terms, Rights, preferences and restrictions attaching to each class of shares

- The Company has only one class of shares viz, Equity Shares.
- 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.
- Each Shareholder has a right to receive the dividend declared by the Company.
- 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.

xii. A) Interim Dividend and Final Dividend

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Final dividend for FY 2020-21 and FY 2019-20 respectively.	29,239	34,112
Interim dividend for FY 2021-22 and FY 2020-21 respectively.	73,098	68,225

B) Nature and purpose of Reserves

a. Capital Reserve

Capital Reserve is created by transfer from Retained earnings an amount equal to capital profit earned by the company. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b. Capital Redemption Reserve

Capital Redemption Reserve is created by transfer from General Reserve an amount equal to face value of the Shares bought back. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

c. Equity Investment through Other Comprehensive Income (OCI)

The company has elected to recognise changes in fair value of certain equity investments in other comprehensive income. The change in fair value is accumulated in this reserve. If and when the investment is de-recognised the accumulated amount will be transferred to Retained earnings.

d. Other Comprehensive Income (OCI)

Other comprehensive income are those gains or losses which are not yet realised and excluded from the statement of profit and loss. It mainly consists of remeasurement of the net defined benefit liability/ asset (net of tax).

xiii. Government of India being the Promoter holding 51.14% (51.14%) of Shares as on 31.03.2022.

Notes to Accounts

(₹ in Lakhs)

Note 17 - Deferred income

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Government grants - deferred	6,152	6,493
Sub Total (A)	6,152	6,493
Current		
Government grants - deferred	339	396
Sub Total (B)	339	396
Total (A+B)	6,491	6,889

i. Refer Accounting Policy No. 16 for method of presentation.

Particulars	As at 31 March 2022	As at 31 March 2021
ii. Nature of utilisation of government grant		
a) Revenue Expenditure	-	-
b) Capital Expenditure		
- Property, Plant and Equipment	6,491	6,889
iii. Other forms of government assistance that has directly benefited the company	-	-
iv. Details of unfulfilled conditions attached to government grant	-	-
v. Contingencies attached to government grant	-	-

vi. The above grants received represents viability gap funding towards Solar Power Plants, assistance towards roof top solar systems and Modified Special Incentive Package Scheme (M-sips) subsidy for Zns Project.

Note 18 - Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Secured		
Term loan from banks	-	-
Sub Total (A)	-	-
Current		
Secured		
Term Loan from banks	-	-
Sub Total (B)	-	-
Total (A+B)	-	-

i. Nature of security:

Refer Note 35.

Note 19 - Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
- Others	34	29
Sub Total (A)	34	29
Current		
- Dues to micro & small enterprises	24,795	15,204
- Others	3,11,801	3,14,450
Sub Total (B)	3,36,596	3,29,654
Total (A+B)	3,36,630	3,29,683

Notes to Accounts

(₹ in Lakhs)

Non Current Trade Payable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	34	34
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	-	-	-	-	-	34	34

Current Trade Payable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	4,125	12,188	8,317	6	-	1	24,637
(ii) Others	25,425	1,90,432	75,918	12,263	2,262	5,201	3,11,501
(iii) Disputed dues - MSME	-	158	-	-	-	-	158
(iv) Disputed dues - Others	-	217	-	-	11	72	300
Total	29,550	2,02,995	84,235	12,269	2,274	5,274	3,36,596

Non Current Trade Payable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	29	29
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	-	-	-	-	-	29	29

Current Trade Payable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	1,083	5,216	8,746	1	-	-	15,046
(ii) Others	29,256	1,26,444	1,47,055	3,805	2,275	5,413	3,14,247
(iii) Disputed dues - MSME	-	158	-	-	-	-	158
(iv) Disputed dues - Others	-	203	-	-	-	-	203
Total	30,338	1,32,020	1,55,801	3,805	2,275	5,413	3,29,654

Notes to Accounts

(₹ in Lakhs)

- i. The information regarding dues to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31 March 2022 is furnished below:

Particulars	2021-22	2020-21
a. The principal and the interest due thereon remaining unpaid as at 31 March:		
Principal *	25,132	15,412
Interest	14	6
b. The interest paid by the company in terms of section 16 of the MSMED Act along with the amount of the payment made beyond the appointed day during the year ending 31 March:		
Principal	-	-
Interest	4	5
c. The interest reversed by the company during the year ended 31 March	-	-
d. Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act **	-	-
e. Interest accrued and remaining unpaid at the end of the year ending 31 March.	14	6
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	12	4

* Includes amount shown under Note 20.

** Includes INR 8,470 (INR 3,499) [represents absolute figure] which is rounded off.

- ii. The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small enterprises on the basis of information available with the Company and have been relied upon by the Auditors.

iii. Financial Instruments

Refer Note 33 for classification of financial instruments.

iv. Related Party Disclosure

For Related Party Disclosures refer Note 31.

- v. The exposure of company to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

Notes to Accounts

(₹ in Lakhs)

Note 20 - Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Security deposits	2,022	671
Sub Total (A)	2,022	671
Current		
Security deposits	28,476	26,554
Interest accrued and due on trade payables*	14	6
Other trade payables	8,745	20,815
Unpaid matured deposits	37	37
Unpaid dividend	215	211
Non trade payables dues to micro & small enterprises	337	208
Outstanding expenses	56,912	46,551
Other liabilities	1,000	1,162
Sub Total (B)	95,736	95,544
Total (A+B)	97,758	96,215
Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	Nil	Nil

* Refer note 19.

i. Financial instruments

Refer Note 33 for classification of financial instruments.

Note 21 - Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Employee Benefits		
Long-term compensated absences	37,444	36,101
BEL retired employees' contributory health scheme (BERECHS)	1,06,186	75,567
Others		
Provision for onerous contracts	628	573
Provision for performance warranty	33,377	26,345
Provision for Site restoration obligation	2,371	2,158
Sub Total (A)	1,80,006	1,40,744
Current		
Employee Benefits		
Gratuity *	(2,210)	(1,501)
Long-term compensated absences	3,972	3,713
BEL retired employees' contributory health scheme (BERECHS)	10,308	6,940
Others		
Provision for performance warranty	26,320	23,846
Provision for onerous contracts	3,173	1,248
Sub Total (B)	41,563	34,246
Total (A+B)	2,21,569	1,74,990

* Represents excess of plan asset over obligation.

Notes to Accounts

(₹ in Lakhs)

i. Movement of provisions for the year ended 2021-22

Particulars	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	50,191	1,821	2,158
Additional provision recognised during the year	33,149	2,527	213
Amount used during the year (Refer note v below)	-	-	-
Amount reversed during the year	23,643	547	-
As at 31 March	59,697	3,801	2,371

Movement of provisions for the year ended 2020-21

Particulars	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	43,775	1,664	2,114
Additional provision recognised during the year	27,158	1,294	44
Amount used during the year (Refer note v below)	-	-	-
Amount reversed during the year	20,742	1,137	-
As at 31 March	50,191	1,821	2,158

ii. Provision for Warranties - as per Accounting Policy No. 20 of the Company.

Provision for warranties is made in respect of products whose normal warranty period is outstanding. As the warranty provision period varies from product to product, provision is made at Strategic Business Unit (SBU) level based on average period of warranty period. Provision is made based on trend based estimate of the likely expenses to be incurred. The provision is measured at the present value of the estimated cost of Warranty.

iii. Provision for Site restoration - as per Accounting Policy No. 23 of the Company.

In accordance with the terms and conditions of the Lease agreement entered into with Lessor, the company is required to return the land in its original condition. Accordingly provision in respect of Site restoration obligation has been made. The provision required is reviewed and required adjustment made at each year end.

The provision is measured at the present value of the best estimate of the cost of restoration.

iv. Provision for Onerous contracts - as per Accounting Policy No. 23 of the Company.

In respect of certain contracts entered into by the company, it is expected that the likely cost to complete the contract would exceed the Revenue received / receivable against the contract. In such cases, provision in respect of the expected losses has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of loss likely to be incurred.

v. Amount debited to opening provision.

vi. An amount of ₹ 7,555 (₹ 7,873) has been debited against Natural Code Heads wrt Warranty Cost.

An amount of Nil (Nil) has been debited against Natural Code Heads wrt Site Restoration Obligation.

vii. Performance warranty obligation in respect of sales where back to back warranty of vendor is available, potential liability, if any, in the event of default of vendor is not ascertainable and not expected to be significant.

viii. Performance warranty with respect to ventilator project is based on the best estimate of the management as the trend cannot be established in normal course.

Notes to Accounts

(₹ in Lakhs)

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) GRATUITY :

The Company provides gratuity to employees in India as per payment of Gratuity Act, 1972. The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the Company remits fund to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than five years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay gratuity to an employee at the rate of fifteen days salary based on the last drawn basic & dearness allowance.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

Particulars	2021-22	2020-21
i) Change in Present Value of Obligations :		
Present Value of Obligation as at the beginning of the year	70,202	71,304
Current Service Cost	1,574	1,783
Interest Cost	4,661	4,559
Past Service Cost	-	-
Benefits paid	(6,471)	(5,490)
Actuarial (Gains) / Losses recognised in other comprehensive income		
Changes in financial assumptions on planned liability - loss / (gains)	(2,217)	(1,938)
Experience adjustments on planned liability - loss / (gains)	352	(16)
Present Value of Obligation as at the end of the period	68,101	70,202
ii) Change in Fair Value of plan assets :		
Fair value of plan assets at the beginning of the year	71,703	69,702
Expected return on plan assets	4,765	4,532
Contributions	-	2,400
Benefits paid	(6,471)	(5,490)
Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	378	559
Fair value of plan assets as at the end of the period	70,375	71,703
Defined benefit (Asset) / liability	(2,274)	(1,501)
Effects of asset ceiling - As at the beginning of the year	-	-
Effects of asset ceiling - As at the end of the year	64	-
Net defined benefit (asset) / liability	(2,210)	(1,501)
iii) Expenses Recognised in the Statement of Profit & Loss :		
Current Service cost	1,574	1,783
Net Interest on Net Defined Benefit Obligations	(104)	27
Past service cost	-	-
Expenses recognised in the statement of profit and loss	1,470	1,810
iv) Amounts recognised in the Statement of Other Comprehensive Income (Re-measurements) :		
Actuarial (gain)/loss on Plan Obligations	(1,865)	(1,954)
Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	(378)	(559)
Effect of Balance Sheet Asset limit	64	-
Amounts recognised in the Statement of Other Comprehensive Income	(2,179)	(2,513)

Notes to Accounts

(₹ in Lakhs)

Particulars	2021-22	2020-21
v) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	68,101	70,202
Fair Value of Plan Assets at the end of the period	70,375	71,703
Funded Status [(Surplus) / Deficit]	(2,274)	(1,501)
Effects of asset ceiling - As at the beginning of the year	-	-
Effects of asset ceiling - As at the end of the year	64	-
Liability / (Asset) for the year as on 31 March as per Balance Sheet	(2,210)	(1,501)
vi) Plan Assets		
Categories of Plan Assets are as follows :		
State Govt. Securities	0.11%	0.11%
Govt. of India Securities	1.21%	1.18%
High Quality Corporate Bonds	-	-
Investment with Insurer	98.67%	98.70%
Others (Bank balance)	0.01%	0.01%
vii) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Rate of increase in compensation level	7.00%	7.00%
Expected rate of Return on Plan Assets	7.34%	6.96%
Estimated Average Future working life	15.10	15.30
viii) Best Estimate of Contribution to be paid :		
The best estimate of contribution to be paid towards Gratuity during the annual period beginning after the Balance Sheet is Nil (Nil).		
ix) Sensitivity Analysis :		
Discount Rate (0.50% movement) increase	7.84%	7.46%
Increase/(decrease) in defined benefit obligation as at the end of the period	(2,722)	(2,931)
Discount Rate (0.50% movement) decrease	6.84%	6.46%
Increase/(decrease) defined benefit obligation as at the end of the period	2,945	3,176
Salary Escalation Rate (0.50% movement) increase	7.50%	7.50%
Increase/(decrease) defined benefit obligation as at the end of the period	741	904
Salary Escalation Rate (0.50% movement) decrease	6.50%	6.50%
Increase/(decrease) defined benefit obligation as at the end of the period	(820)	(960)

Additional Disclosures :

- Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.
- No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.
- Maturity profile of the Gratuity defined benefit obligation is given below:

Year	As at 31 March 2022	As at 31 March 2021
Year 1	4,134	3,774
Year 2	10,010	9,324
Year 3	8,441	7,180
Year 4	8,085	8,270
Year 5	7,399	7,967
Next 5 years	27,642	30,750

Notes to Accounts

(₹ in Lakhs)

(ii). BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS) :

The Company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

Particulars	2021-22	2020-21
i) Change in Present Value of Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	82,507	60,905
Current Service Cost	4,348	3,185
Interest Cost	5,775	4,050
Past Service cost	1,727	-
Benefits paid	920	(18)
Actuarial (Gains) / Losses recognised in other comprehensive income		
Changes in financial assumptions on plan liability - loss / (gain)	(2,312)	(1,104)
Experience adjustments on plan liability - loss / (gain)	23,529	14,482
Impact on change in demographic assumption on plan liabilities - loss / (gain)	-	1,007
Present Value of Obligation as at the end of the period	1,16,494	82,507
ii) Change in Fair Value of non-plan assets (Reimbursement rights):		
Fair value of non-plan assets at the beginning of the year	72,230	59,839
Expected return on non-plan assets	5,549	4,262
Direct contributions to meet direct benefit payment	4,629	4,280
Benefit paid	(4,629)	(4,280)
Actuarial gain / (loss) on non-plan Assets recognised in other comprehensive income	(902)	(371)
Contribution to non-plan assets	15,000	8,500
Fair value of non-plan assets at the end of the period	91,877	72,230
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	4,348	3,185
Interest on Defined benefit obligation	5,775	4,050
Past Service cost	1,727	-
Net Expenses Recognised in the Statement of Profit & Loss [Expenses : Nil (₹ 389), Provisions : ₹ 11,850 (₹ 6,846)]	11,850	7,235
iv) Amounts recognised in the Statement of Other Comprehensive Income (Re-measurements) :		
Actuarial (gain)/loss on plan Obligations	21,217	14,385
Actuarial (gain)/loss on non - plan Assets	902	371
Amounts recognised in the Statement of Other Comprehensive Income	22,119	14,756
v) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	1,16,494	82,507
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(1,16,494)	(82,507)
Liability recognised in Balance Sheet (as per actuarial valuation)	1,16,494	82,507
Expected to be payable within next twelve months	10,308	6,940
Expected to be payable beyond next twelve months	1,06,186	75,567

Notes to Accounts

(₹ in Lakhs)

Particulars	2021-22	2020-21
vi) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Medical inflation rate	6.50%	6.25%
Attrition Rate	1.00%	1.00%
vii) Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation :		
Effect on the aggregate of the service cost and interest cost	1,511	1,442
Effect on the defined benefit obligation	11,987	11,798
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	(1,306)	(1,174)
Effect on the defined benefit obligation	(10,365)	(9,600)
viii) Sensitivity Analysis :		
Discount Rate (0.50% movement)increase	7.84%	7.46%
Increase/(decrease) Defined benefit obligation as at the end of the period	(6,306)	(4,948)
Discount Rate (0.50% movement)decrease	6.84%	6.46%
Increase/(decrease) Defined benefit obligation as at the end of the period	6,975	5,524
Medical Inflation Rate (0.50% movement)increase	7.00%	6.75%
Increase/(decrease) Defined benefit obligation as at the end of the period	5,772	5,586
Medical Inflation Rate (0.50% movement)decrease	6.00%	5.75%
Increase/(decrease) Defined benefit obligation as at the end of the period	(5,368)	(5,039)

Additional Disclosures :

- Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.
- No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.
- Maturity profile of the BERECHS defined benefit obligation is given below:

Year	As at 31 March 2022	As at 31 March 2021
Year 1	6,446	4,507
Year 2	6,834	4,818
Year 3	7,241	5,147
Year 4	7,672	5,514
Year 5	8,089	5,903
Next 5 years	46,160	34,182

B. LONG TERM COMPENSATED ABSENCE :

The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences: Annual Leave (AL) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives. The scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS or death. AL can also be encashed during service or at the time of resignation.

Notes to Accounts

(₹ in Lakhs)

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

Particulars	2021-22	2020-21
i) Expenses Recognised in the Statement of Profit & Loss :		
Net Expenses Recognised in the Statement of Profit & Loss [2021-22 Leave Encashed : ₹ 1,890, Provisions : ₹ 1,602] [2020-21 Leave Encashed : ₹ 1,437, Provisions : ₹ 4,115]	3,492	5,552
ii) Amounts to be recognised in Balance Sheet :		
Liability recognised in Balance Sheet [As per Actuarial Valuation]	41,416	39,814
iii) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Rate of increase in compensation level	7.00%	7.00%
iv) Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months / beyond 12 months.		
Current leave obligations expected to be settled within the next 12 months	3,972	3,713
Leave obligations expected to be settled beyond 12 months	37,444	36,101
Total	41,416	39,814

C. PENSION SCHEME :

The Company has got a defined contribution pension benefit plan for the benefit of its employees in respect of which contribution is made on an annual basis to a Trust setup for this purpose.

The benefit under the scheme are available for the employees as per the rules laid down in this regard.

i) A narrative description of the specific or unusual risks arising from a defined benefit plan (i.e. Gratuity and BERECHS)

The specific risk relating to defined benefit plans are as follows :-

Movement in long term government bond rate between two reporting periods which will impact discount rate and consequently the present value of obligations.

Risk of higher / lower salary escalation / benefit as considered for valuation vis-a-vis the actual experience through the Financial Year.

However, both the risks are mitigated on a regular basis i.e. yearly as valuations are done after every year based on updated assumptions.

ii) A narrative description of any asset-liability matching strategies.

The gratuity plan of the company is a funded plan. The assets backing this plan are predominantly insurer-managed funds. Hence the company has limited flexibility in terms of implementing asset-liability matching strategies for this plan.

The post retirement medical plan of the company is an unfunded plan. Hence asset-liability matching strategies are not relevant for this plan.

iii) A description of the funding arrangements and funding policy.

The Gratuity plan of the company is a funded plan. 98.67% (98.70%) of the plan assets backing this plan are insurer managed assets and 1.32% (1.29%) of the plan assets are invested in Central and State Government Securities. The annual contribution to the fund is normally set equal to the deficit as disclosed by the preceding actuarial valuation of the benefit obligations.

The post-retirement medical plan [BERECHS] is an unfunded plan.

Notes to Accounts

(₹ in Lakhs)

(iii) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL] :

Employees Provident Fund is managed by Provident Fund Trust of the Company. The Company contributes Management's contributions payable towards Employee Provident Fund to the Trust.

Company has determined on the basis of Actuarial Valuation carried out as on 31 March 2022, that there is no liability towards the interest shortfall on valuation date (having regard to terms of plan that there is no compulsion on the part of the Trust to distribute any part of the surplus, if any, by way of additional interest on PF balances).

Particulars	2021-22	2020-21
i) Change in Present Value of Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	3,34,350	3,00,068
Current Service Cost	11,723	18,912
Interest Cost	23,058	20,115
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (vested Benefits)	-	-
Actuarial (gain) / Loss	9,944	9,171
Benefits paid / payable	(70,067)	(58,897)
Contributions	53,017	44,981
Present Value of Obligation as at the end of the period	3,62,025	3,34,350
ii) Change in Fair Value of plan assets :		
Fair value of plan assets at the beginning of the year	3,40,609	2,99,644
Expected return on plan assets	23,494	20,087
Contributions	63,958	63,722
Benefit paid / payable	(70,067)	(58,897)
Actuarial gain / (loss) on Plan Assets	12,222	16,053
Fair value of plan assets at the end of the period	3,70,216	3,40,609
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	11,723	18,912
Interest Cost	23,058	20,115
Expected return on Plan Assets	(23,494)	(20,087)
Net Actuarial (gain) / loss recognised in the period	-	-
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	11,287	18,940
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	3,62,025	3,34,350
Fair Value of Plan Assets at the end of the period	3,70,216	3,40,609
Effect of Balance Sheet asset limit	8,191	6,259
Difference	-	-
Unrecognised Actuarial (gains) / losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period :		
Present Value of Obligation	3,62,025	3,34,350
Plan Assets	3,70,216	3,40,609
Effect of Balance Sheet asset limit	8,191	6,259
Surplus/ (Deficit)	-	-
Experience Adjustments on Plan liabilities - (Loss)/ Gain	(9,991)	(9,266)
Experience Adjustments on Plan Assets - (Loss)/ Gain	12,222	16,053

Notes to Accounts

(₹ in Lakhs)

Particulars	2021-22	2020-21
vi) Amounts recognised in the Statement of Other Comprehensive Income (Re-measurements) :		
Actuarial (gain)/loss on Plan Obligations	9,944	9,171
Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	(12,222)	(16,053)
Effect of Balance Sheet asset limit	2,278	6,279
Amounts recognised in the statement of Other Comprehensive Income	-	(603)
vii) Category of Assets as at March 31 :		
Government of India Securities & State Government Securities	54.49%/61.35%	53.72%/58.96%
High Quality Corporate Bonds	32.88%/24.69%	33.93%/24.34%
Mutual Funds	2.71%/1.59%	2.14%/1.47%
Others	8.55%/8.55%	9.87%/11.39%
Recoverable from Enterprise *	1.37%/3.82%	0.34%/3.84%
Total	100%/100%	100%/100%
viii) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Salary escalation rate	7.00%	7.00%
Expected rate of Return on Plan Assets	8.07%/8.30%	8.27%/8.52%

Note : * The unsecured / secured (principal) portion of the investment which amounts to ₹ 8,551 (₹ 5,740) has been considered by the Trust as a Non-Performing Investment and this amount has been classified as an amount recoverable from the enterprise in the event of default and accordingly provided.

Note 22 - Other liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Deferred revenue - customer grants	-	-
Sub Total (A)	-	-
Current		
Deferred revenue - customer grants	-	112
Contract liability		
Deferred revenue	7,173	3,522
Customer advance received	14,48,782	11,78,727
Statutory liabilities	17,625	31,964
Others	5,270	2,172
Sub Total (B)	14,78,850	12,16,497
Total (A+B)	14,78,850	12,16,497

i. Related Party Disclosure

For Related Party Disclosures refer Note 31.

ii. Revenue recognised during the period is ₹ 4,82,793 (₹ 1,29,761) that was included in the contract liability balance at the beginning of the period.

Notes to Accounts

(₹ in Lakhs)

Note 23 - Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products	13,57,069	12,40,956
Income from services	1,47,298	1,40,860
	15,04,367	13,81,816
Other operating revenue		
Sale of scrap	879	402
Transport receipts	360	276
Rent receipts	643	675
Canteen receipts	1,202	887
Electricity charges collected	246	208
Water charges collected	47	50
Provisions withdrawn		
- Doubtful debts, Liquidated Damages	8,264	7,736
- Inventory	2,957	4,712
- Loans & advances	108	138
- Others	-	4
	11,329	12,590
Government grants including duty drawback	622	1,019
Customer grants	112	1,041
Miscellaneous	11,569	7,419
	15,31,376	14,06,383

(i) Disaggregation of revenue recognised against contracts with customers (2021-22)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Products	12,34,899	75,585	24,758	21,827	13,57,069
Income from Services	1,15,464	29,703	359	1,772	1,47,298
Total	13,50,363	1,05,288	25,117	23,599	15,04,367

Disaggregation of revenue recognised against contracts with customers (2020-21)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Products	9,63,225	1,68,909	71,130	37,692	12,40,956
Income from Services	1,10,453	28,841	1,427	139	1,40,860
Total	10,73,678	1,97,750	72,557	37,831	13,81,816

Notes to Accounts

(₹ in Lakhs)

(ii) Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price.

Particulars	2021-22	2020-21
Revenue as per Statement of Profit and Loss		
Sale of Products	13,57,069	12,40,956
Income from Services	1,47,298	1,40,860
Total (a)	15,04,367	13,81,816
Add / (Less) adjustment to contract price		
Foreign Exchange variation claim	(28,596)	(21,802)
Price revision	-	-
Discount and rebate offered	1,026	357
Others	(2,501)	(4,528)
Total adjustment (b)	(30,071)	(25,973)
Contract price (a + b)	14,74,296	13,55,843

Satisfaction of performance obligation

- In majority of the contract, performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. One of the prime indicator considered for this is transfer of significant risk and rewards to the customer based on Inco terms. Where a contract involves multiple performance obligation, the criteria specified in Ind AS 115 is applied to determine the point in time when the performance obligation is satisfied.
- Under "Bill and hold" arrangement performance obligation is satisfied on unconditional appropriation of the goods to the contract. Normally no obligation towards custodial service exists.
- Contract with the customer normally do not contain significant financing component and any advance payment received and /or amount retained by customer is with intention of protecting either parties to the contract.
- Variable consideration primarily consists of amount receivable/reimbursable against foreign exchange variation clause. The amount of revenue recognised in respect of the same is determined based on the methodology specified in the contract. The amount is recognised as revenue on accrual/admittance of claim by customer.
- The company's turnover mainly includes supply of defence electronics equipments and systems.
- Contract entered into with customer, typically do not have a return/refund clause.
- Warranties provided are primarily in the nature of performance warranty.
- The company normally uses the input method to recognise revenue in respect of contracts in which performance obligation are satisfied over a period of time. For revenue recognition, the percentage of completion method is adopted where in the percentage of actual cost incurred to total estimated cost is applied to the contract price for arriving at the quantum of revenue to be recognised.
- Contract with customer (other than AMC) in respect of which revenue is recognised over a period of time typically involves multiple activities of different nature like construction of building, supply and installation of equipments, networking of equipment and system etc. Due to this it is not possible to quantify in physical terms the quantum of work done (i.e. output) reliably. Whereas, under input method, the cost incurred in respect of these varied activities can be captured and compared to the total estimated cost to be incurred (which can be estimated reliably), for arriving at the percentage of completion. In case of AMC contracts, output method is used to recognise revenue where passage of time is the criteria for satisfaction of performance obligation.
- For revenue recognition in respect of performance obligation satisfied at a "point in time" the following criteria is used for determining whether customer has obtained "Control on asset "
 - Transfer of significant risk and rewards
 - Customer has legal title to the asset

Notes to Accounts

(₹ in Lakhs)

- The entity has transferred physical possession of the asset
 - Customer has accepted the asset
 - Entity has the present right to payment for the asset
- K. Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligation is based on relative standalone selling price.
- L. No non-cash considerations are received/given during the current/previous year.
An amount of ₹ 247 (₹ 7,043) (net) has been recognised as revenue during the year out of performance obligation satisfied in previous periods.
- iii. In a project, 1 site out of 10 is still to be handed over by the customer since 2015. Other 9 sites have progressed significantly and the Company had got time extension for these 9 sites; therefore, based on an opinion obtained by the management, 9 sites and 1 site respectively considered as a separate performance obligation. This has resulted in an increase in Revenue by Nil (₹ 8,786) and increase in profit by Nil (₹ 8,540).

Note 24 - Other Income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from staff/IT refund/others*	292	432
Income from long term investments (Dividend)**	407	351
Interest income on term deposits	17,377	5,649
Profit on sale of PPE	45	121
Rental income - Investment property	191	193
Foreign exchange gain/loss	4,190	5,634
Gain / (loss) on mutual funds	587	-
Miscellaneous (Net of expenses)	270	230
	23,359	12,610

* For related party disclosures refer Note 31.

** Represents Income from subsidiary & associates recognised at Cost.

- i. The Foreign Exchange Gain / Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement / reporting date.

Note 25 - Changes in inventories of finished goods, work in progress & scrap

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Work-in-progress:		
Closing Inventory	1,67,272	1,36,061
Opening Inventory	1,36,061	1,26,787
	(31,211)	(9,274)
Finished goods:		
Closing Inventory	24,248	27,675
Opening Inventory	27,675	24,146
	3,427	(3,529)
Scrap :		
Closing Inventory	236	323
Opening Inventory	323	193
	87	(130)
	(27,697)	(12,933)

Notes to Accounts

(₹ in Lakhs)

Note 26 - Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus / ex-gratia	1,64,123	1,57,844
Retirement benefit expenses		
Gratuity	1,460	1,810
Contribution to provident and pension funds	11,798	11,229
Management Contribution to BEL Superannuation (Pension) Scheme	6,063	5,749
Provision for BEL Retired Employees Contributory Health Scheme	11,868	6,846
	31,189	25,634
Welfare Expenses	15,627	10,590
	2,10,939	1,94,068

Welfare expenses includes salaries ₹ 1,107 (₹ 1,114), PF contribution ₹ 117 (₹ 116).

i. Refer Note 21 (A) (iii), accordingly a provision of ₹ 2,811 (Nil) is made.

ii. Refer Note 31 for Remuneration to Key Managerial Personnel.

Note 27 - Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses		
Interest on dues to Micro & Small Enterprises	13	4
Interest expense on lease liability	306	24
Other interest expenses	144	552
	463	580
Other borrowing cost		
Loan processing charges	22	28
	485	608

Note 28 - Depreciation and Amortisation Expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation/amortisation on property, plant & equipment	36,106	35,597
Depreciation on investment property	1	1
Amortisation on other intangible assets	1,468	747
Depreciation on right of use assets	443	288
	38,018	36,633

Notes to Accounts

(₹ in Lakhs)

Note 29 - Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Power and fuel *	3,711	3,273
Water charges	419	375
Royalty & technical assistance	1,346	17,472
Rent	1,713	1,608
Rates & taxes	530	433
Insurance	2,413	2,407
Auditors remuneration		
Audit fees	34	24
Tax audit fees	5	6
Other services (Certification fees)	9	10
Reimbursement of expenses	12	6
	60	46
Cost audit fee	4	4
Repairs & maintenance		
Buildings	2,602	1,983
Plant & machinery	1,120	1,400
Others	11,364	9,374
	15,086	12,757
Bank charges	342	314
Printing and stationery	277	227
Advertisement & publicity	289	404
Travelling expenses	7,823	4,023
Hiring charges for van / taxis	1,124	1,126
Packing & forwarding	2,845	2,287
Bad debts & advances written off	1,307	1,626
Less: Charged to provisions	(1,307)	(1,618)
	-	8
Provision for obsolete / redundant materials	6,840	6,988
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances	26,963	21,161
Provision for doubtful advances, claims	219	736
Provision for performance warranty (net) **	9,507	6,416
Provision - Onerous Contract	1,980	157
Write off of raw materials, stores & components due to obsolescence and redundancy	936	1,266
Less: Charged to provisions	(920)	(1,248)
	16	18
Provision for Intangible asset under development	-	7,213
Write off of intangible asset Under Development	-	75
Capital WIP charged off	-	1,468
Corporate social responsibility	5,075	4,467
Others		
Other Misc Direct Expenditure	7,585	11,488
After Sales Service	316	424
Telephones	766	893
Expenditure on Seminars & Courses	685	839
Other Selling Expenses	1,250	378
Miscellaneous	5,040	3,912
	15,642	17,934
Less: Expenditure allocated to capital jobs	(4,961)	(1,976)
	99,263	1,11,421

* Power expenditure incurred during the FY is after netting off Wind Energy Generation of ₹ 1,627 (₹ 1,623).

** Refer note 21.

Notes to Accounts

(₹ in Lakhs)

Note 30 - General Notes to Accounts

1 Earnings per Equity Share

Particulars	2021-22	2020-21
a From continuing operations		
Basic earnings per share (INR)	9.64	8.48
Diluted earnings per share (INR)	9.64	8.48
b Amounts used as the numerators in calculating basic and diluted earnings per share	2,34,893	2,06,542
c Weighted average number of equity shares used in computing basic and diluted earnings per share	2,43,65,92,943	2,43,65,92,943

2 Statement of Compliances

The standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.] and other relevant provision of the Act.

The Company's standalone financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

3 Operating Cycle

As per the requirement of Schedule III to the Companies Act, 2013, the Operating Cycle has been determined at Strategic Business Unit (SBU) / Unit level, as applicable.

4 Impairment of Assets

The Company has analysed Indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, an amount of ₹ 7,337 (₹ 7,337) is provided as provision for impairment.

5 Short Term Borrowings

a The Company has been sanctioned working capital limit of ₹ 4,00,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 3,50,000.

b The interest rate payable on fund based limit is linked to SBI 3 Months (1 Year) MCLR Rate. [Interest rate payable as on 31.03.2022 is 6.65 % p.a. (7.00%)].

c The amount utilised is repayable on demand. Utilisation as on 31.03.2022 is Nil (Nil).

d The above sanction limit is secured by hypothecation of Current Assets of the Company (Refer Note 35).

Notes to Accounts

(₹ in Lakhs)

6 Contractual Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
A. Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March		
Property, Plant & Equipments	43,332	46,722
Investment Property	-	-
Other Intangible Assets	4,473	1,267
B Contractual Commitment for Repair and Maintenance or enhancement of Investment Property	-	-
C. Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March	-	-

7 Expenditure incurred on Research and Development:

The Company incurred on Research and Development during the year, which are included in the respective natural classification is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Expenditure		
Materials	23,708	20,177
Employees Remuneration & Benefits	52,987	48,699
Depreciation	9,021	8,751
Others	21,222	12,528
Gross Expenditure	1,06,938	90,155

Note : The above expenditure includes ₹ 3,647 (₹ 1,577) which has not been charged off.

8 Contingent Liabilities:

Particulars	As at 31 March 2022	As at 31 March 2021
Claims not acknowledged as debts	1,00,509	98,672
Outstanding Letters of Credit	72,997	72,543
Others	3,486	2,946
Provisional Liquidated Damages up to 31 March on unexecuted customer orders where the delivery date has expired	35,986	26,305

9 Contingent Assets:

Particulars	As at 31 March 2022	As at 31 March 2021
Nil	-	-

Notes to Accounts

(₹ in Lakhs)

10 Confirmation of Balances

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and impact on Financial Statement is not expected to be material.

11 Labour Disputes

In respect of Labour matters, as the matters are yet to be adjudicated, the liability, if any, is not ascertainable. However, such liability is not expected to be material.

12 Leases

Adoption of Ind AS 116

Effective 1 April, 2019, the company has adopted Ind AS 116 "Leases" using modified retrospective approach. The adoption of the standard did not have any material impact on the financial statements of the company.

a) As a lessor

- i) The future minimum Lease Rent Receivable

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	53	322
Later than one year and not later than five years	241	230
Later than five years.	2,785	2,847

- ii) The company has Leased out Point of Sales machines to Government of Haryana for period of five years from 2016-17 to 2021-22.

- iii) The company has Leased out few portions of Land to different organisations under non-cancellable Operating Lease. Lease period is spread over from the year 1967 to 2077. The leases have various terms, escalation clause, lease renewal rights etc. On renewal, the terms of the lease are renegotiated.

The company has not recognised any income as contingent rent.

b) As a Lessee:

The Company has leases that were classified as finance lease applying Ind AS 17, for such leases the carrying amount of the right of use amount at the date of initial application of Ind AS 116 is the carrying amount of the lease on the transition date as measured applying Ind AS 17. Accordingly an amount of ₹ 1,275 has been reclassified from property plant and equipment to right of use assets.

On transition, the company recognises right of use asset representing its right to use the underlying asset for the unexpired lease period.

The right of use asset is recognised at :

- a) The carrying amount of prepaid rent when no future lease payments are payable; or
- b) At the carrying amount and discounted at incremental borrowing rate. Accordingly right of use asset is ₹ 365 and Corresponding lease liability ₹ 365 has been recognised. On application of Ind AS 116 in respect of these assets, nature of expenses has been reclassified from lease rent to depreciation cost for right of use asset and finance cost for interest accrued on lease liability.

Notes to Accounts

(₹ in Lakhs)

The above lease contracts, entered by company pertains to land taken on lease for generation of power through solar project and buildings for business purposes. The company has restriction with respect to disposal of these assets.

The company has not recognised any expenses as contingent rent.

The maturity analysis of Contractual Cash flows of Lease Liabilities is disclosed in Note 34.

13 Segment Reporting

Ministry of Corporate Affairs vide Notification no. 463 (E) dated 5 June, 2015 as amended has exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

14 Retention Sales

The Value of Retention Sales (i.e., Goods retained with the Company at the Customers' request and at their risk) included in Turnover during the year is ₹ 80,880 (₹ 49,302).

Out of the above the Value of Ex-works Sales is Nil (₹ 6,884).

15 Foreign Exchange Exposure

Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2022 is given below. [Foreign currencies are shown in Lakhs]. (Previous year figures are shown in brackets).

Currency	Payables		Receivables / Contract Asset		Contingent Liability*	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	626	47,968	134	10,007	576	44,175
	(615)	(45,741)	(275)	(19,943)	(260)	(19,325)
EURO	203	17,446	-	22	172	14,822
	(158)	(13,882)	(20)	(1,673)	(201)	(17,595)
GBP	10	966	-	-	10	1,050
	(22)	(2,294)	-	-	(14)	(1,433)
JYEN	11	7	-	-	-	-
	(117)	(79)	-	-	-	-
CHF	10	849	-	-	1	94
	(11)	(853)	-	-	**	(7)
OTHERS	9	532	-	-	15	125
	(9)	(475)	-	-	-	-
Total (₹)		67,768		10,029		60,265
		(63,324)		(21,616)		(38,360)
Amount covered by Exchange Rate variation clause from Customers out of the above		17,830		-		27,997
		(29,154)		-		(17,449)

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

** includes CHF 9,000 [represent absolute figure].

During the FY 2021-22, the Company has not entered into any Forward Contracts to cover Foreign Currency fluctuations in respect of Firm Commitments. There are no outstanding Forward Contracts as on 31.03.2022.

Notes to Accounts

(₹ in Lakhs)

16 Disclosure relating to CSR Expenditure

a Gross amount required to be spent by the Company during the FY 2021-22 is ₹ 5,329 (₹ 4,688).

b Amount spent during the FY 2021-22:

SI No.	Particulars	In Cash	Yet to be paid in Cash	Total	Appropriation / Provision * for unspent amount	CSR Grand Total
i)	Construction / Acquisition on any asset	-	-	-	-	-
ii)	Purposes other than (i) above	2,958	115	3,073	2,256	5,329
		(2,279)	-	(2,279)	(2,409)	(4,688)

* ₹ 2,256 (₹ 2,409) provided pursuant to Company (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), towards unspent CSR account as this pertains to ongoing projects.

Above expenses also includes CSR Administration Overhead of ₹ 254 (₹ 221) which is grouped under Employee benefits expense.

c Movement of CSR Provision

SI No.	Particulars	2021-22	2020-21
i	As at 1 April	4,504	3,485
ii	Additional provision / appropriation recognised during the year*	2,256	2,409
iii	Less: Amount used during the year	1,665	1,390
iv	Less: Amount reversed during the year	-	-
v	As at 31 March	5,095	4,504

* Includes provision towards interest earned from CSR funds Nil (Nil).

SI No.	Particulars	2021-22	2020-21
1	Amount required to be spent by the Company during the year	5,329	4,688
2	Amount of Expenditure incurred	3,073	2,279
3	Shortfall at the end of the year	2,256	2,409
4	Total of previous years shortfall	2,839	2,095
5	Reasons for shortfall	Pertains to Ongoing Projects	
6	Nature of CSR activities	Education, Healthcare & sanitation, Rural Development projects, Sustainable Development of Environment, Skill India initiative	
7	Details of related party transaction e.g. Contribution to a trust controlled by the company in relation to CSR expenditure as per relevant accounting standard	NA	NA
8	Whether a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	NA	NA

17 COVID - 19 Impact

The Company has considered the possible effects that may result from the pandemic relating to COVID 19 in the preparation of the financial statements including the recoverability of carrying amount of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of pandemic, the company has used its available internal and external sources of information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the financial statements may differ from the estimate as at the date of approval of the financial statements.

Notes to Accounts

(₹ in Lakhs)

18 Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 1.50 (INR 1.20) per share. [Represents absolute figure].

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting and if approved would result in cash outflow of approximately of ₹ 36,549 (₹ 29,239).

19 An amount of Nil (₹ 25) has been contributed to Defence production IT Division which has been created as one of the division of HAL to implement IT related initiatives in Dept. of Defence production including Ordnance Factory Board (OFB) and Defence Public Sector Units.

20 Value of remaining Performance Obligations (pending orders to be executed)

Unrecognised revenue from contracts with customer which are partially satisfied or unsatisfied (Pending orders to be executed)

Particulars	Total Amount	Within a Year	1 - 2 Years	2 - 3 Years	More than 3 Years
Unexecuted order value	57,56,955	24,62,081	16,35,325	6,51,703	10,07,846

Typically major orders are from Defence which involves long gestation period. Company expects to recognise revenue in respect of unsatisfied (or partially unsatisfied) performance obligation over a period of 3 - 5 years.

21 Financial Ratios as per Revised Schedule III Requirements :-

Sl. No.	Particulars	2021-22	2020-21	% age change	Remarks
Numerator	Current Assets	27,15,716	23,57,661		
Denominator	Current Liabilities	19,53,203	16,76,472		
(a)	Current Ratio (in times)	1.39	1.41	(1.42)	
Numerator	Total Debt	-	-		
Denominator	Shareholder's Equity / Net Worth	11,98,426	10,80,789		
(b)	Debt-Equity Ratio (in times)	-	-		
Numerator	Earnings available for debt service (PAT + Interest Cost + Depreciation / Amortisation)	2,73,396	2,43,783		
Denominator	Debt Service (Interest + Lease Payments + Principal Repayments)	485	1,441		
(c)	Debt Service Coverage Ratio (in times)	563.70	169.18	233.20	Due to decrease in debt service on account of full repayment of outstanding loan amount of ₹ 833 during the previous year.
Numerator	Profit After Tax (PAT)	2,34,893	2,06,542		
Denominator	Average Shareholder's Equity / Net Worth	11,39,608	10,33,042		
(d)	Return on Equity Ratio (in %age)	20.61	19.99	3.10	
Numerator	Sales & Services	15,04,367	13,81,816		
Denominator	Average Inventory	5,26,079	4,45,871		
(e)	Inventory Turnover Ratio (in times)	2.86	3.10	(7.73)	

Notes to Accounts

(₹ in Lakhs)

Sl. No.	Particulars	2021-22	2020-21	% age change	Remarks
Numerator	Sales & Services	15,04,367	13,81,816		
Denominator	Average Trade Receivables	6,32,747	6,64,223		
(f)	Trade Receivables Turnover Ratio (in times)	2.38	2.08	14.28	
Numerator	Purchases	9,79,170	8,94,907		
Denominator	Average Trade Payables	3,33,157	2,86,089		
(g)	Trade Payables Turnover Ratio (in times)	2.94	3.13	(6.04)	
Numerator	Sales & Services	15,04,367	13,81,816		
Denominator	Working Capital	7,62,513	6,81,189		
(h)	Net Capital Turnover Ratio (in times)	1.97	2.03	(2.74)	
Numerator	Profit After Tax (PAT)	2,34,893	2,06,542		
Denominator	Sales & Services	15,04,367	13,81,816		
(i)	Net Profit Ratio (in %age)	15.61	14.95	4.41	
Numerator	Earnings Before Interest and Tax (EBIT)	3,16,265	2,94,089		
Denominator	Capital Employed	10,14,876	9,29,192		
(j)	Return on Capital Employed (in %age)	31.16	31.65	(1.55)	
Numerator	Income from long term investments (Dividend)	408	352		
Denominator	Investments in Equity Instruments	21,301	21,300		
(k)	Return on Investment (in %age)	1.92	1.65	16.36	

22 Other Disclosure as required as per the amendments in Schedule III.

- a The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- b Struck off Companies

₹ In INR (Represents absolute figure)

Name of the Struck off Company	Nature of Transactions with struck off company	Relationship with the struck off company, if any to be disclosed	As at 31 March 2022	As at 31 March 2021
Muskan Enterprises Private Limited	Advance received	-	3,012	3,012
Raju Enterprises Private Limited	Advance received	-	1,67,649	1,67,649
Hema Enterprises Private Limited	Advance received	-	16,815	16,815
Sharp Products Private Limited	Advance received	-	28,932	28,932
M S Enterprise Private Limited	Security Deposit received	-	53,640	-
M S Enterprise Private Limited	Trade Receivable	-	22,443	11,043
S P Enterprises Private Limited	Advance received	-	1,908	-

Notes to Accounts

(₹ in Lakhs)

₹ In INR (Represents absolute figure)

Name of the Struck off Company	Nature of Transactions with struck off company	Relationship with the struck off company, if any to be disclosed	As at	As at
			31 March 2022	31 March 2021
Aircomfort Engineers Private Limited	Trade payable	-	32,253	32,253
Arctic India Sales Private Limited	Trade payable	-	1,10,520	26,583
Bergen Associates Private Limited	Trade payable	-	3,07,390	68,510
Bigtech Software Private Limited	Trade payable	-	68,759	68,759
Chawla Health Care Private Limited	Trade payable	-	1,57,976	1,69,603
Chawla Health Care Private Limited	Security Deposit received	-	4,87,435	2,34,588
Chawla Health Care Private Limited	Advance paid	-	-	4,305
Compu lease Networks Private Limited	Trade payable	-	12,86,926	27,12,177
El Camino Technologies Private Limited	Trade payable	-	19,500	19,500
Embedded Software Development Private Limited	Trade payable	-	8,13,920	8,13,920
Exigent Solutions Private Limited	Advance paid	-	19,50,934	19,50,934
Exigent Solutions Private Limited	Trade payable	-	72,632	72,632
Innowire Technologies Private Limited	Trade payable	-	4,98,550	4,98,550
Integra Micro Systems Private Limited	Trade payable	-	1,95,216	1,95,216
Kaptron Private Limited	Trade payable	-	1,26,000	1,26,000
Road Carrier Of India Private Limited	Security Deposit received	-	25,000	25,000
S.B.S. Technocarts & Engineers Private Limited	Security Deposit received	-	2,23,054	2,23,054
S.B.S. Technocarts & Engineers Private Limited	Trade payable	-	3,74,973	3,74,973
Solastek Network Systems Private Limited	Trade payable	-	11,02,839	11,02,839
Star Informatics Private Limited	Security Deposit received	-	1,50,450	1,50,450
Sumitron Exports Private Limited	Trade payable	-	41,681	29,581
Swathi Airconditioning Private Limited	Security Deposit received	-	6,251	6,251
Value Point IT Services Private Limited	Security Deposit received	-	2,000	2,000
Value Point IT Services Private Limited	Trade payable	-	1,971	1,971
Satidham Industries Private Limited	Shareholders	-	12,000	5,300
Garg Capital & Stock Private Limited	Shareholders	-	3,300	3,300
D R Shares Private Limited	Shareholders	-	3,300	3,300
Salasar Securites Private Limited	Shareholders	-	1,200	1,500
Astral Auto Parts Private Limited	Shareholders	-	1,100	4,000
Arvind Securities Private Limited	Shareholders	-	198	198

c The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (RoC) beyond the statutory period.

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

Notes to Accounts

(₹ in Lakhs)

e The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

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

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

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

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

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

g The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

23 During the year 2019-20, a fraud on the company by the employees amounting to ₹ 1,000 has been detected during the routine internal audit. Out of the said amount, ₹ 64 has been recovered and the balance amount of ₹ 936 is recognised as receivable, pending recovery, the same has been provided for as doubtful in the Statement of Profit and Loss. The company has initiated appropriate actions and the investigation is in process.

24 The date on which the code of social security, 2020 will come to effect has not been notified and the company will assess the impact of the code when it comes into effect and will record the impact in the period the code becomes effective.

25 Figure in brackets relate to previous years.

26 All figures in financial statements are rounded off to nearest lakhs unless otherwise mentioned.

27 The standalone Ind AS financial statements were approved for issue on 23 May 2022 by the Board of Directors.

Note 31 - Related Party Transactions

a. Subsidiaries & Associates

Name of the entity	Place of Business	Ownership interest held by the company		Ownership interest held by the non controlling interests		Principal Activities
		As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	
BEL Optronics Devices Ltd. (BELOP) - Subsidiary	India	100%	100%	-	-	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd. - Subsidiary	India	74%	74%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.
Defence Innovation Organisation - Associate	India	50%	50%	50%	50%	Carrying out Defence related Research and Developmental activities.
GE BE Private Limited - Associate	India	26%	26%	-	-	Manufacturing of Medical Equipments.

Notes to Accounts

(₹ in Lakhs)

b. Key Management Personnel's Details

i. Name of Key Management Personnel's

Mrs Anandi Ramalingam, Director [Marketing], Additional Charge as Chairman & Managing Director from 01.07.2021
Mr Vinay Kumar Katyal, Director [BG Complex]
Mr Dinesh Kumar Batra, Director [Finance] & CFO
Mr Rajasekhar M V, Director [R&D]
Mr M V Gowtama, Chairman & Managing Director upto 30.06.2021
Mrs Shikha Gupta, Director [Other Units] upto 08.05.2021
Mr Shivakumaran K M, Director [HR] upto 31.08.2021
Mr Mahesh V, Director [R&D] upto 31.08.2020
Mr Koshy Alexander, Director [Finance] & CFO upto 31.07.2020
Mr S Sreenivas, Company Secretary

ii. Compensation to Key Management Personnel's

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short term employee benefits	301	372
Post employment benefits	11	15
Long term employee benefits	62	39
Termination benefits	-	-
Share based payment	-	-
Total	374	426

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :-

Particulars	Subsidiaries		Associates		Grand Total
	BEL Optronics Devices Ltd (BELOP)	BEL-THALES Systems Ltd	GE BE Private Ltd	Defence Innovation Organisation	
Purchase of Goods	1,268	-	-	-	1,268
	(1,183)	(2,313)	-	-	(3,496)
Sale of Goods	-	2,543	2,365	-	4,908
	-	(316)	(1,758)	-	(2,074)
Services Received	57	432	-	-	489
	-	(576)	-	-	(576)
Services rendered	-	7	-	-	7
	-	(2)	-	-	(2)
Rent Received (Lease)	-	45	-	-	45
	-	(43)	-	-	(43)
Interest Income	3	-	-	-	3
	(98)	-	-	-	(98)
Dividend Income on Investments	147	-	260	-	407
	(91)	-	(260)	-	(351)
Loan disbursed	-	-	-	-	-
	(267)	-	-	-	(267)

Notes to Accounts

(₹ in Lakhs)

Particulars	Subsidiaries		Associates		Grand Total
	BEL Optronics Devices Ltd (BELOP)	BEL-THALES Systems Ltd	GE BE Private Ltd	Defence Innovation Organisation	
Purchase of Shares	-	-	-	-	-
	(157)	-	-	-	(157)
Loan Outstanding (including Interest) as on 31.03.2022*	-	-	-	-	-
	(381)	-	-	-	(381)
Trade Payables Outstanding as on 31.03.2022	36	440	-	-	476
	(47)	(353)	-	-	(400)
Trade Receivables Outstanding as on 31.03.2022	1	330	606	-	937
	-	(237)	(540)	-	(777)
Investment in Equity as on 31.03.2022	16,990	4,264	260	1	21,515
	(16,990)	(4,264)	(260)	(1)	(21,515)
Contribution Outstanding as on 31.03.2022	-	-	-	4,000	4,000
	-	-	-	(4,000)	(4,000)

Directors sitting fees :

The sitting fees paid to non executive Directors is ₹ 18 as at 31 March 2022 and ₹ 16 as on 31 March 2021 respectively.

- d. All transactions dealt with related parties are on arm's length basis. In respect of loan to subsidiary (BELOP) refer note "g" below.
- e. All Outstanding balances are Unsecured. All Outstanding balances (Other than loan) is repayable in cash within next 6 months. For Outstanding balance of loans refer note "g" below.
- f. The Company has entered into an Agreement with BELOP in April, 2013 to temporarily fund the amount of ₹ 10,416 [₹ 26,040 less ₹ 15,624] for enabling BELOP to make payment towards ToT for XD-4 II Tubes, pending receipt of balance amount from MoD. As on 31.03.2022, an amount of ₹ 9,851 (₹ 9,851) has been paid to BELOP, out of which an amount of ₹ 9,851 (₹ 9,851) has been received from MoD.

As per the Agreement, an amount of Nil (₹ 21) has been recovered during the financial year from BELOP towards the cost of funds.

g. Loans to Related Parties

- The Company has entered into an agreement with BELOP in August 2016 to fund a Term Loan of ₹ 4,600 out of which ₹ 2,935 has been disbursed as on 31.03.2022 and an amount of Nil is outstanding as on 31.03.2022
 - The principal amount will be repaid in 36 equal installments with effect from August 2019.
 - Interest will be charged on the outstanding loan amount, on monthly basis, at BEL's rate of yield on its deposits or the interest rate yield on a five year Government of India Bond, whichever is higher.
- *Loan outstanding does not include Nil (₹ 1) adjusted on account of Fair Valuation of loan given to subsidiary (BELOP) at below market rate.

h. Management Contracts including deputation of Employees

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

Notes to Accounts

(₹ in Lakhs)

i. Transaction with Government and Government Related Entities

As BEL is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions :-

An amount of ₹ 52,331 (₹ 52,331) was paid as Dividend during the FY 2021-22.

In addition to the above, around 97% (92%) of the Company's Turnover, around 99% (95%) of Trade Receivables and around 99% (99%) of Customer's Advance is with respect to government and government related entities.

j. Investment with respect to BELOP includes fair valuation of loan.

k. Defence Innovation Organisation (DIO) was incorporated on 10 April 2017 as a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an authorised share capital of ₹ 100 (BEL: 50%; HAL: 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bengaluru.

Note 32 - Interest in Associate

A	Name of the Entity	GE BE Private Limited
	Place of Business/Place of Incorporation	India
	% of ownership interest	26%
	Relationship	Associate
	Carrying Amount	2021-22 23,299 2020-21 (18,995)

Fair Value of the investment in Associate is not disclosed as the equity of GE BE Private Limited is unquoted.

GE BE Private Ltd is a manufacturer of medical instruments and its products complement the business segment of Components SBU of BEL Bangalore Complex and BEL Pune unit.

Carrying amount of the Company's interest in GE BE Private Ltd. (Audited)

Summarised Balance Sheet	As at 31 March 2022	As at 31 March 2021
Non - Current assets	24,378	23,303
Current assets		
Cash and Cash equivalents	1,344	53
Other assets	92,831	76,552
Total current assets	94,175	76,605
Total assets	1,18,553	99,908
Non - current liabilities		
Financial liabilities other than trade payables	18	31
Provisions and Other liabilities	439	688
Total non - current liabilities	457	719
Current liabilities		
Financial liabilities other than trade payables	771	713
Other liabilities	27,714	25,419
Total current liabilities	28,485	26,132
Total liabilities	28,942	26,851
Net assets	89,611	73,057
Company's share of Net assets	23,299	18,995

Notes to Accounts

(₹ in Lakhs)

Summarised Statement of Profit & Loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue	1,56,672	1,23,839
Interest Income	1,682	1,403
Depreciation and amortisation	3,598	3,481
Interest expense	16	32
Income tax expense	6,041	3,890
Profit for the year	17,578	11,673
Other comprehensive income	(24)	14
Total comprehensive income	17,554	11,687
Company's share of Profit	4,570	3,035
Company's share of OCI	(6)	4
Company's share of total comprehensive income	4,564	3,039

The Company has received Dividend of ₹ 260 (260).

Reconciliation to carrying amounts

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening net assets	18,995	16,216
Profit for the year	4,570	3,035
Other comprehensive income	(6)	4
Dividend paid	260	260
Closing net assets	23,299	18,995

Commitments and Contingent Liabilities in respect of Associates: -

Particulars	GE BE Pvt. Ltd.	
	As at 31 March 2022	As at 31 March 2021
Capital Commitments	180	174
Other Commitments	-	-
Other Contingent Liabilities	831	831

Name of the Entity	Defence Innovation Organisation
Place of Business / Place of Incorporation	India
% of ownership interest	50%
Relationship	Associate
Carrying Amount	2021-22 1 2020-21 1

Notes to Accounts

(₹ in Lakhs)

Note 33 - Financial Instruments - Fair Value Measurements

1 Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities:

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets measured at fair value						
I Investments						
i Equity Instruments – Mana Effluent Treatment Pvt Ltd	-	13	-	-	12	-
ii Equity instruments - Defence Innovation Organisation	-	1	-	-	1	-
iii Other Investments						
a. Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment & BERECHS)	1,33,896	-	-	1,11,592	-	-
Sub Total	1,33,896	14	-	1,11,592	13	-
Financial Assets not measured at fair value						
II Trade Receivables	-	-	6,10,339	-	-	6,55,154
III Loans						
a Loans to Related Parties	-	-	-	-	-	380
b Loans to Employees	-	-	876	-	-	888
c Loans to Others	-	-	-	-	-	-
IV Cash and cash equivalents	-	-	1,23,904	-	-	3,01,565
V Other Bank Balances	-	-	6,26,010	-	-	1,99,256
VI Other Financial Assets						
a Security deposits	-	-	3,957	-	-	4,002
b Advance to Employees	-	-	168	-	-	165
c Advance to Others	-	-	3	-	-	5
d Receivables (other than Trade Receivables)	-	-	2,540	-	-	614
e Bank deposits with more than 12 months maturity	-	-	173	-	-	173
f Interest accrued but not due on term deposits	-	-	3,775	-	-	1,219
g Other financial Assets	-	-	1,890	-	-	2,615
Other Investments						
a Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-
b Investment in Subsidiaries	-	-	21,254	-	-	21,254
c Investment in Associate	-	-	260	-	-	260
Sub Total	-	-	13,95,149	-	-	11,87,550
Total	1,33,896	14	13,95,149	1,11,592	13	11,87,550

* INR 4,750 (INR 4,750) [represents absolute figure] which is rounded off.

Notes to Accounts

(₹ in Lakhs)

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities measured at fair value						
Total	-	-	-	-	-	-
Financial Liabilities not measured at fair value						
I Borrowings	-	-	-	-	-	-
II Trade Payables	-	-	3,36,630	-	-	3,29,683
III Other Financial Liabilities						
a Security Deposits	-	-	30,498	-	-	27,225
b Interest accrued and due on term loan	-	-	-	-	-	-
c Interest Accrued and due on Trade Payables	-	-	14	-	-	6
d Other Trade payables	-	-	8,745	-	-	20,815
e Unpaid Matured Deposits	-	-	37	-	-	37
f Unpaid Dividend	-	-	215	-	-	211
g Non Trade Payables Dues to Micro and Small Enterprises	-	-	337	-	-	208
h Outstanding Expenses	-	-	56,912	-	-	46,551
i Other Lease liability	-	-	5,270	-	-	252
j Other Liabilities	-	-	1,000	-	-	1,162
Total	-	-	4,39,658	-	-	4,26,150

2 Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below:

Particulars	Note	As at 31 March 2022			As at 31 March 2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
I Financial Assets and Liabilities measured at Fair value – recurring fair value measurements							
A Financial Assets							
i Financial Investments at FVPL	6	-	1,33,896	-	-	1,11,592	-
ii Financial Investments at FVOCI - Unquoted	6	-	-	14	-	-	13
II Financial Assets and Liabilities which are measured at Amortised Cost		No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.					

Level 1: Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2: The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

3 Valuation technique used to determine Fair Value:-

a. LIC Investment - (Level 2)

Based on valuation report of the Scheme provided by LIC.

b. Mana Effluent Treatment Plant Ltd - (Level 3)

BEL has invested in equity securities of Mana Effluent Treatment Plant Ltd. which is an unlisted company. The Company's cost of investment in Mana Effluent Treatment Plant Ltd is only ₹ 5 (out of issued Share Capital of ₹ 163). The company has opted for Net Asset Value method for fair valuation.

Notes to Accounts

(₹ in Lakhs)

c. Defence Innovation Organisation (DIO) - (Level 3)

BEL has contributed towards equity capital of M/s Defence Innovation Organisation (DIO), a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an objective of funding innovation in defence sector. The company has opted for Net Asset Value method for fair valuation.

Note 34 - Financial risk management

i. Risk Management framework and policies

The Company is broadly exposed to credit risk, liquidity risk and market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.

Board of Directors have the overall responsibility for the establishment, monitoring and supervision of the Company's Risk Management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies. The Company has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritisation, treatment of various risks associated with different areas of finance and operations.

The company has a centralised Treasury function which is responsible to undertake appropriate measures to mitigate financial risk in accordance with the policies and procedures formulated by the Board. Hedging transactions are undertaken by a team with appropriate skills and experience in consultation with an external expert. The Company does not trade in derivatives for speculation.

ii. Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

iii. Currency Risk

BEL is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar, Euro, Great Britain Pound, Swiss franc and Japanese Yen. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 50% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the external specialist consultant retained for this purpose.

The Company's export proceeds are realised mostly by remittance into an Export Earners Foreign Currency account (EEFC) which is then utilised for payments to be made in foreign currency, thereby mitigating the currency risk on exports. Imports to the extent of around 8% (8%) of annual foreign exchange outgo are not covered by the Exchange Rate Variation (ERV) clause in the related customer contract and hence are open to currency risk. These imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required.

As on 31 March 2022, there are no outstanding forward contracts.

Notes to Accounts

(₹ in Lakhs)

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31.03.2022					As at 31.03.2021				
	USD	EURO	GBP	CHF	J Yen	USD	EURO	GBP	CHF	J Yen
Trade Payable	626	203	10	10	11	615	158	22	11	117
Trade Receivable / Contract asset	134	-	-	-	-	275	20	-	-	-
Net Exposure	492	203	10	10	11	340	138	22	11	117

iv. Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of net exposure of major currencies is given below. This analysis assumes that all other variables remain constant.

Particulars	Impact on Profit	
	As at 31 March 2022	As at 31 March 2021
USD – Increase by 5%	1,885	1,264
USD – Decrease by 5%	(1,885)	(1,264)
EURO – Increase by 5%	874	604
EURO – Decrease by 5%	(874)	(604)
GBP – Increase by 5%	51	113
GBP – Decrease by 5%	(51)	(113)
CHF – Increase by 5%	42	44
CHF – Decrease by 5%	(42)	(44)
J Yen – Increase by 5%	-	4
J Yen – Decrease by 5%	-	(4)

v. Interest rate risk

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

vi. Variable Rate Borrowing:

The company has been sanctioned a working capital limit of ₹ 4,00,000. The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 3,50,000. The fund based limit of ₹ 50,000 has not been utilised during the year [Outstanding as on 31 March 2022 is Nil (31 March 2021 is Nil)]. The outstanding balance as on 31.03.2022 with respect to non fund based limit is ₹ 2,69,500 (₹ 2,80,322). The interest is payable based on SBI's 3 months (1 Year) MCLR rate. As the borrowing is nil there is no impact on likely change in interest rates.

vii. Equity Price Risk

The company's exposure to equity price risk is negligible as its equity investment (other than in Subsidiaries and Associate) is negligible.

viii. Liquidity Risk

Liquidity Risk is the risk that a Company could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's exposure to liquidity risk is very minimal as it has a

Notes to Accounts

(₹ in Lakhs)

prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The Company meets its liquidity requirement mainly through internally generated cash flows which is monitored centrally by treasury. There is an established process of rolling cash forecasts from various operating units which form the basis for mapping expected cash inflows, to meet the liabilities.

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undiscounted cash flows.

As at 31 March 2022

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	More than 5 years	Total
Borrowings	-	-	-	-	-	-	-
Trade Payables	3,10,782	11,751	14,063	-	34	-	3,36,630
Interest accrued and due on Trade Payables	14	-	-	-	-	-	14
Lease Liability	275	36	46	245	676	3,992	5,270
Other Financial Liabilities	72,295	2,894	20,232	2,266	59	-	97,744

As at 31 March 2021

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	More than 5 years	Total
Borrowings	-	-	-	-	-	-	-
Trade Payables	3,13,490	13,106	3,058	29	-	-	3,29,683
Interest accrued and due on Trade Payables	6	-	-	-	-	-	6
Lease Liability	36	33	66	68	38	11	252
Other Financial Liabilities	74,187	5,246	16,105	501	170	-	96,209

The company does not have any outstanding derivatives as on 31 March 2022.

ix. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government / Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc and other indicators.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth

Notes to Accounts

(₹ in Lakhs)

and earning capacity which is reviewed on a periodic basis. The Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from Government department / parties.

Loan of Nil (₹ 381) is outstanding [as on 31.03.2022] from BELOP [100% subsidiary company]. The subsidiary company has been regular in repayment of its dues (Interest and Principal) and no credit risk is expected in terms of repayment of the loan amount.

x. Capital Management

The Company's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Company has a conservative approach for raising capital through debt but reserves the right to leverage this alternative at an appropriate time to fuel growth and maintain optimal capital structure.

The Company has a well defined Dividend Distribution Policy which lays the framework for payments of dividend and retention of surplus for future growth and enhancing shareholders wealth. The Company has been sanctioned borrowing limits with banks to the tune of ₹ 4,00,000.

Gearing Ratio: -

Particulars	As at 31 March 2022	As at 31 March 2021
Net Debt	-	-
Total Equity	11,98,426	10,80,789
Net Debt to Equity Ratio	-	-

Note 35 - Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are:

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Inventories	5,53,956	4,91,529
(ii) Trade Receivables	6,10,339	6,55,154
(iii) Cash & Cash Equivalents	1,23,857	3,01,452
(iv) Bank Balances [Other than (iii) above]	6,24,300	1,98,000
(v) Loans	148	1,946
(vi) Other Financial Assets	10,231	4,566
(vii) Other Current Assets	7,48,517	6,64,576
Total assets pledged as security	26,71,348	23,17,223

Refer Note No. 18 for the details of borrowings.

Note 36 - Critical estimates and judgments

While preparing the financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and estimates that have a significant risk of resulting in a material adjustment are as under:

Notes to Accounts

(₹ in Lakhs)

i. Research and Development Expenditure - Accounting Policy No. 10 - (Refer Note 5 and 12)

Developmental expenditure incurred with respect to No Cost No Commitment (NCNC) Projects and Joint developmental projects which are not fully compensated by the development partner are carried forward till the completion of project.

ii. Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note 21)

iii. Estimation of provision for warranty claims - (Refer Note 21)

Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iv. Recognition of Revenue - (Refer Note 23)

Input methods towards performance obligations over time involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

v. Intangible assets (Refer Note 4 and 5)

Amount carried forward as other intangible assets and Intangible assets under development are tested for impairment annually with respect to certainty of future economic benefits.

vi. Lease (Refer Note 1)

The company evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of lease requires significant judgements. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

Note 37 - Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property, Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

Significant Accounting Policies on Ind AS Standalone Financial Statements

Corporate Information

The accompanying financial statements comprise the financial statements of Bharat Electronics Limited (the Company). The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Bharat Electronics Limited's shares are listed on two recognised stock exchanges in India. The registered office and principal place of business of the Company is located at Bengaluru, Karnataka, India.

The Company is a public sector enterprise under the administrative control of the Department of Defence Production, Ministry of Defence. Bharat Electronics Limited manufactures and supplies electronic equipment and systems to defence sector. Other than defence sector, the Company has also got a limited presence in the civilian market.

Significant Accounting Policies

1. Basis of Preparation

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

2. Use of Estimates

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

3. Basis of Measurement

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

- Derivative financial instruments, if any

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

4. Functional and Presentation Currency

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

5. Revenue Recognition

A. Revenue from Contract with Customers

- Revenue is recognised when (or as) the company satisfies a performance obligation by transferring a promised goods or services (i.e., an Asset) to a Customer.
- Satisfaction of performance obligation over time**
 - Revenue is recognised overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
 - the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
 - the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
 - the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.
 - Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

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

iii. Satisfaction of performance obligation at a point in time

- a. In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.
- b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
- the company has transferred physical possession of the asset
 - the customer has legal title to the asset
 - the customer has accepted the asset
 - when the company has a present right to payment for the asset
 - the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco-terms of the contracts.

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

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

c. Bill and hold Sales

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

- the reason for the bill and hold sales is substantive
- the product is identified separately as belonging to the customer
- the product is currently ready for physical transfer to the customer

- the company does not have the ability to use the product or to direct it to another customer

iv. Measurement

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

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

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

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

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

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

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

v. Penalties

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

vi. Significant financing component

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

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

B. Other Income

Recognition of other income is as follows:

i. Interest Income

Interest income is recognised using the effective interest rate method.

ii. Dividend Income

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

iii. Rental Income

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

iv. Duty Drawbacks

Duty drawback claims on exports are accounted on accrual basis.

v. Other Income

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

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

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

The cost of property, plant and equipment not ready for their intended use as at each reporting date is disclosed as capital work-in-progress.

Capital work-in-progress comprises supply-cum-erection contracts; the value of capital supplies received at site and accepted, capital goods in transit and under inspection.

7. Intangible Assets, Intangible Asset under Development

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

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

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

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

Intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation and cumulative impairment losses, if any.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on derecognition of intangible assets, if any, are recognised in the statement of profit and loss.

8. Depreciation / Amortisation

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

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

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

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

9. Disposal of Property, Plant and Equipment

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

10. Research and Development Expenditure

- (i) Expenditure on Research activity is recognised as an expense in the period when it is incurred.
- (ii) Development expenditure (other than on specific development - cum sales contracts and Developmental projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development - cum - sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

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

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

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

complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

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

In case customer order is immediately not forthcoming:

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

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrance unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

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

14. Leases

Company as a Lessee:-

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of "right of use" is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of property, plant and equipment.

Subsequent measurement of right-of-use asset is made using Cost model.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the Statement of Profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

Company as a lessor:

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS 116 – Leases.

- a) Finance Lease :

At commencement date, amount equivalent to the "net investment in the lease" is presented as

a Receivable. The implicit interest rate is used to measure the value of the "net investment in Lease". Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the Statement of Profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in Lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109 – Financial Instruments.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

- b) Operating lease:

The company recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis, if required.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

15. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

16. Government Grants

Grants from Government are measured at fair value and initially recognised as Deferred Income.

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

The amount lying in Deferred Income on account of Revenue Expenses is transferred to the credit of

Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the government grant received.

17. Investments in Joint Venture and Associates

The Company accounts for its interests in associates and joint ventures in the separate financial statements at cost.

18. Inventories

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula.

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads.

Adequate provision is made for inventory which are more than five years old which may not be required for further use.

19. Income Taxes

Income tax comprises of current and deferred tax.

(i) Current Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity respectively and not in the statement of profit and loss.

(ii) Deferred Tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the

extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

20. Provision for Warranties

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend based estimates.

In cases where a trend is not ascertainable, provision for warranty is made based on the best estimates of management.

21. Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency by using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

22. Employee Benefits

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

(ii) Incremental liability for payment of long term compensated absences such as Annual Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

(iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which

monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

(vi) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in statement of profit and loss.

(vii) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

(viii) Defined Contribution Plan

The Company operates employee pension scheme and superannuation pension scheme for its employees that are categorised as a defined contribution plans. For defined contribution plans, the Company pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

23. Provisions

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will

be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities/Assets

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

24. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

25. Fair value Measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each reporting date.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either

directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

26. Financial Assets

(i) Initial Recognition and Measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

(ii) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments measured at amortised cost,
- Debt instruments measured at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(iii) Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

(iv) Trade and Other Receivables

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

27. Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a

derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

28. Embedded Derivative

The embedded derivative, if required, is separated from host contract and measured at fair value.

29. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

30. Impairment of Financial Assets

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

- Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
- 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.
- Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense / income in the statement of profit and loss.

31. Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

(ii) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

(iii) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised as profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

32. Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial

assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

33. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

34. Cash Dividend and Non-Cash distribution to Equity Holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

35. Errors and Estimates

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

36. Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

37. Events after the Reporting Period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached.

For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

Varanasi
23 May 2022

S Sreenivas
Company Secretary

Independent Auditor's Report

To the Members of Bharat Electronics Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of BHARAT ELECTRONICS LIMITED (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In case of consolidated Balance Sheet, of the state of affairs of the Group and its associate as at 31 March 2022;
- In case of consolidated Statement of Profit and Loss, of the profit and total comprehensive income for the year ended on that date;
- In case of consolidated Statement of Changes in Equity, of the changes in equity for the year ended on that date and

- In case of consolidated Statement of Cash Flows, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group and its Associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

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

Sl. No.	Key Audit Matter	Auditor's response
1	<p>Accuracy of recognition, measurement, presentation and disclosure of revenue and related balances towards Ind AS 115- Revenue from Contracts with Customer.</p> <p>The application of this standards involves the assessment towards identification of the distinct performance obligations, determination of the transaction price for each of the identified performance obligation, the judgements used for determining the satisfaction of those performance obligations over time or at a point in time.</p> <p>Additionally, the application of the standard also involves judgement used in identifying the amount of cost incurred to obtain or fulfil a contract and the disclosure of the periods over which performance obligations are satisfied over time subsequently to the reporting date.</p> <p>The holding company's Revenue from Contracts mainly includes supply of defence electronics equipment's and systems.</p> <p>(Refer Note No. 23 to the consolidated financial statements and S.No. 5 to the Accounting policies)</p>	<p>Principal Audit procedure -</p> <p>Our Audit procedure involve identification of internal controls and their operating effectiveness towards application of this standard. We have also carried out the substantive testing of the transactions.</p> <p>a. We have assessed the appropriateness of the revenue recognition policies by comparing with the applicable Indian accounting standards.</p> <p>b. Selected the samples of continuing contracts as well as new contracts and identified the performance obligations and compared the same with performance obligation identified by the holding company.</p> <p>c. Verified the basis of allocation of the transaction price to the identified performance obligation if not specifically mentioned in the contract.</p> <p>d. Identified the basis to be considered to determine the satisfaction of the performance obligation and compared the same with the judgments used by the holding company in determining the satisfaction of performance obligation over the time or at a point in time.</p> <p>e. Verified the appropriate evidence considered for determining the satisfaction of performance obligation towards transfer of promised goods or services.</p> <p>f. In respect of the contracts where the satisfaction of performance obligation over time, we have verified the method identified by the holding company for recognising the revenue and ensured that those methods are appropriate considering the nature of the performance obligation.</p> <p>g. Verified the judgements used by the holding company to identify those costs that are incurred to obtain or fulfil the contract and period over which those costs will be amortised.</p> <p>h. Review of the plan available with the holding company towards satisfaction of remaining performance obligation identified based on the delivery terms defined in the Customer order to prepare the disclosure relating to periods over which remaining unsatisfied or partially satisfied performance obligation will be satisfied subsequent to the reporting date.</p> <p>i. Verified the judgements used by the holding company to identify the performance obligation under unconditional appropriation in case of Bill and Hold arrangements.</p>

Sl. No.	Key Audit Matter	Auditor's response
2	<p>Critical estimates in respect of Onerous Contracts –</p> <p>Estimation of unavoidable costs for meeting or satisfaction of performance obligation in respect of contract that have become onerous is critical. The unavoidable costs to complete the performance obligations, being an accounting estimate, is subjected to estimation uncertainty.</p> <p>(Refer Note No. 21 to the consolidated financial statements and S.No. 22 to the Accounting policies)</p>	<p>Principal Audit procedure –</p> <p>We have enquired with the Management of the Holding Company regarding the internal controls available towards identification of onerous contracts and cost to fulfil those contracts.</p> <p>a. Selected the sample of the continuing as well as new contracts and tested the effectiveness of the controls towards recognition of costs incurred for a particular contract and estimation of costs necessary to fulfil the unsatisfied/ partially satisfied performance obligations in it.</p> <p>b. Carried out test of controls and substantive procedures in determining the estimates for unavoidable costs towards onerous contracts.</p> <p>c. Verified the purchase/Service Orders issued towards satisfying the performance obligation and costs incurred thereunder.</p> <p>d. Verified the internal controls towards identification of costs incurred towards the concerned contracts and ensured that only the costs related to the contract is recorded.</p> <p>e. Verified the possible reductions in the contract price towards the balance performance obligations in respect of penalties, contract modifications.</p>
3	<p>Critical estimates made in respect of expected cost to complete the contract i.e., satisfaction of performance obligation over time. The estimate has inherent limitation of certainty towards estimating the cost to satisfy the performance obligation.</p> <p>(Refer Note No. 23 to the consolidated financial statements and S.No. 5 to the Accounting policies)</p>	<p>Principal Audit procedure –</p> <p>We have enquired with the Management of Holding Company regarding the internal controls available towards the identification of contract where the performance obligation are satisfied over the period of time –</p> <p>a. Selected the sample of the continuing as well as new contracts and tested the effectiveness of the controls towards recognition of costs incurred for a particular contract and estimation of costs necessary to fulfil the unsatisfied/ partially satisfied performance obligations in it.</p> <p>b. Carried out test of controls and substantive procedures in determining the estimates for cost necessary to fulfil the contract.</p> <p>c. Verified the purchase/Service Orders issued towards satisfying the performance obligation and costs incurred thereunder.</p> <p>d. Verified the internal controls towards identification of costs incurred towards the concerned contracts and ensured that only the costs related to the contract is recorded.</p> <p>e. Verified the possible reductions in the contract price towards the balance performance obligations in respect of penalties, contract modifications.</p> <p>f. Discussed with the Management and analysed that the cost estimated is towards the work that are pending to be carried out for completion and satisfaction of the performance obligation.</p>

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

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including its annexures, Corporate Governance and Shareholders information but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those charged with the Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and its associate in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of

the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group and its associate are also responsible for overseeing the financial reporting process of the group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's

report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 45,877 lakhs as at 31 March 2022 and total revenues of ₹ 9,822 lakhs and net cash flows amounting to ₹ 3,457 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include Subsidiaries' share of net profit (including Other Comprehensive Income) of ₹ 1,048 lakhs for the year ended 31 March 2022, whose financial statements have not been audited by us.

The consolidated financial statements reflect group's share of net assets of ₹ 23,392 lakhs and net profit (including other comprehensive income) of ₹ 4,570 lakhs in the associate 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 associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matters based on our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

2. The comparative financial information of the Group for the year ended 31 March 2021 is prepared in accordance with Ind AS included in this consolidated financial statements has been audited by the predecessor auditor, except for the comparative information pertaining to presentation and disclosure in respect of amendments in Division II of Schedule III vide notification dated 24 March 2021. The report of the predecessor auditor on the comparative financial information dated 17 August 2021 expressed an unmodified opinion.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued for the Holding Company and its subsidiaries included in this consolidated financial statements, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.
2. As required by Section 143(3) of the Act, based on our audit we report to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
 - c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The Holding Company and its subsidiaries being Government Companies, the provisions of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Directors are not applicable.

On the basis of the report of statutory auditor of the Associate Company incorporated in India, none of the directors of the Associate Company are disqualified as on 31 March 2022, from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to consolidated

financial statements of the Group and of its associate and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**" which is based on the auditor's report of the Holding company and its subsidiary companies.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Companies Act, 2013 as amended:

The Holding company and its subsidiaries being Government companies and its associate, being Private company, the provisions in relation to the payment of managerial remuneration as mandated by section 197 read with Schedule V to the Companies Act, 2013 is not applicable.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclosed the impact of pending litigations on its financial position of the Group and its associate - Refer Note 30(10) to the consolidated financial statements.
 - ii. The Group and its associate has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts - Refer Note No.21 to the consolidated financial statements. The Group and its associate do not have any derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate.
 - iv. a) The respective Management of the Company and its subsidiaries which are Companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding company or any such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or

entities identified in any manner whatsoever by or on behalf of the holding company or any such subsidiaries("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the holding company or any such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the holding company or any such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) Based on the audit procedures that we have considered reasonable and appropriate in the circumstances performed by us on the

Holding Company and its Subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. As stated in Note 30(16) to the consolidated financial statements
 - a) The final dividend proposed in the previous year, declared and paid by the group during the year is in accordance with Section 123 of the Act, as applicable.
 - b) The interim dividend declared and paid by the group during the year and until the date of this report is in compliance with Section 123 of the Act.
 - c) The Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

For **Guru and Jana**
Chartered Accountants
Firm Registration No.: 006826S

Ananth Prasad B R
Partner
Membership No.: 218145
UDIN: 22218145AJLRXT6019

Varanasi
23 May 2022

"Annexure A" to the Independent Auditor's Report of even date

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Bharat Electronics Limited of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements 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 2022, we have audited the internal financial controls with reference to consolidated financial statements of Bharat Electronics Limited ("the Holding Company") and its subsidiaries companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board Of Directors of the Holding company and its Subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiaries 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements reporting and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiaries.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion

In our Opinion, to the best of our information and according to the explanations given to us, the holding company and its subsidiaries companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2022,

Varanasi
23 May 2022

based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control as 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 with reference to consolidated financial statements in so far as it relates to two subsidiary companies and one Associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the consolidated financial statements of the holding company, which comprise the Consolidated Balance Sheet as at 31 March 2022 and the related consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report even dated expressed an unqualified opinion thereon.

For **Guru and Jana**
Chartered Accountants
Firm Registration No.: 006826S

Ananth Prasad B R
Partner
Membership No.: 218145
UDIN: 22218145AJLRXT6019



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

दिनांक/ DATE. 25th July 2022

To
Mrs. Anandi Ramalingam,
Chairman and Managing Director,
Bharat Electronics Limited,
PO Nagavara, Outer Ring Road,
Bengaluru - 560 045.

Madam,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022.

I forward Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022.

It may please be ensured that the comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar V.M.)
Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 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) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2022

The preparation of consolidated financial statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2022 under section 143(6) (a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of **Bharat Electronics Limited, Bengaluru, BEL Thales Systems Limited, Bengaluru and BEL Optronics Devices Limited, Pune** for the year ended on that date. **Further, section 139(5) and 143(6)(a) of the Act are not applicable to GE BE Private Limited, Bengaluru being private entity for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditor nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

(Santosh Kumar)
Principal Director of Commercial Audit

Place: Bengaluru
Date: 25 July 2022

Consolidated Balance Sheet

(₹ in Lakhs)

Particulars	Note no.	As at 31 March 2022	As at 31 March 2021
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	1	2,50,937	2,48,550
(b) Capital work-in-progress	2	44,593	39,747
(c) Investment property	3	7	8
(d) Other intangible assets	4	16,582	16,656
(e) Intangible assets under development	5	56,011	48,521
(f) Investment in associate		23,292	18,989
(g) Financial assets			
(i) Investments	6	1,33,910	1,11,605
(ii) Trade receivables	7	-	-
(iii) Loans	8	728	736
(iv) Other financial assets	9	2,417	2,871
(h) Deferred tax assets (net)	10	62,094	46,346
(i) Inventories	11	2,734	3,938
(j) Other non current assets	12	68,382	39,669
		6,61,687	5,77,636
(2) Current assets			
(a) Inventories	11	5,59,190	4,96,798
(b) Financial assets			
(i) Trade receivables	7	6,10,809	6,56,199
(ii) Cash & cash equivalents	13	1,30,086	3,04,290
(iii) Bank balances [other than (ii) above]	14	6,26,288	2,03,086
(iv) Loans	8	148	152
(v) Other financial assets	9	10,254	6,066
(c) Current tax assets (net)	15	14,474	13,364
(d) Other current assets	12	7,78,122	6,91,376
		27,29,371	23,71,331
TOTAL ASSETS		33,91,058	29,48,967
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	16	24,366	24,366
(b) Other equity		12,04,227	10,81,592
Total equity attributable to the owners of the company		12,28,593	11,05,958
Non controlling interest		1,634	1,499
Total equity		12,30,227	11,07,457
LIABILITIES			
(1) Non-current liabilities			
(a) Deferred income	17	14,843	16,499
(b) Financial liabilities			
(i) Borrowings	18	-	-
(ia) Lease liabilities		5,151	117
(ii) Trade payables	19		
- total outstanding dues of micro enterprises & small enterprises; and		-	-
- total outstanding dues of creditors other than micro enterprises & small enterprises		34	29
(iii) Other financial liabilities	20	2,022	671
(c) Provisions	21	1,80,532	1,41,203

Consolidated Balance Sheet

(₹ in Lakhs)

Particulars	Note no.	As at 31 March 2022	As at 31 March 2021
(d) Deferred tax liabilities (net)	10	145	36
(e) Other non-current liabilities	22	-	-
		2,02,727	1,58,555
(2) Current liabilities			
(a) Deferred income	17	1,654	1,711
(b) Financial liabilities			
(i) Borrowings	18	-	-
(ia) Lease liabilities		119	135
(ii) Trade payables	19		
- total outstanding dues of micro enterprises & small enterprises; and		24,844	15,343
- total outstanding dues of creditors other than micro enterprises & small enterprises		3,12,086	3,14,547
(iii) Other financial liabilities	20	96,043	95,895
(c) Other current liabilities	22	14,80,907	12,20,296
(d) Provisions	21	42,382	35,028
(e) Current tax liabilities (net)	15	69	-
		19,58,104	16,82,955
TOTAL EQUITY AND LIABILITIES		33,91,058	29,48,967

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

Varanasi
23 May 2022

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note no.	For the year ended 31 March 2022	For the year ended 31 March 2021
I Revenue from operations	23	15,36,818	14,10,869
II Other income	24	23,154	12,496
III Total income (I+II)		15,59,972	14,23,365
IV EXPENSES			
a Cost of material consumed		8,09,336	6,67,816
b Cost of stores & spares consumed		3,059	3,936
c Consumption of stock in trade		1,05,349	1,23,321
d Changes in inventories of finished goods, work in progress & scrap	25	(28,028)	(12,469)
e Employee benefits expense	26	2,12,801	1,95,589
f Finance costs	27	505	637
g Depreciation and amortisation expense	28	40,113	38,732
h Other expenses	29	1,00,213	1,11,625
TOTAL EXPENSES (a to h)		12,43,348	11,29,187
V Profit before exceptional items, share of net profit of associate accounted under equity method & tax (III - IV)		3,16,624	2,94,178
VI Exceptional items		-	-
VII Profit before share of net profit of associate accounted under equity method & tax (V - VI)		3,16,624	2,94,178
VIII Tax Expense	10		
- Current tax		91,431	82,654
- Earlier years tax		6	(2,492)
- Deferred tax		(10,259)	7,082
Total provision for taxation		81,178	87,244
IX Profit before share of net profit of associate accounted under equity method (VII - VIII)		2,35,446	2,06,934
X Share of net profit of associate accounted under equity method		4,576	3,042
XI Profit for the year (IX+X)		2,40,022	2,09,976
XII Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the net defined benefit liability/asset		(19,926)	(11,703)
- Equity instruments through other comprehensive income		1	1
- Share of other comprehensive income of associate accounted under equity method (net of tax)		(6)	4
- Income tax relating to these items		5,014	2,947
Total other comprehensive income / (loss) (net of tax)		(14,917)	(8,751)
XIII Total comprehensive income for the year (XI + XII) [comprising profit and other comprehensive income for the year]		2,25,105	2,01,225

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note no.	For the year ended 31 March 2022	For the year ended 31 March 2021
XIV Net profit / (loss) attributable to			
a) Owners of the company		2,39,887	2,09,894
b) Non controlling interest		135	82
Other comprehensive income attributable to			
a) Owners of the company		(14,917)	(8,751)
b) Non controlling interest		-	-
Total comprehensive income attributable to			
a) Owners of the company		2,24,970	2,01,143
b) Non controlling interest		135	82
XV Earnings per equity share (face value of INR 1/- each) :	30(1)		
(1) Basic [in INR]		9.85	8.62
(2) Diluted [in INR]		9.85	8.62

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

 For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

 Varanasi
23 May 2022

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

A. Equity share capital

Particulars	Note no.	Amount
Balance as at 1 April 2021		24,366
Changes in equity share capital during the year		
- Issue of shares	16	-
- Buyback of shares		-
Balance as at 31 March 2022		24,366

Particulars	Note no.	Amount
Balance as at 1 April 2020		24,366
Changes in equity share capital during the year		
- Issue of shares	16	-
- Buyback of shares		-
Balance as at 31 March 2021		24,366

B. Other equity

Particulars	Note no.	Reserves & surplus					Other reserve		Non controlling interest	Total other equity
		Capital reserve *	Capital reserve on consolidation of subsidiary*	Capital redemption reserve*	General reserves	Retained earnings	Equity instruments through other comprehensive income*	Other comprehensive income*		
Balance as at 1 April 2021		4,669	362	1,868	3,99,546	7,03,455	8	(28,316)	1,499	10,83,091
Profit for the year		-	-	-	-	2,40,022	-	-	135	2,40,157
Consolidation adjustments		-	-	-	-	(135)	-	-	-	(135)
Addition during the year		-	-	-	-	-	1	(14,918)	-	(14,917)
Total		4,669	362	1,868	3,99,546	9,43,342	9	(43,234)	1,634	13,08,196
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-	-	-	-
Amount transfer to capital reserve		-	-	-	-	-	-	-	-	-
Transaction with owners in their capacity as owner										
Dividends	16	-	-	-	-	(1,02,335)	-	-	-	(1,02,335)
Issue of shares	16	-	-	-	-	-	-	-	-	-
Buyback of shares	16	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022		4,669	362	1,868	4,39,546	8,01,007	9	(43,234)	1,634	12,05,861

Consolidated Statement of Changes in Equity

(₹ in Lakhs)

Particulars	Note no.	Reserves & surplus					Other reserve		Non controlling interest	Total other equity
		Capital reserve *	Capital reserve on consolidation of subsidiary*	Capital redemption reserve*	General reserves	Retained earnings	Equity instruments through other comprehensive income*	Other comprehensive income*		
Balance as at 1 April 2020		4,669	362	1,868	3,59,546	6,35,899	7	(19,564)	1,417	9,84,204
Profit for the year		-	-	-	-	2,09,976	-	-	82	2,10,058
Consolidation adjustments		-	-	-	-	(82)	-	-	-	(82)
Addition during the year		-	-	-	-	-	1	(8,752)	-	(8,751)
Total		4,669	362	1,868	3,59,546	8,45,793	8	(28,316)	1,499	11,85,429
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-	-	-	-
Amount transfer to capital reserve		-	-	-	-	-	-	-	-	-
Transaction with owners in their capacity as owner										
Dividends	16	-	-	-	-	(1,02,338)	-	-	-	(1,02,338)
Issue of shares	16	-	-	-	-	-	-	-	-	-
Buyback of shares	16	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021		4,669	362	1,868	3,99,546	7,03,455	8	(28,316)	1,499	10,83,091

* Refer Note 16 (b).

Significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

 For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

 Varanasi
23 May 2022

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit after share of associate but before exceptional items and tax	3,21,200	2,97,220
Adjustments for:		
Depreciation and amortisation expense	40,113	38,732
Provision for intangible assets under development	-	7,213
Intangible assets under development charged off	-	75
Capital WIP charged off	-	1,468
Corporate social responsibility	5,348	4,711
Transfer from government grants	(1,713)	(1,736)
Interest income	(17,645)	(6,050)
Interest on lease liability	306	24
Finance costs	199	613
Profit on sale of property, plant & equipment	(45)	(121)
Operating Profit Before Working Capital Changes	3,47,763	3,42,149
Increase / (Decrease) due to:		
Trade receivables	45,390	16,203
Loans	12	4,079
Other financial assets	(3,456)	(2,713)
Other assets	(1,15,459)	(90,272)
Inventories	(61,188)	(99,651)
Trade payables	7,045	84,886
Other financial liabilities	6,093	7,891
Provisions	26,755	14,650
Other liabilities	2,60,611	2,97,706
Current tax assets	(12,415)	(12,299)
Cash Generated from Operations	5,01,151	5,62,629
Income taxes paid (net)	(80,429)	(53,307)
Cash Flow Before Exceptional Items	4,20,722	5,09,322
Exceptional items	-	-
Net Cash from / (used in) Operating Activities	4,20,722	5,09,322
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant & equipments and other intangible assets	(55,456)	(46,925)
Less: Receipt of grant	-	-
Purchase of property, plant & equipment and other intangible assets (net)	(55,456)	(46,925)
Proceeds from sale of property, plant & equipment	740	133
Increase / (Decrease) in term deposits & other bank balances	(4,23,480)	(1,99,223)
Other investments	(26,615)	(19,557)
Interest received	17,645	6,050
Net Cash from / (used in) Investing Activities	(4,87,166)	(2,59,522)

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds / Repayment from borrowings (net)	-	(833)
Corporate Social Responsibility (CSR) expenditure	(4,757)	(3,670)
Dividend paid (including tax on dividend)	(1,02,331)	(1,02,274)
Repayment of lease liabilities	(167)	(159)
Interest on lease liability	(306)	(24)
Finance costs	(199)	(613)
Net Cash from / (used in) Financing Activities	(1,07,760)	(1,07,573)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,74,204)	1,42,227
Cash and Cash Equivalents at the beginning of the year	3,04,290	1,62,063
Cash and Cash Equivalents at the end of the year	1,30,086	3,04,290

1. Non-cash changes recognised in respect of liabilities on account of financing activities is :

- Parent Company - Nil (Nil)
- Subsidiary Company BELOP - Nil (Nil)
- Subsidiary Company BEL-Thales - Nil (Nil)

2. The significant accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

Varanasi
23 May 2022

Notes to Accounts

(₹ in Lakhs)

Note 1 - Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2021	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2022	Accumulated depreciation / amortisation as at 1 April 2021	Depreciation / amortisation for the year	Deductions / adjustments during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Owned Asset										
Freehold land	13,711	606	-	14,317	-	-	-	-	14,317	13,711
Roads and culverts	2,216	55	-	2,271	396	117	-	513	1,758	1,820
Buildings	82,826	5,718	-	88,544	12,158	3,400	-	15,558	72,986	70,668
Installations	4,847	275	2	5,120	2,432	450	2	2,880	2,240	2,415
Plant and machinery	1,61,274	14,915	146	1,76,043	70,442	15,697	146	85,993	90,050	90,832
Electronic equipment	60,147	5,169	511	64,805	37,802	7,220	363	44,659	20,146	22,345
Equipment for R & D lab	46,958	5,567	34	52,491	30,260	7,241	34	37,467	15,024	16,698
Vehicles	875	271	50	1,096	540	136	32	644	452	335
Office equipment	12,260	1,882	51	14,091	7,837	1,750	51	9,536	4,555	4,423
Furniture, fixtures and equipments	9,439	802	63	10,178	5,014	940	62	5,892	4,286	4,425
Assets acquired for sponsored research	65	-	-	65	65	-	-	65	-	-
Right Of Use Asset										
Leasehold land	20,839	757	541	21,055	203	163	13	353	20,702	20,636
Lease of other assets	440	4,459	37	4,862	198	280	37	441	4,421	242
Total	4,15,897	40,476	1,435	4,54,938	1,67,347	37,394	740	2,04,001	2,50,937	2,48,550

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2020	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2021	Accumulated depreciation / amortisation as at 1 April 2020	Depreciation / amortisation for the year	Deductions / adjustments during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Owned Asset										
Freehold land	13,711	-	-	13,711	-	-	-	-	13,711	13,711
Roads and culverts	2,191	25	-	2,216	281	115	-	396	1,820	1,910
Buildings	76,614	6,212	-	82,826	8,995	3,163	-	12,158	70,668	67,619
Installations	4,365	532	50	4,847	2,053	429	50	2,432	2,415	2,312
Plant and machinery	1,48,160	13,264	150	1,61,274	55,391	15,195	144	70,442	90,832	92,769
Electronic equipment	58,210	1,982	45	60,147	30,075	7,771	44	37,802	22,345	28,135
Equipment for R & D lab	43,197	3,775	14	46,958	23,230	7,044	14	30,260	16,698	19,967
Vehicles	713	173	11	875	421	125	6	540	335	292
Office equipment	10,624	1,668	32	12,260	6,210	1,656	29	7,837	4,423	4,414
Furniture, fixtures and equipments	8,807	664	32	9,439	4,098	948	32	5,014	4,425	4,709
Assets acquired for sponsored research	65	-	-	65	65	-	-	65	-	-
Right Of Use Asset										
Leasehold land	20,721	118	-	20,839	62	141	-	203	20,636	20,659
Lease of other assets	400	109	69	440	120	147	69	198	242	280
Total	3,87,778	28,522	403	4,15,897	1,31,001	36,734	388	1,67,347	2,48,550	2,56,777

Notes to Accounts

(₹ in Lakhs)

- i. Freehold Land consists of 2,081.80 acres (2,072.87 acres) and Leasehold Land consists of 992.66 acres (951.58 acres).
- ii. Freehold Land includes 5.32 acres (7.21 acres) leased to commercial / religious organisations and in their possession.
- iii. Leasehold land includes 9.62 acres (9.62 acres) leased to Government Organisation for use during construction and is in their possession of NCRTC as at the year end.
- iv. The subsidiary company [BELOP] has acquired 3.38 acres (3.38 acres) of land on lease from MIDC for 95 years at a cost of ₹ 21 (₹ 21) on 25.11.1991 with renewable option of further 95 years on new terms and conditions.
- v. Additions to R&D assets of Parent company includes, ₹ 995 (₹ 2,074), and Nil (₹ 17) in respect of the assets of Central Research Laboratories / Product Development and Innovative Centre and Pune unit, accounted under natural code heads.
- vi. Electronic Equipment value includes POS machines of the parent company valuing ₹ 886 (₹ 1,026) which are under the control of Haryana Government (operating lease).
- vii. **Site Restoration Obligation**
Refer Note 21 for Site Restoration Obligation in respect of Wind Mill & Solar Power Plants.
Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 2,318 (₹ 2,105) in respect of Wind Mill & Solar Power Plants.
- viii. **Contractual Commitments**
Refer Note 30 (9) for outstanding Contractual Commitments.
- ix. **Deemed Cost**
On transition to Ind AS (01.04.2015), the group has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the Property, Plant & Equipment.
- x. **Estimation of Useful Life of Assets**
The management has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

The estimated useful lives of various categories of tangible assets of the Parent company is as follows:

Asset Class	Years
Buildings	20 - 40
Roads & Culverts	20 - 40
Installations	10
Plant & Machinery	2 - 25
Electronic Equipments	5 - 7
Vehicles	4 - 5
Office Equipments	5 - 7
Furniture, Fixtures and equipments	6 - 10
Equipments for R&D Labs	5

Notes to Accounts

(₹ in Lakhs)

In respect of subsidiaries and associate, estimated useful lives as per Schedule II to the Companies Act, 2013 has been adopted except for the following cases:

Asset Class	Years
BELOP	
Plant & Machinery - Continuous Process Plant	15
BEL Thales	
Plant & Machinery	5 - 15
Electronic Equipments	5
Computer Systems	5

xi. Depreciation / Amortisation

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

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

xii. Method of Accounting Depreciation

Depreciation / Amortisation has been calculated as per the Accounting Policy No. 8 of the Group and recognised as expenses in the Statement of Profit and Loss. Amount of Depreciation recognised as part of Cost of Other Asset is Nil (₹ 3).

xiii. Impairment of Assets

Refer Note 30 (7).

xiv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, Plant & Equipment.

xv. Land acquired free of cost from the Government in some units has been accounted in line with provisions of Ind AS 101.

xvi. Details of Registration, Pending Litigation etc., [parent company]

- Pending execution of title/sale deed and handing over physical possession of land allotted by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in respect of land admeasuring 5.60 acres (5.60 acres) in Mallapur allotted to BEL, Hyderabad and the matter being under litigation, no provision towards registration and other costs has been made in the books of account. Cost of land paid to APIIC amounting to ₹ 65 (₹ 65) is included in Capital Advances.
- Based on the Memorandum of Understanding reached with the Defence authorities, assets constructed on the land allotted to BEL and in possession of BEL are capitalised under the respective heads for setting up of the Hyderabad Unit. Pending finalisation of the terms and conditions by the appropriate authorities, the cost of land measuring 25.11 acres (25.11 acres) has not been accounted in the books of accounts.
- Land admeasuring to 122.82 acres (122.82 acres) at Ibrahimpattanam allotted by APIIC / TSIIIC possession is given for which sale deed is pending.
- A demand of ₹ 256 (₹ 256) being 50% of the compensation amount decreed by City Civil Court, Hyderabad has been received towards additional compensation from TSIIIC dated 31.01.2015 for Land of 22.375 acres (22.375 acres) which is part of free hold land mentioned above. The demand is under dispute and hence, no provision in respect of the same has been made in the books of accounts.
- Freehold Land to the extent of 1.22 acres (1.22 acres) which was allotted by Government Authorities in Bengaluru in return for handing over of Land measuring 1.24 acres (1.24 acres) is under litigation.

Notes to Accounts

(₹ in Lakhs)

- The Company has installed Windmill Generator at three locations. Out of which : Windmill Generator-I capitalised in the year 2006-07 on Lease Land. Upfront Lease rent is Nil and Lease Agreement for the land is pending finalisation. Windmill Generator - II is capitalised in the year 2007-08 on the leased land by paying upfront lease rent of ₹ 36. Lease Agreement for the land is pending finalisation.
- The title deed in respect of land measuring 0.30 acres (0.30 acres) is under litigation. Two cases are pending in court in this regard.
- Leasehold land admeasuring 8.93 acres (8.93 acres) has been converted into freehold land in Pathankot is pending for registration. No provision towards registration and other cost has been made in the books of accounts for pending registration.
- Sale deed is pending for finalisation of the land admeasuring to 913.99 acres (913.99 acres) at Palasamudram, Ananthapur Dist. AP
- Parent company has installed solar power plants on lease land in Ordnance Factory Board at Medak, Itarsi, Bolangir, HVF Avadi, GCF Jabalpur, VFJ Jabalpur, Hazratpur, Muradnagar, Nalanda, MSF Ishapore by paying a nominal value of INR 1 [Represents absolute figure] as Annual lease rent for every plant.
- Parent company has paid prepaid rent for 3 MW Hassan & 8.4 MW Davangere windmill plants capitalised as Right of Use on transition to Ind AS 116.
- Parent company has land admeasuring to 31.15 acres (31.15 acres) located at Devanahalli, Bengaluru is received from Karnataka Industrial Area Development Board (KIADB) and the cost of land along with the cost of registration of ₹ 7,974 (₹ 7,974) capitalised under Lease hold land. As per the terms of the lease agreement, on successful commencement of the project the same will be converted as freehold land.
- Borrowing cost of ₹ 974 (₹ 729) (net of interest income) towards Employee quarters is capitalised. Capitalisation rate is 6.47% p.a. (6.47% p.a.).
- Short term lease amount expended during the year is Nil (Nil).
- Lease agreement has been entered with Tamil Nadu Industrial Explosives Ltd. (TEL) Chennai, towards lease of 50 acres for 29 years and capitalised during FY 2021-22 as an ROU asset for total value of ₹ 5,166. Interest expense on lease liability is ₹ 289. Discounting Rate considered is 6.95% (i.e. applicable incremental borrowing rate) as per IND-AS 116. Total cashoutflow for TEL lease is ₹ 13,685.
- Equipments belong to "Electronics Computer system" whose Gross block is ₹ 3 (₹ 3) and accumulated depreciation of ₹ 3 (₹ 2), and Equipments belongs to "Miscellaneous Maintenance Equipment" whose Gross block is ₹ 2 (₹ 1) and accumulated depreciation of ₹ 1 (₹ 1) are lying at Naval Dockyard, Vizag.
- DAV Public School was provided a portion of leasehold land by the Unit. Unit has filled a case against DAV public school for eviction (Ghaziabad unit of Parent Company).
- Repayment of Lease during the year amounting to ₹ 167 (₹ 159).
- Security, Hypothecation etc**
Refer Note 35.

Notes to Accounts

(₹ in Lakhs)

Note 2 - Capital work-in-progress

Particulars	As at 31 March 2022	As at 31 March 2021
Civil Construction	20,913	12,193
Plant & Machinery	21,592	21,365
Others	1,643	4,489
Capital Items in Transit	569	1,824
	44,717	39,871
Less : Provision for impairment	(124)	(124)
	44,593	39,747

Capital Work in Progress 2021-22

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	22,074	7,245	2,821	6,629	38,769
Others	4,816	489	178	341	5,824
Projects temporarily suspended	-	-	-	124	124
Provision for impairment	-	-	-	(124)	(124)
Total	26,890	7,734	2,999	6,970	44,593

Completion schedule - Time and Cost overrun

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
LRSAM	18,023	-	-	-	18,023
DSIC Palasamudram	565	-	-	274	839
Production building	124	-	-	-	124
Tel Factory	104	-	-	-	104
MWC Building	11	-	-	87	98
Project-Ibrahimpatnam	47	-	-	-	47
MCG CADDs Building	-	-	-	38	38
Flap Barrier	-	26	-	-	26
Total	18,874	26	-	399	19,299

Completion schedule - Suspended projects

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Production Building	124	-	-	-	124
Total	124	-	-	-	124

Notes to Accounts

(₹ in Lakhs)

Capital Work in Progress 2020-21

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	19,034	4,190	372	6,603	30,199
Others	5,958	295	1,018	2,277	9,548
Projects temporarily suspended	-	-	-	124	124
Provision for impairment	-	-	-	(124)	(124)
Total	24,992	4,485	1,390	8,880	39,747

Completion schedule - Time and Cost overrun

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
LRSAM	14,208	-	-	-	14,208
RF Seeker Facility	1,811	-	-	-	1,811
DSIC Palasamudram	592	-	-	272	864
Production building	-	124	-	-	124
Project-Ibrahimpatnam	-	47	-	-	47
Mega Solar Power Plant	27	-	-	-	27
Total	16,638	171	-	272	17,081

Completion schedule - Suspended projects

CWIP	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Production Building	-	124	-	-	124
Total	-	124	-	-	124

- Civil construction mainly comprises of Production related building, R&D building & Employee Quarters.
- Borrowing costs of Nil (₹ 245) [net of interest income] has been included in Capital WIP in respect of employee quarters under construction. The capitalisation rate is 6.47% p.a. (6.47% p.a.)
- Refer Note 30 (9) in respect of contractual commitments.
- Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, plant & equipment.
- Impairment of Assets**

In respect of Parent Company, Building under construction with carrying value of ₹ 124 is halted for more than three years as the contractor to whom the said work was awarded is in the process of winding up, and there has been no progress in the work. During the year a claim of ₹ 1,398 submitted to Official Liquidator based on independent valuation report. Official Liquidator(High court, Madras) advised BEL to submit the claim along with condonation of delay. The company is in the process of submitting the same. An amount of ₹ 124 was impaired in the financial year 2018- 19. Refer note 30 (7).

Notes to Accounts

(₹ in Lakhs)

Note 3 - Investment property

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION			NET CARRYING AMOUNT			
	As at 1 April 2021	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2022	As at 1 April 2021	Depreciation for the year	Deductions / adjustments during the year	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
Freehold land *	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	6	1	-	7	7	8
Total	14	-	-	14	6	1	-	7	7	8

* Freehold land of Parent company includes INR 3,830 (INR 3,830) [represents absolute figure] which is rounded off.

PARTICULARS	GROSS CARRYING AMOUNT			DEPRECIATION			NET CARRYING AMOUNT			
	As at 1 April 2020	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2021	As at 1 April 2020	Depreciation for the year	Deductions / adjustments during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Freehold land *	-	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	5	1	-	6	8	9
Total	14	-	-	14	5	1	-	6	8	9

* Freehold land of Parent company includes INR 3,830 (INR 3,830) [represents absolute figure] which is rounded off.

i. Amount recognised in Statement of Profit & Loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a. Rental Income	145	150
b. Direct Operating Expenses (including R&M) from property that generated rental income	-	-
c. Direct Operating Expenses (including R&M) from property other than above	-	-
d. Depreciation	1	1
e. Profit from Investment property	144	149

ii. Refer Note 30(9) for Contractual Commitments.

iii. Fair Value of the investment properties

Particulars	As at 31 March 2022	As at 31 March 2021
Land	2,896	2,255
Building	839	903

iv. Land comprises of Freehold Land of 1.48 acres (1.48 acres) of parent company.

v. Estimation of Fair Value

The parent company has estimated the fair value of the investment property based on the Government Guidance Value (municipal value) of the similar properties in the investment property's location and not based on the valuation by registered valuer. All resulting fair value estimates for the investment properties are included in Level 2.

Notes to Accounts

(₹ in Lakhs)

vi. Deemed Cost

On transition to Ind AS (01.04.2015), the parent company has elected to continue with the carrying value of all its investment property as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of the investment property.

vii. Estimation of Useful Life of Assets

The parent company has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

The estimated useful life of Tangible Asset is as follows:

Asset Class	Years
Buildings	40

viii. Depreciation

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

The amount of Depreciation has been recognised as expense in the Statement of Profit and Loss.

ix. Method of Accounting Depreciation

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

x. Impairment of Assets

As the fair value of the Investment Property is higher than its carrying value, there is no indication of impairment.

xi. Restrictions on the releasability of Investment Property

The land is allotted by Government of India.

xii. Details of Registration, pending Litigation etc.,

Nil (Nil).

Note 4 - Other intangible assets

Particulars	GROSS CARRYING AMOUNT			AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2021	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2022	Accumulated amortisation as at 1 April 2021	Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
Intangible assets - others										
Computer operating system*	2	1	-	3	1	-	-	1	2	1
Licensing fee	18,424	-	-	18,424	7,500	1,250	-	8,750	9,674	10,924
Software licenses / implementation	291	2,323	-	2,614	286	394	-	680	1,934	5
Enterprise resource planning (ERP)										
Others (Development Cost) **	6,919	320	-	7,239	1,193	1,074	-	2,267	4,972	5,726
Total	25,636	2,644	-	28,280	8,980	2,718	-	11,698	16,582	16,656

* Amortisation for the year includes INR 25,311 (INR 18,863)[represents absolute figure] which is rounded off.

** Includes funding to other development agencies.

Notes to Accounts

(₹ in Lakhs)

Particulars	GROSS CARRYING AMOUNT			AMORTISATION			NET CARRYING AMOUNT			
	As at 1 April 2020	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2021	Accumulated amortisation as at 1 April 2020	Amortisation for the year	Deductions / adjustments during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Intangible assets - others										
Computer operating system*	2	-	-	2	1	-	-	1	1	1
Licencing fee	18,424	-	-	18,424	6,250	1,250	-	7,500	10,924	12,174
Software licenses / implementation Enterprise resource planning (ERP)	285	6	-	291	255	31	-	286	5	30
Others (Development Cost)	2,745	4,174	-	6,919	477	716	-	1,193	5,726	2,268
Total	21,456	4,180	-	25,636	6,983	1,997	-	8,980	16,656	14,473

* Amortisation for the year includes INR 18,863 (INR 18,863)[represents absolute figure] which is rounded off.

i. Deemed Cost

On transition to Ind AS (01.04.2015), the group has elected to continue with the carrying value of all its other intangible assets as at 1 April 2015 measured as per previous GAAP and used that carrying value as the deemed cost of other intangible assets.

ii. Estimated useful life

The estimated useful lives of the Other Intangible Assets [parent company] is as follows :

Asset Class	Years
Software licenses / implementation Enterprise resource planning (ERP)	3
Others (Development Cost)	3 - 15

iii. Amortisation

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

The amount of Amortisation has been recognised as expense in the Statement of Profit and Loss.

iv. Method of Accounting Amortisation

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

v. Refer Note 30(9) for Contractual Commitments.

vi. Impairment of Assets

Refer Note 30 (7).

vii. The restriction on the title of the assets is governed by the terms of agreement.

Notes to Accounts

(₹ in Lakhs)

Note 5 - Intangible assets under development

Particulars	As at 31 March 2022	As at 31 March 2021
Internally developed *	63,224	55,734
Less: Provision for impairment	(7,213)	(7,213)
	56,011	48,521

Intangible assets under development 2021-22

Intangible assets under development	Amount in IAUD for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	6,673	1,707	4,371	42,404	55,155
Others	856	-	277	6,936	8,069
Provision for Impairment	-	-	(277)	(6,936)	(7,213)
Total	7,529	1,707	4,371	42,404	56,011

Completion schedule - Time and Cost overrun

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
QRSAM	17,105	-	-	-	17,105
ATULYA	8,416	-	-	-	8,416
QT Model for Sarang	478	-	-	-	478
Design and development of AFC gate	242	-	-	-	242
Development work for Nikash system	173	-	-	-	173
Porpoise Upgradation Project	118	-	-	-	118
Development work for Sarvadhari System	104	-	-	-	104
Development for Samudrika Project	97	-	-	-	97
QT Model for Sarakshi	36	-	-	-	36
UET model for Tushar	15	-	-	-	15
Total	26,784	-	-	-	26,784

Completion schedule - Suspended projects

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	-	-	-	-	-
Total	-	-	-	-	-

Intangible assets under development 2020-21

Intangible assets under development	Amount in IAUD for a period of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	1,747	4,371	9,072	33,331	48,521
Others	-	277	725	6,211	7,213
Provision for Impairment	-	(277)	(725)	(6,211)	(7,213)
Total	1,747	4,371	9,072	33,331	48,521

Notes to Accounts

(₹ in Lakhs)

Completion schedule - Time and Cost overrun

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
QRSAM	-	16,082	-	-	16,082
ATULYA	7,364	-	-	-	7,364
Total	7,364	16,082	-	-	23,446

Completion schedule - Suspended projects

Intangible assets under development	To be completed in				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
	-	-	-	-	-
Total	-	-	-	-	-

* Includes funding to other development agencies.

i. Refer Note 30 (9) for Contractual Commitments.

ii. Impairment of Assets [Parent company]

An amount of ₹ 7,213 was provided during FY 2020-21 as impairment loss since the development activity is not being continued at present and also as per company's assessment the probability of generating economic benefits was not certain (Refer Note 30 (7)).

Note 6 - Investments

Particulars	As at 31 March 2022	As at 31 March 2021
(I) Investment in Equity Instruments (Unquoted)		
(a) Others (at FVOCI) (Refer Note v below)		
Mana Effluent Treatment Plant Ltd, Hyderabad		
500 (500) equity shares of INR 1,000 each fully paid	13	12
Defence Innovation Organisation, Bengaluru		
50 (50) equity shares of INR 1,000 each fully paid	1	1
(II) Other Investments (Unquoted)		
a) Investments in Co-operative societies (at cost)*		
Cuffe Parade Persopolis Premises Co-operative Society, Mumbai		
40 (40) Equity shares of INR 50 each fully paid	-	-
Sukh Sagar Premises Co-op. Society, Mumbai		
10 (10) Equity shares of INR 50 each fully paid	-	-
Shri.Sapta Ratna Co-op. Society Ltd., Mumbai		
10 (10) Equity shares of INR 50 each fully paid	-	-
Dalamal Park Co-op. Society Ltd., Mumbai		
5 (5) Equity shares of INR 50 each fully paid	-	-
Chandralok Co-op. Housing Society Ltd., Pune		
30 (30) Equity shares of INR 50 each fully paid	-	-
b) Others (at FVTPL)		
Life Insurance Corporation of India (Refer Note ii)	1,33,896	1,11,592
	1,33,910	1,11,605

* INR 4,750 (INR 4,750) [represents absolute figure] which is rounded off. The same represents value of share acquired in Housing Societies as per their by-law regulation.

Notes to Accounts

(₹ in Lakhs)

i. Particulars	2021-22	2020-21
Aggregate value of quoted investments and market value thereof	-	-
Aggregate value of unquoted investments	1,33,910	1,11,605
Aggregate amount of impairment in value of investments	-	-

ii. The parent company has invested its Leave Encashment & "BEL Retired Employees' Contributory Health Scheme" (BERECHS) liabilities in LICs New Group Leave Encashment Plan & New Group Superannuation Cash Accumulation Plan respectively [Refer Note 21].

iii. Refer Note 33 for classification of financial instruments.

iv. An amount of INR 50,000 [represents absolute figure] has been contributed towards equity capital in M/s Defence Innovation Organisation (DIO). DIO was incorporated on 10 April 2017 as a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an authorised share capital of ₹ 100 (BEL: 50%; HAL: 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bengaluru.

An amount of ₹ 5,000 has been provided towards contribution to initial corpus fund and out of which, an amount of ₹ 4,000 (₹ 4,000) is pending for disbursement.

v. a. The parent company have designated investment in equity shares of Mana Effluent Treatment Plant Ltd., Hyderabad and Defence Innovation Organisation, Bengaluru at FVOCI because these equity shares represent investments that are intended to be held for long-term for strategic purposes. Fair Value of the Investment based on Net Asset Value Method is given below :

Particulars	Fair value as at 31 March 2022	Dividend income recognised during 2021-22	Fair value as at 31 March 2021	Dividend income recognised during 2020-21
Investment in Mana Effluent Treatment Plant Ltd.	13	-	12	-
Investment in Defence Innovation Organisation, Bengaluru	1	-	1	-

b. Parent company has not received any dividend so far on these Investments.

c. No strategic investments were disposed off during 2021-22, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Notes to Accounts

(₹ in Lakhs)

Note 7 - Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Unsecured, Considered Doubtful		
Trade receivables	1,59,043	1,43,607
Less: Provision*	(1,59,043)	(1,43,607)
Sub Total (A)	-	-
Current		
Secured, considered good	785	901
Unsecured, considered good	6,10,024	6,55,298
Sub Total (B)	6,10,809	6,56,199
Total (A+B)	6,10,809	6,56,199

* Includes ₹ 339 (₹ 359) [₹ 339 parent company and ₹ 20 BELOP] in respect of receivables which are credit impaired.

Non Current Trade Receivable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivable - Doubtful	8,582	59	10,507	7,287	14,348	15,291	86,192	1,42,266
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	339	339
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	16,438	16,438
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less Provision	(8,582)	(59)	(10,507)	(7,287)	(14,348)	(15,291)	(1,02,969)	(1,59,043)
Sub Total (A)	-	-	-	-	-	-	-	-

Current Trade Receivable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	82,466	3,362	3,11,755	68,267	71,828	45,315	27,015	6,10,008
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	801	801
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Sub Total (B)	82,466	3,362	3,11,755	68,267	71,828	45,315	27,816	6,10,809

Notes to Accounts

(₹ in Lakhs)

Non Current Trade Receivable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivable - Doubtful	1,036	230	10,029	3,533	21,739	15,551	74,692	1,26,810
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	359	359
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	16,438	16,438
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less Provision	(1,036)	(230)	(10,029)	(3,533)	(21,739)	(15,551)	(91,489)	(1,43,607)
Sub Total (A)	-	-	-	-	-	-	-	-

Current Trade Receivable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	1,17,316	4,931	3,05,825	74,772	97,125	24,029	31,400	6,55,398
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	801	801
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Sub Total (B)	1,17,316	4,931	3,05,825	74,772	97,125	24,029	32,201	6,56,199

i. Payment Terms

- In majority of contracts, payment (net of advance received, if any) is due on delivery of items. However, in some contracts a portion of dues (Typically 5% to 10%) is linked to satisfaction of further performance obligation like completion of installation and commission activity etc. In respect of turnkey contracts, payment (net of advance, if any) is linked to achievement of specified milestone.
- Advance including progressive payments received from customer are classified as contract liability and adjusted on completion of related performance obligation.
- Amount retained by customer in respect of completed Performance obligation, due to linking of payment with completion of other Performance obligations in the contract, is classified as Contract asset. Balance amount receivable is classified as Trade Receivable.

ii. Financial instruments

Refer Note 33 for classification of financial instruments.

Notes to Accounts

(₹ in Lakhs)

iii. Impairment of financial assets

Provisions for impairment has been made in line with Accounting Policy No. 29 of the Group.

iv. Related party disclosure

For Related Party Disclosures refer Note 31.

v. Security, Hypothecation etc

Refer Note 35.

Note 8 - Loans

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Unsecured, Considered Good		
Loans to employees	728	736
	728	736
Unsecured, Considered Doubtful		
Others		
Loans to employees	1	1
Less: Provisions	(1)	(1)
	-	-
Loans to others	132	132
Less: Provisions*	(132)	(132)
	-	-
Sub Total (A)	728	736
Current		
Unsecured, Considered Good		
Others		
Loans to employees	148	152
Loans to others	-	-
Sub Total (B)	148	152
Total (A+B)	876	888

* includes ₹ 132 (₹ 132) in respect of loans which are credit impaired.

i. Financial Instruments

Refer Note 33 for classification of financial instruments.

ii. Impairment of Financial Assets

Provisions for impairment has been made in line with Accounting Policy No. 29 of the Group.

Notes to Accounts

(₹ in Lakhs)

Note 9 - Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Unsecured, Considered Good		
Security deposits	2,112	2,624
Advance to others	-	-
Receivables other than trade receivables	-	26
Interest accrued on term deposits	1	-
Bank deposits with more than 12 months maturity **	278	195
Other assets	26	26
	2,417	2,871
Unsecured, Considered Doubtful		
Security deposits	80	104
Less: Provisions	(80)	(104)
	-	-
Advance to others	14	12
Less: Provisions	(14)	(12)
	-	-
Receivables other than trade receivables	969	966
Less: Provisions *	(969)	(966)
	-	-
Other assets	74	74
Less: Provisions	(74)	(74)
	-	-
Sub Total (A)	2,417	2,871
Current		
Unsecured, Considered Good		
Security deposits	1,881	1,414
Advance to employees	168	165
Advance to others	3	5
Interest accrued but not due on term deposits	3,795	1,300
Receivables other than trade receivables	2,540	588
Other assets	1,867	2,594
Sub Total (B)	10,254	6,066
Total (A+B)	12,671	8,937

* Refer Note 30(20).

** Represents balances held as margin money against bank guarantee.

i. Financial Instruments

Refer Note 33 for classification of financial instruments.

ii. Impairment of Financial Assets

Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. Net carrying amount of Nil (Nil) has been added in other assets with respect to Property, Plant and Equipment not in active use.

Notes to Accounts

(₹ in Lakhs)

Note 10 - Deferred tax assets / liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets (net)		
Deferred tax assets	83,543	69,271
Deferred tax liabilities	(21,449)	(22,925)
	62,094	46,346
Deferred tax liabilities (net)		
Deferred tax liabilities	809	837
Deferred tax assets	(664)	(801)
	145	36

i. Income Tax recognised in Statement of Profit or Loss

Sl. No	Particulars	As at 31 March 2022	As at 31 March 2021
1	Income Tax Expenses:		
	- Current period	91,431	82,654
	- Changes in estimates related to prior years	6	(2,492)
2	Deferred tax:		
	- Origination and reversal of temporary differences	(10,259)	7,082
3	Total deferred tax expense/(benefit)	(10,259)	7,082
4	Income tax expenses	81,178	87,244

ii. Income Tax recognised in other comprehensive income

Sl. No	Particulars	As at 31.03.2022			As at 31.03.2021		
		Before Tax	Tax (expense)/benefit	Net of Tax	Before Tax	Tax (expense)/benefit	Net of Tax
1	Remeasurement of the net defined benefit liability/(asset)	(19,925)	5,015	(14,910)	(11,703)	2,948	(8,755)
2	Equity instruments through other comprehensive income	1	(1)	-	1	(1)	-
	Total	(19,924)	5,014	(14,910)	(11,702)	2,947	(8,755)

iii. Income Tax recognised directly in Equity

There are no income tax recognised directly in equity for the year ended 31 March 2022 & 31 March 2021.

iv. Reconciliation of Effective Tax Rates

Particulars	As at 31.03.2022		As at 31.03.2021	
	Rate	Amount	Rate	Amount
Profit Before Tax		3,16,624		2,94,178
Tax using the company's Domestic Tax Rate	25.17%	79,688	25.17%	74,039
Effect of				
Additional deduction on Research & Development Expenses	-	-	-	-
Exempt Income	-	-	-	-
Tax Incentives	-	-	-	-
Changes in estimates related to previous years	-	-	-0.64%	(1,888)
Non-deductible Expenses	0.41%	1,309	0.40%	1,190
Accelerated Depreciation for Tax Purpose	-	-	0.00%	(11)
Impact on change in Tax Rate	-	-	4.76%	13,993
Others	0.06%	181	-0.03%	(79)
Effective Tax rate	25.64%	81,178	29.66%	87,244

Notes to Accounts

(₹ in Lakhs)

v. Deferred Tax (Assets) and Liabilities are attributable to the following

Sl. No	Particulars	Deferred Tax (Assets) as at		Deferred Tax Liability as at		Net Deferred Tax (Assets)/Liability as at	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
1	Trade Receivables	(11,026)	(10,198)	-	-	(11,026)	(10,198)
2	Inventory	(11,797)	(11,039)	-	-	(11,797)	(11,039)
3	Provision others	(17,867)	(14,830)	-	-	(17,867)	(14,830)
4	Employee Benefits	(39,541)	(30,561)	-	-	(39,541)	(30,561)
5	Other Intangible Assets	-	-	1,037	1,002	1,037	1,002
6	Deferred Revenue	(261)	(268)	-	-	(261)	(268)
7	Other Assets	-	-	-	1	-	1
8	Property, Plant and Equipment	(19)	(7)	16,747	18,287	16,728	18,280
9	ICDS Adjustment	-	-	-	-	-	-
10	Equity Investments	-	-	2	3	2	3
11	Other Financial Liabilities	-	-	8	7	8	7
12	Provision for Impairment	(3,394)	(2,687)	-	-	(3,394)	(2,687)
13	Intangible Assets under development	-	-	4,463	4,463	4,463	4,463
14	Trade Payables	(6)	(6)	-	-	(6)	(6)
15	Tax loss	-	-	-	-	-	-
16	Bonus	(1)	(1)	-	-	(1)	(1)
17	Superannuation	(22)	(17)	-	-	(22)	(17)
18	MAT Credit	(272)	(458)	-	-	(272)	(458)
19	Total	(84,206)	(70,073)	22,257	23,763	(61,949)	(46,310)
20	Set off of (Asset)/Liability	22,112	23,727	(22,112)	(23,727)	-	-
	Net Deferred Tax (Asset)/Liability	(62,094)	(46,346)	145	36	(61,949)	(46,310)

vi. Movement of Deferred Tax (Assets) & Liabilities

Sl. No	Particulars	Balance as on 01.04.2021	Recognised in P&L during 2021-22	Recognised in OCI during 2021-22	Balance as on 31.03.2022
1	Trade Receivables	(10,198)	(828)	-	(11,026)
2	Inventory	(11,039)	(758)	-	(11,797)
3	Provision others	(14,830)	(3,037)	-	(17,867)
4	Employee Benefits	(30,561)	(3,413)	(5,567)	(39,541)
5	Other Intangible Assets	1,002	35	-	1,037
6	Deferred Revenue	(268)	7	-	(261)
7	Other Assets	1	(1)	-	-
8	Property, Plant and Equipment	18,280	(1,552)	-	16,728
9	ICDS Adjustment	-	-	-	-
10	Equity Investments	3	(1)	-	2
11	Other Financial Liabilities	7	1	-	8
12	Provision for Impairment	(2,687)	(707)	-	(3,394)
13	Intangible Assets under development	4,463	-	-	4,463
14	Trade Payables	(6)	-	-	(6)
15	Tax Loss	-	-	-	-
16	Bonus	(1)	-	-	(1)
17	Superannuation	(17)	(5)	-	(22)
18	MAT Credit	(458)	-	-	(272)
	Total	(46,310)	(10,259)	(5,567)	(61,949)

Note: In respect of subsidiary BELOP, MAT Credit availed during the year is (₹ 187) ₹ 15 related to earlier year.

Notes to Accounts

(₹ in Lakhs)

vii. Movement of Deferred Tax (Assets) & Liabilities

Sl. No	Particulars	Balance as on 01.04.2020	Recognised in P&L during 2020-21	Recognised in OCI during 2020-21	Balance as on 31.03.2021
1	Trade Receivables	(14,570)	4,372	-	(10,198)
2	Inventory	(14,954)	3,915	-	(11,039)
3	Provision others	(18,168)	3,338	-	(14,830)
4	Employee Benefits	(34,319)	7,295	(3,537)	(30,561)
5	Other Intangible Assets	704	298	-	1,002
6	Deferred Revenue	(373)	105	-	(268)
7	Other Assets	1	-	-	1
8	Plant Property and Equipment	27,071	(8,791)	-	18,280
9	ICDS Adjustment	-	-	-	-
10	Equity Investments	2	-	1	3
11	Other Financial Liabilities	10	(3)	-	7
12	Provision for Impairment	(2,006)	(681)	-	(2,687)
13	Trade Payables	(6)	-	-	(6)
14	Intangible Assets under development	7,277	(2,814)	-	4,463
15	Bonus	-	(1)	-	(1)
16	Tax Loss	(54)	54	-	-
17	Superannuation	(12)	(5)	-	(17)
18	MAT Credit	(473)	-	-	(458)
	Total	(49,870)	7,082	(3,536)	(46,310)

viii. Unrecognised Deferred Tax (Assets) / Liabilities

Deferred Tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

Particulars	Entity	As on 31.03.2022	As on 31.03.2021
Tax Losses	Holding Company	There are no temporary differences on which Deferred Tax (Assets)/ Liability have not been recognised	
	BELOP		
	BEL-Thales Systems		

ix. Tax Losses carried forward

Particulars	Entity	As on 31.03.2022		As on 31.03.2021	
		Amount	Expiry Date	Amount	Expiry Date
Expire	Holding Company	There are no Tax Losses on which Deferred Tax Asset has been recognised			
Never Expire					
Expire	BELOP	-	-	-	-
Never Expire		-	-	-	-
Expire	BEL-Thales Systems	74	2023-27	469	2023-27
Never Expire		44	-	80	-

x. The tax rate used for reconciliation is the corporate tax rate of 25.168% (25.168%) payable by corporate entities on taxable profits under Income Tax Act, 1961. During the previous year, the Company has opted for lower tax rate under section 115 BAA of Income Tax Act, 1961 inserted vide Taxation law (Amendment) Act, 2019.

Notes to Accounts

(₹ in Lakhs)

Note 11 - Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Raw Materials & Components	49,046	47,121
Add: Raw Materials & Components in Transit	64	91
Less: Provisions	(46,463)	(43,364)
	2,647	3,848
Stock in Trade	88	188
Less: Provisions	(88)	(188)
	-	-
Stores & Spares	275	257
Less: Provisions	(246)	(236)
	29	21
Loose Tools	127	147
Less: Provisions	(69)	(78)
	58	69
Sub Total (A)	2,734	3,938
Current		
Raw Materials & Components	3,37,602	2,91,959
Add: Raw Materials & Components in Transit	21,517	29,168
	3,59,119	3,21,127
Work In Progress	1,70,163	1,38,550
Finished Goods	14,536	17,874
Add: Finished Goods in Transit	9,712	9,801
	24,248	27,675
Stock in Trade	1,647	6,053
Add: Stock in Trade in Transit	5	-
	1,652	6,053
Stores & Spares	3,259	2,547
Add: Stores & Spares in Transit	-	6
	3,259	2,553
Loose Tools	814	747
Add: Loose Tools in Transit	-	-
	814	747
Disposable Scrap	236	323
	5,59,491	4,97,028
Unrealised profit on unsold inventory	(301)	(230)
Sub Total (B)	5,59,190	4,96,798
Total (A+B)	5,61,924	5,00,736

i. Raw Materials and Components include ₹ 14,722 (₹ 8,440) being materials with sub-contractors, out of which ₹ 386 (₹ 694) of materials is subject to confirmation and reconciliation. Against ₹ 386 (₹ 694), an amount of ₹ 386 (₹ 694) has been provided for.

ii. Stock verification discrepancies for the year are as follows:

Shortages of ₹ 705 (₹ 473) and surplus of ₹ 389 (₹ 405). Pending reconciliation, an amount of ₹ 316 (₹ 68) has been provided for.

Notes to Accounts

(₹ in Lakhs)

- iii. Valuation of Inventories has been made as per Group's Accounting Policy No. 17.
- iv. a. The United Nations Climate Change Secretariat has granted 15,856 (15,856) TON CO₂EQ carbon credit for the 2.5 MW BEL Grid Connected Wind Power Project Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2012. The carbon credits are included under Finished Goods at a value of ₹ 2 (₹ 2). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.
- b. CER under Certification: Nil (Nil) CERs.
- c. Depreciation & Operation Cost of Emission Reduction Equipments during the year :

SI No.	Particulars	2021-22	2020-21
i.	Depreciation	287	287
ii.	Operation Cost of Emission Reduction Equipments	201	154
	Total	488	441

v. **Security, Hypothecation etc**

Refer Note 35.

vi. **Amount recognised in Statement of Profit & Loss**

Write-down of inventories to net realisable value amounted to ₹ 1,575 (₹ 1,599) has been recognised in the statement of profit and loss.

- vii. Reversal of write down of inventories of ₹ 539 (₹ 1,985) has been made during the year, which were recognised as an expenses in the previous year.

viii. **Impairment of Assets**

Provisions for inventory has been made in line with Accounting Policy No. 17 of the Group.

- ix. Materials amounting to ₹ 4,350 (₹ 4,370) are located physically at Customer Premises.
- x. The company has received / retained the assets of the customer as per the contractual terms and those do not form part of the inventory.

Notes to Accounts

(₹ in Lakhs)

Note 12 - Other assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Capital advances	3,025	1,805
Advances for purchase	2,764	2,765
Less: Provisions	(2,764)	(2,765)
	-	-
Contract asset	15,282	13,363
Less: Provisions	(15,282)	(13,363)
	-	-
Others		
Balances with customs, port trust and other government authorities	554	527
Less: Provisions	(424)	(397)
	130	130
Prepaid expenses	516	76
Claims receivable purchases	1,102	973
Less: Provisions	(1,102)	(973)
	-	-
Contract costs	64,631	37,578
Others - Assets	99	109
Less: Provisions	(19)	(29)
	80	80
Sub Total (A)	68,382	39,669
Current		
Advances other than Capital advances		
Advances to employees	781	638
Advances for purchase	1,41,390	1,66,407
Contract asset	5,67,139	4,66,695
Others		
Balances with customs, port trust and other government authorities*	36,912	29,075
Prepaid expenses	5,368	5,658
Prepaid taxes	6,178	6,037
Claims receivable purchases	2,370	1,431
Contract costs	16,760	14,392
Others - Assets	1,224	1,043
Sub Total (B)	7,78,122	6,91,376
Total (A+B)	8,46,504	7,31,045

* Two decisions came in favour of BEL from Single & Larger bench of Hon'ble High Court of Madras. Caveat filed in Supreme Court and GST department is persuaded for enabling BEL to utilise the credit. ₹ 1,497 (₹ 1,497) of GST transitional credit is pending for utilisation.

i. **Impairment of Assets**

Provisions for impairment of non financial assets has been made in line with accounting policy No. 13 of the group.

ii. **Impairment of contract asset**

Impairment of contract asset is ₹ 881 (₹ 3,210).

Notes to Accounts

(₹ in Lakhs)

iii. Amortisation and impairment of contract costs

Amortisation of contract costs is determined based on the period of benefit expected from the contract cost is ₹ 11,717 (₹ 7,527). Impairment of contract costs recognised is Nil (Nil).

iv. Fair value Measurement

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Contract Asset	-	-	5,67,139	-	-	4,66,695

v. Closing balance of contract cost represents, cost to obtain the contract from customer ₹ 7,970 (₹ 6,329) and cost to fulfill the contract is ₹ 73,421 (₹ 45,641).

Note 13 - Cash & cash equivalents

Particulars	As at	As at
	31 March 2022	31 March 2021
Balance with banks	41,182	51,511
Cash on hand	1	1
Term deposits	88,903	2,52,778
	1,30,086	3,04,290

i. Cash and cash equivalents includes Term Deposits with original maturity period up to three months. Term Deposits with original maturity period beyond Three months upto Twelve months have been included in Bank balances (Refer Note 14) and Term Deposits with original maturity period beyond Twelve months have been included in Other financial assets (Refer Note 9).

ii. Refer Note 33 for classification of financial instruments.

iii. Balance with banks include [Parent Company]

a. Pursuant to the stay order received from Honorable High Court of Karnataka, bank authorities have held ₹ 46 (₹ 46) based on the Garnishee order issued by the recovery Officer - ESI Corporation.

iv. There are no repatriation restriction with regard to Cash and cash equivalents.

Note 14 - Bank balances [other than (ii) above]

Particulars	As at	As at
	31 March 2022	31 March 2021
Term deposits	6,24,578	2,01,830
Unpaid dividend account *	1,710	1,256
	6,26,288	2,03,086

* Includes ₹ 1,495 (₹ 1,045) of tax withheld on distribution of dividend [Parent company].

i. Refer Note 33 for classification of financial instruments.

ii. There are no repatriation restrictions with regard to bank balances.

Notes to Accounts

(₹ in Lakhs)

Note 15 - Current tax assets / liability

Particulars	As at	As at
	31 March 2022	31 March 2021
Current Tax Assets (net)		
Advance payment of income tax	14,474	13,364
	14,474	13,364
Current tax liability (net)		
Provision for taxation	69	-
	69	-

Note 16

a. Equity share capital

Particulars	As at	As at
	31 March 2022	31 March 2021
i. Authorised capital		
2,50,00,00,000 (2,50,00,00,000) Equity Shares of INR 1 (INR 1) each	25,000	25,000
ii. Issued, subscribed & fully paid-up capital		
2,43,65,92,943 (2,43,65,92,943) Equity Shares of INR 1 (INR 1) each	24,366	24,366

iii. Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	2,43,65,92,943	24,366	2,43,65,92,943	24,366
Add: Shares issued during the year	-	-	-	-
Less: Shares Bought Back during the year	-	-	-	-
Shares outstanding at the end of the reporting period	2,43,65,92,943	24,366	2,43,65,92,943	24,366

iv. Shares in the company held by each shareholder holding more than 5%

Name of Shareholder	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,24,59,73,978	51.14%	1,24,59,73,978	51.14%
CPSE Exchange Traded Scheme (CPSE ETF)	-	-	13,75,69,765	5.65%
HDFC Trustee Company Ltd - A/C HDFC MID CAP OPPORTUNITIES FUND	12,65,04,722	5.19%	13,63,88,678	5.60%

v. Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years.

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Equity shares allotted as fully paid up by way of bonus shares					
No. of shares	-	22,33,62,793	-	-	-

vi. Aggregate number and class of shares bought back during the previous 5 years.

Year	2016-17	2017-18	2018-19	2019-20	2020-21
Equity shares bought back					
No. of shares	1,66,37,207	2,03,97,780	-	-	-

vii. During the previous five years the parent company has not allotted any shares as fully paid up pursuant to contract without payment being received in cash.

Notes to Accounts

(₹ in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
viii. Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.	Nil	Nil
ix. The aggregate value of calls unpaid (including Directors and Officers of Company)	Nil	Nil
x. Shares forfeited	Nil	Nil

xi. Terms, Rights, preferences and restrictions attaching to each class of shares

- The parent company has only one class of shares viz, Equity Shares.
- 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.
- Each Shareholder has a right to receive the dividend declared by the company.
- On winding up of the parent company, the equity shareholders will be entitled to get the realised value of the remaining assets of the company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

xii. a) Interim Dividend and Final Dividend

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Final dividend for FY 2020-21 and FY 2019-20 respectively.	29,239	34,112
Interim dividend for FY 2021-22 and FY 2020-21 respectively.	73,098	68,225

b) Nature and purpose of Reserves

i. Capital Reserve

Capital Reserve is created by transfer from Retained earnings an amount equal to capital profit earned by the company. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii. Capital Redemption Reserve

Capital Redemption Reserve is created by transfer from General Reserve an amount equal to face value of the Shares bought back. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

iii. Equity Investment through Other Comprehensive Income (OCI)

The parent company has elected to recognise changes in fair value of certain equity investments in other comprehensive income. The change in fair value is accumulated in this reserve. If and when the investment is derecognised the accumulated amount will be transferred to Retained earnings.

iv. Other Comprehensive Income (OCI)

Other comprehensive income are those gains or losses which are not yet realised and excluded from the statement of profit and loss. It mainly consists of remeasurement of the net defined benefit liability / asset (net of tax).

v. Government of India being the promoter holding 51.14% (51.14 %) of shares as on 31.03.2022.

Notes to Accounts

(₹ in Lakhs)

Note 17 - Deferred income

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Government grants - deferred	14,843	16,499
Sub Total (A)	14,843	16,499
Current		
Government grants - deferred	1,654	1,711
Sub Total (B)	1,654	1,711
Total (A+B)	16,497	18,210

- Refer Accounting Policy No. 16 for method of presentation.

Particulars	As at 31 March 2022	As at 31 March 2021
ii. Nature of utilisation of government grant		
a) Revenue Expenditure	-	-
b) Capital Expenditure		
- Property, Plant and Equipment	16,497	18,210
iii. Other forms of government assistance that has directly benefited the company	-	-
iv. Details of unfulfilled conditions attached to government grant	-	-
v. Contingencies attached to government grant	-	-

- The above grants received represents viability gap funding towards solar power plants, assistance towards roof top solar systems & Modified Special Incentive Package Scheme (M-sips) subsidy for Zns Project [Parent company].

vii. In case of Subsidiary company [BELOP]

Subsidiary company has entered into an agreement with M/s Photonis, France for transfer of technology for manufacture of Higher Specification I.I.Tubes at BELOP which is funded by way of Grant. The percentage of grant to ToT Cost is 74.30% of the expenses incurred in the year 2021-22 towards ToT has been transferred to income in the Statement of Profit and Loss and corresponding expenses is debited to Statement of Profit and Loss.

Note 18 - Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Secured		
Term loan from banks	-	-
Sub Total	-	-
Current		
Secured		
Term Loan from banks	-	-
Sub Total (B)	-	-
Total (A+B)	-	-

i. Nature of security:

Refer Note 35.

Notes to Accounts

(₹ in Lakhs)

Note 19 - Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
- Others	34	29
Sub Total (A)	34	29
Current		
- Dues to micro & small enterprises	24,844	15,343
- Others	3,12,086	3,14,547
Sub Total (B)	3,36,930	3,29,890
Total (A+B)	3,36,964	3,29,919

Non Current Trade Payable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	34	34
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	-	-	-	-	-	34	34

Current Trade Payable 2021-22

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	4,125	12,188	8,365	6	1	1	24,686
(ii) Others	25,424	1,90,432	75,906	12,439	2,289	5,296	3,11,786
(iii) Disputed dues - MSME	-	158	-	-	-	-	158
(iv) Disputed dues - Others	-	217	-	-	11	72	300
Total	29,549	2,02,995	84,271	12,445	2,301	5,369	3,36,930

Non Current Trade Payable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	-	-	-	-	29	29
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	-	-	-	-	-	29	29

Notes to Accounts

(₹ in Lakhs)

Current Trade Payable 2020-21

Particulars	Unbilled	Billed not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	1,084	5,216	8,884	2	-	-	15,186
(ii) Others	29,255	1,26,444	1,46,789	4,037	2,278	5,541	3,14,344
(iii) Disputed dues - MSME	-	158	-	-	-	-	158
(iv) Disputed dues - Others	-	203	-	-	-	-	203
Total	30,339	1,32,020	1,55,673	4,039	2,278	5,541	3,29,890

- i. The information regarding dues to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31 March 2022 is furnished below:

Particulars	2021-22	2020-21
a. The principal and the interest due thereon remaining unpaid as at 31 March:		
Principal *	25,181	15,551
Interest	14	6
b. The interest paid by the company in terms of section 16 of the MSMED Act along with the amount of the payment made beyond the appointed day during the year ending 31 March:		
Principal	-	-
Interest	4	5
c. The interest reversed by the company during the year ended 31 March	-	-
d. Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act **	-	-
e. Interest accrued and remaining unpaid at the end of the year ending 31 March.	14	6
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	12	4

* Includes amount shown under Note 20.

** Includes INR 8,470 (INR 3,499) [represents absolute figure] which is rounded off. (Parent company).

Also includes Interest due and payable for principals already paid Nil (Nil) [represents absolute figure] is rounded off and INR 22,111 (INR 22,111) [represents absolute figure] as on 31.03.2021 is rounded off [BELOP].

- ii. The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the parent company and have been relied upon by the Auditors.
- iii. **Financial Instruments**
Refer Note 33 for classification of financial instruments.
- iv. The group's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

Notes to Accounts

(₹ in Lakhs)

Note 20 - Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Security deposits	2,022	671
Sub Total (A)	2,022	671
Current		
Security deposits	28,517	26,607
Interest accrued and due on trade payables ¹	14	6
Other trade payables	8,749	20,948
Unpaid matured deposits	37	37
Unpaid dividend	215	211
Non trade payables dues to micro & small enterprises ¹	337	208
Outstanding expenses	57,012	46,709
Other liabilities	1,162	1,169
Sub Total (B)	96,043	95,895
Total (A+B)	98,065	96,566
Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	Nil	Nil

¹Refer Note (19)

i. Financial instruments

Refer Note 33 for classification of financial instruments.

Note 21 - Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Employee Benefits		
Gratuity	3	-
Long-term compensated absences	37,967	36,560
BEL retired employees' contributory health scheme (BERECHS)	1,06,186	75,567
Others		
Provision for onerous contracts	628	573
Provision for performance warranty	33,377	26,345
Provision for Site restoration obligation	2,371	2,158
Sub Total (A)	1,80,532	1,41,203
Current		
Employee Benefits		
Gratuity *	(2,172)	(1,376)
Long-term compensated absences	3,983	3,728
BEL retired employees' contributory health scheme (BERECHS)	10,308	6,940
Management Contribution to Superannuation (Pension) scheme	80	-
Annual incentive	143	123
Others		
Provision for onerous contracts	3,173	1,248
Provision for performance warranty	26,867	24,365
Sub Total (B)	42,382	35,028
Total (A+B)	2,22,914	1,76,231

* ₹ 2,210 (₹ 1,501) in respect of Parent company represent excess of plan asset over obligation.

Notes to Accounts

(₹ in Lakhs)

i. Movement of provisions for the year ended 2021-22

Particulars	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	50,710	1,821	2,158
Additional provision recognised during the year	33,188	2,527	213
Amount used during the year (refer note vi below)	9	-	-
Unused amount reversed during the year	23,645	547	-
As at 31 March	60,244	3,801	2,371

Movement of provisions for the year ended 2020-21

Particulars	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	44,776	1,665	2,114
Additional provision recognised during the year	27,161	1,294	44
Amount used during the year (refer note vi below)	9	-	-
Unused amount reversed during the year	21,218	1,137	-
As at 31 March	50,710	1,821	2,158

ii. Provision for Warranties - as per Accounting Policy No. 19 of the Group.

Provision for warranties is made in respect of products whose normal warranty period is outstanding. As the warranty provision period varies from product to product, provision is made at Strategic Business Unit (SBU) level based on average period of warranty period. Provision is made based on trend based estimate of the likely expenses to be incurred. The provision is measured at the present value of the estimated cost of Warranty.

iii. Provision for Site restoration - as per Accounting Policy No. 22 of the Group.

In accordance with the terms and conditions of the Lease agreement entered into with Lessor, the parent company is required to return the land in its original condition. Accordingly provision in respect of Site restoration obligation has been made. The provision required is reviewed and required adjustment made at each year end.

The provision is measured at the present value of the best estimate of the cost of restoration.

iv. Provision for Onerous contracts - as per Accounting Policy No. 22 of the Group.

In respect of certain contracts entered into by the parent company, it is expected that the likely cost to complete the contract would exceed the Revenue received / receivable against the contract. In such cases, provision in respect of the expected losses has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of loss likely to be incurred.

v. Performance warranty obligation in respect of sales where back to back warranty of vendor is available, potential liability, if any, in the event of default of vendor is not ascertainable and not expected to be significant.

vi. Amount debited to opening provision.

vii. An amount of ₹ 7,555 (₹ 7,873) has been debited against Natural Code Heads wrt Warranty Cost.

An amount of Nil (Nil) has been debited against Natural Code Heads wrt Site Restoration Obligation.

viii. Performance warranty with respect to ventilator project is based on the best estimate of the Parent company as the trend cannot be established in normal course.

Notes to Accounts

(₹ in Lakhs)

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) GRATUITY : (In respect of parent company)

The Company provides gratuity to employees in India as per payment of Gratuity Act, 1972. The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the Company remits fund to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than five years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay gratuity to an employee at the rate of fifteen days salary based on the last drawn basic & dearness allowance.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

Particulars	2021-22	2020-21
i) Change in Present Value of Obligations :		
Present Value of Obligation as at the beginning of the year	70,202	71,304
Current Service Cost	1,574	1,783
Interest Cost	4,661	4,559
Past Service Cost	-	-
Benefits paid	(6,471)	(5,490)
Actuarial (gains) / Losses recognised in other comprehensive income		
Changes in financial assumptions on planned liability - loss / (gain)	(2,217)	(1,938)
Experience adjustments on planned liability - loss / (gain)	352	(16)
Present Value of Obligation as at the end of the period	68,101	70,202
ii) Change in Fair Value of plan assets :		
Fair value of plan assets at the beginning of the year	71,703	69,702
Expected return on plan assets	4,765	4,532
Contributions	-	2,400
Benefits paid	(6,471)	(5,490)
Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	378	559
Fair value of plan assets as at the end of the period	70,375	71,703
Defined benefit (Asset) / liability	(2,274)	(1,501)
Effects of asset ceiling - As at the beginning of the year	-	-
Effects of asset ceiling - As at the end of the year	64	-
Net defined benefit (asset) / liability	(2,210)	(1,501)
iii) Expenses Recognised in the Statement of Profit & Loss :		
Current Service cost	1,574	1,783
Net Interest on Net Defined Benefit Obligations	(104)	27
Past service cost	-	-
Expenses recognised in the statement of profit and loss	1,470	1,810
iv) Amounts recognised in the Statement of Other Comprehensive Income (Re-measurements) :		
Actuarial (gain)/loss on Plan Obligations	(1,865)	(1,954)
Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	(378)	(559)
Effect of Balance Sheet Asset limit	64	-
Amounts recognised in the Statement of Other Comprehensive Income	(2,179)	(2,513)

Notes to Accounts

(₹ in Lakhs)

Particulars	2021-22	2020-21
v) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	68,101	70,202
Fair Value of Plan Assets at the end of the period	70,375	71,703
Funded Status [(Surplus) / Deficit]	(2,274)	(1,501)
Effects of asset ceiling - As at the beginning of the year	-	-
Effects of asset ceiling - As at the end of the year	64	-
Liability / (Asset) for the year as on 31 March as per Balance Sheet	(2,210)	(1,501)
vi) Plan Assets		
Categories of Plan Assets are as follows :		
State Govt. Securities	0.11%	0.11%
Govt. of India Securities	1.21%	1.18%
High Quality Corporate Bonds	-	-
Investment with Insurer	98.67%	98.70%
Others (Bank balance)	0.01%	0.01%
vii) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Rate of increase in compensation level	7.00%	7.00%
Expected rate of Return on Plan Assets	7.34%	6.96%
Estimated Average Future working life	15.10	15.30
viii) Best Estimate of Contribution to be paid :		
The best estimate of contribution to be paid towards Gratuity during the annual period beginning after the Balance Sheet is Nil (Nil).		
ix) Sensitivity Analysis :		
Discount Rate (0.50% movement) increase	7.84%	7.46%
Increase/(decrease) in defined benefit obligation as at the end of the period	(2,722)	(2,931)
Discount Rate (0.50% movement) decrease	6.84%	6.46%
Increase/(decrease) defined benefit obligation as at the end of the period	2,945	3,176
Salary Escalation Rate (0.50% movement) increase	7.50%	7.50%
Increase/(decrease) defined benefit obligation as at the end of the period	741	904
Salary Escalation Rate (0.50% movement) decrease	6.50%	6.50%
Increase/(decrease) defined benefit obligation as at the end of the period	(820)	(960)

Additional Disclosures :

- Sensitivity analysis involves changing one key actuarial assumption at a time keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.
- No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.
- Maturity profile of the Gratuity defined benefit obligation is given below:

Year	As at 31 March 2022	As at 31 March 2021
Year 1	4,134	3,774
Year 2	10,010	9,324
Year 3	8,441	7,180
Year 4	8,085	8,270
Year 5	7,399	7,967
Next 5 years	27,642	30,750

Notes to Accounts

(₹ in Lakhs)

(i). GRATUITY (In respect of Subsidiary Company -BELOP):

Details of Employee Benefits as required by the Ind AS 19 Employee Benefits are as under:

Defined Benefit Plan

- Actuarial gains and losses in respect of defined benefit plans recognised in the statement of Profit & Loss is ₹ 53 (Previous Year ₹ 61)
- Actuarial gains and losses in respect of defined benefit plans recognised in the Statement of Other Comprehensive Income is (₹ 15) (Previous Year ₹ 64)
- Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.
- Gratuity plan is funded.

Particulars	As at 31 March 2022	As at 31 March 2021
A Change in Present Value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :		
1 Present Value of Defined Benefit Obligation at the Beginning of the period	1,004	844
2 Interest Cost	69	57
3 Current Service Cost	44	40
4 Past Service Cost	-	-
5 Liability Transferred In/ Acquisitions	-	-
6 (Liability Transferred Out / Divestment)	-	-
7 Losses / (Gains) on Curtailment	-	-
8 Liabilities extinguished on settlements	-	-
9 (Benefit Paid Directly by the Employer)	-	-
10 (Benefit Paid from the Fund)	(12)	(12)
11 The Effect of Changes in Foreign Exchange Rates	-	-
12 Actuarial (gains) / losses on obligations - Due to Change in Demographic Assumptions	1	-
13 Actuarial (gains) / losses on obligations - Due to Change in Financial Assumptions	(10)	(2)
14 Actuarial (gains) / losses on obligations - Due to Experience	3	77
15 Present value of Defined Benefit Obligation as on Balance Sheet date	1,099	1,004
B Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :		
1 Fair value of Plan assets at the Beginning of the period	879	544
2 Interest Income	60	36
3 Actual contributions by Employers	126	300
4 Expected contributions by Employees	-	-
5 Assets Transferred In / Acquisitions	-	-
6 (Assets Transferred Out / Divestment)	-	-
7 (Benefit Paid From the Fund)	(12)	(12)
8 (Assets Distributed on Settlements)	-	-
9 Effects of Asset Ceiling	-	-
10 The Effect of Changes in Foreign Exchange Rates	-	-
11 Return on Plan Assets, Excluding Interest Income	8	11
12 Fair value of Plan assets at the End of the Period	1,061	879

Notes to Accounts

(₹ in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
C Amount Recognised in the Balance Sheet		
1 Present Value of Defined Benefit Obligation at the end of the period	(1,099)	(1,004)
2 Fair value of Plan Assets at the end of the period	1,061	879
3 Funded status (Surplus / Deficit)	(38)	(125)
4 Net Asset / (Liability) recognised in Balance Sheet	(38)	(125)
D Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the Balance Sheet :		
1 Present Value of Defined Benefit Obligation at the end of the period	(1,099)	(1,004)
2 Fair value of Plan Assets at the end of the period	1,061	879
3 Funded status [Surplus / (Deficit)]	(38)	(125)
4 Unrecognised Past Service Costs	-	-
5 Net Asset / (Liability) recognised in Balance Sheet	(38)	(125)
E Expenses Recognised in the Statement of Profit & Loss for Current Period		
1 Current Service cost	45	41
2 Interest cost	8	20
3 Past service cost	-	-
4 (Expected contribution by the Employees)	-	-
5 Losses / (Gain) on Curtailments & Settlements	-	-
6 Net effect of changes in Foreign Exchange Rates	-	-
7 Total expenses recognised in the Statement of Profit & Loss under contribution to Gratuity Fund	53	61
F Expenses Recognised in the Statement of Other Comprehensive Income (OCI)		
1 Actuarial (Gains) / Losses in the Obligation for the period	(7)	75
2 Return Plan Assets, Excluding Interest Income	(8)	(11)
3 Change in Asset Ceiling	-	-
4 Net (Income) / Expenses for the period Recognised in OCI	(15)	64

G In respect of Funded Benefits with respect to gratuity and superannuation, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds".

H Principal Actuarial Assumptions :

	2021-22	2020-21
1 Discount Rate (%)	6.98%	6.86%
2 Expected Return on plan assets (%)	6.98%	6.86%
3 Salary Escalation (%)	10.50%	10.50%
4 Rate of Employee Turnover	2.00%	2.00%

- The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.
- Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Notes to Accounts

(₹ in Lakhs)

I Sensitivity Analysis

Particulars	As at 31 March 2022	As at 31 March 2021
Projected Benefit Obligation on Current Assumptions	1,099	1,004
1 Delta Effect +1% Change in Rate of Discounting	(80)	(78)
2 Delta Effect -1% Change in Rate of Discounting	89	88
3 Delta Effect +1% Change in Rate of salary increase	86	84
4 Delta Effect -1% Change in Rate of salary increase	(78)	(76)
5 Delta Effect +1% Change in Rate of Employee Turnover	(15)	(16)
6 Delta Effect -1% Change in Rate of Employee Turnover	17	17

J Investment of Gratuity Fund is with Insurance Company

Defined Contribution Plans (in respect of Subsidiary Company -BEL Thales System Limited)

The employees in the company are on deputation from the holding company "M/s. Bharat Electronics Limited" & related party "Thales India Private Limited" and employees of BEL - Thales Systems Limited. As per the deputation orders of respective Companies the following contributions at specified percentages of employee salaries remitted periodically to the Holding Company & Thales India Private Limited:

- Contribution to Provident Fund
- Employee Superannuation Fund
- Gratuity
- Employees' Leave Benefits

The contributions are charged to Statement of profit and Loss as they accrue.

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

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Contribution to Provident Fund included under contribution to provident and other funds.	29	29
TOTAL	29	29

Defined Benefit Plans

(i) Gratuity

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date. As at March 31, 2021 the Gratuity plan of the company is unfunded and no assets are maintained by the company and asset values are taken as zero; there is liquidity risk in that they may run out of cash.

Notes to Accounts

(₹ in Lakhs)

These plans typically expose the company to actuarial risks such as: Interest rate risk, Liquidity risk, Salary escalation risk, demographic Risk and Regulatory risk.

Interest rate risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).
Liquidity risk	This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
Salary escalation risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹ 20,00,000).

Actuarial Valuation Method:

The valuation has been carried out using the Projected Unit Credit Method as per Ind AS 19 to determine the Present Value of Defined Benefit Obligations and the related Current Service Cost and, where applicable, Past Service Cost.

Particulars	Gratuity As at 31 March 2022
Net Employee benefit expense recognised in the employee cost in statement of profit & loss account	
Current service cost	1
Interest cost on benefit obligation	-
Past Service Cost	1
Expected return on plan assets	-
Sub Total	2
Recognised in Other Comprehensive Income	
Net actuarial (gain)/loss recognised in the year on plan obligations	1
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-
Effect of Balance Sheet asset limit	-
Sub Total	1
Net benefit expense	3
Balance Sheet	
Benefit asset / liability	-
Present value of defined benefit obligation	3
Fair value of plan assets	
Assets / (Liability) recognised in the balance sheet	3
Change in the present value of the defined benefit obligation	
Opening defined benefit obligation	-
Benefit transferred in	-
Benefit transferred Out	-
Benefits paid	-
Acquisition Adjustments	-
Expenses Recognised in Statement of Profit and Loss Account	
Current service cost	1
Interest cost on benefit obligation	-
Past Service Cost	1

Notes to Accounts

(₹ in Lakhs)

Particulars	Gratuity As at 31 March 2022
Recognised in Other Comprehensive Income	
Actuarial (gain)/loss on obligation	1
Closing defined benefit obligation	3
Bifurcation of Present Value of Obligation at the end of the year	
Current Liability (Short term)	-
Non-Current Liability (Long term)	3
Present Value of Obligation	3
Change in the fair value of plan assets	
Opening fair value of plan assets	-
Contributions by employer	-
Investment Income	-
Benefits paid	-
Return on plan assets, excluding amount recognised in net interest expenses	-
Closing fair value of plan assets	-
Assumptions	
Discount Rate (% p.a)	6.69%
Expected rate of salary increase (%)	3.00%
Mortality rate	(% of IALM 2012-14)
Normal retirement age	60 years
Attrition / Withdrawal rates per annum	14.28%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts of Defined benefit plan for the current and previous periods are as follows

Particulars	Present value of Defined benefit obligation	Surplus / (deficit)	Experience adjustments on plan liabilities -(loss)/gain	Impact of Change in Assumptions on Plan Liabilities-(loss)/gain	Experience adjustments on plan assets -(loss)/gain
March 31, 2022	3	(3)	(1)	(1)	-

Sensitivity analysis of the defined benefit obligation

Assumptions	Discount Rate		Salary Growth Rate	
	+50 basis point	-50 basis point	+50 basis point	-50 basis point
0.50% movement	7.19%	6.19%	3.50%	2.50%
Increase/(decrease) in defined benefit Obligation	3	3	3	3
Increase/(decrease) in Current Service Cost	1	1	1	1

Particulars	As at 31 March 2022
Compensated absences	
Charge in the Statement of Profit and Loss	14
Liability as at the year end	3
Actuarial assumptions	
Discount rate	6.69%
Salary escalation	3.00%
Retirement age	60 Years
Attrition rate	14.28%

Notes to Accounts

(₹ in Lakhs)

(ii) BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS) : (In respect to parent company)

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 following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

Particulars	2021-22	2020-21
i) Change in Present Value of Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	82,507	60,905
Current Service Cost	4,348	3,185
Interest Cost	5,775	4,050
Past Service cost	1,727	-
Benefits paid	920	(18)
Actuarial (gains) / Losses recognised in other comprehensive income		
Changes in financial assumptions on plan liability - loss / (gain)	(2,312)	(1,104)
Experience adjustments on plan liability - loss / (gain)	23,529	14,482
Impact on change in demographic assumption on plan liabilities loss / (gain)	-	1,007
Present Value of Obligation as at the end of the period	1,16,494	82,507
ii) Change in Fair Value of non-plan assets (Reimbursement rights):		
Fair value of non-plan assets at the beginning of the year	72,230	59,839
Expected return on non-plan assets	5,549	4,262
Direct Contributions to meet direct benefit payment	4,629	4,280
Benefit paid	(4,629)	(4,280)
Actuarial gain / (loss) on non-plan Assets recognised in other comprehensive income	(902)	(371)
Contribution to non-plan assets	15,000	8,500
Fair value of non-plan assets at the end of the period	91,877	72,230
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	4,348	3,185
Interest on Defined benefit obligation	5,775	4,050
Past Service cost	1,727	-
Net Expenses Recognised in the Statement of Profit & Loss [Expenses : Nil (₹ 389), Provisions : ₹ 11,850 (₹ 6,846)]	11,850	7,235
iv) Amounts recognised in the Statement of Other Comprehensive Income (Re-measurements) :		
Actuarial (gain)/loss on non - plan Obligations	21,217	14,385
Actuarial (gain)/loss on non - plan Assets	902	371
Amounts recognised in the Statement of Other Comprehensive Income	22,119	14,756
v) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	1,16,494	82,507
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(1,16,494)	(82,507)
Liability recognised in Balance Sheet (as per actuarial valuation)	1,16,494	82,507
Expected to be payable within next twelve months	10,308	6,940
Expected to be payable beyond next twelve months	1,06,186	75,567

Notes to Accounts

(₹ in Lakhs)

Particulars	2021-22	2020-21
vi) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Medical inflation rate	6.50%	6.25%
Attrition Rate	1.00%	1.00%
vii) Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation :		
Effect on the aggregate of the service cost and interest cost	1,511	1,442
Effect on the defined benefit obligation	11,987	11,798
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	(1,306)	(1,174)
Effect on the defined benefit obligation	(10,365)	(9,600)
viii) Sensitivity Analysis :		
Discount Rate (0.50% movement)increase	7.84%	7.46%
Increase/(decrease) Defined benefit obligation as at the end of the period	(6,306)	(4,948)
Discount Rate (0.50% movement)decrease	6.84%	6.46%
Increase/(decrease) Defined benefit obligation as at the end of the period	6,975	5,524
Medical Inflation Rate (0.50% movement)increase	7.00%	6.75%
Increase/(decrease) Defined benefit obligation as at the end of the period	5,772	5,586
Medical Inflation Rate (0.50% movement)decrease	6.00%	5.75%
Increase/(decrease) Defined benefit obligation as at the end of the period	(5,368)	(5,039)

Additional Disclosures :

- Sensitivity analysis involves changing one key actuarial assumption at a time, keeping the other assumptions constant. Sensitivity analysis has been carried out using the Direct Method by re-running the entire valuation model for the changed assumptions by using magnitude of variation of plus or minus 50 basis points.
- No change in the methods and assumptions used for preparing sensitivity analysis as compared to previous year.
- Maturity profile of the BERECHS defined benefit obligation is given below:

Year	As at 31 March 2022	As at 31 March 2021
Year 1	6,446	4,507
Year 2	6,834	4,818
Year 3	7,241	5,147
Year 4	7,672	5,514
Year 5	8,089	5,903
Next 5 years	46,160	34,182

B. LONG TERM COMPENSATED ABSENCE : (In respect of parent company)

The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences: Annual Leave (AL) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives. The scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS or death. AL can also be encashed during service or at the time of resignation.

Notes to Accounts

(₹ in Lakhs)

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

Particulars	2021-22	2020-21
i) Expenses Recognised in the Statement of Profit & Loss :		
Net Expenses Recognised in the Statement of Profit & Loss	3,492	5,552
[2021-22 Leave Encashed : ₹ 1,890, Provisions : ₹ 1,602]		
[2020-21 Leave Encashed : ₹ 1,437, Provisions : ₹ 4,115]		
ii) Amounts to be recognised in Balance Sheet :		
Liability recognised in Balance Sheet [As per Actuarial Valuation]	41,416	39,814
iii) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Rate of increase in compensation level	7.00%	7.00%
iv) Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months / beyond 12 months.		
Current leave obligations expected to be settled within the next 12 months	3,972	3,713
Leave obligations expected to be settled beyond 12 months	37,444	36,101
Total	41,416	39,814

Long Term Compensated Absence (in respect of Subsidiary Company - BELOP)

Leave encashment

The company has a leave encashment scheme which is a non-funded scheme.

As per the scheme all employees of the company are entitled to encash their accumulated Annual Leave subject to the retention of minimum leave as prescribed for each grade. The encashed leave is payable at the rate of (Basic+DA)/30 per day.

The liability for payment of long term compensated absence such as annual leave valued on actuarial basis as on 31.03.2022 is ₹ 531 (Previous Year - ₹ 474) . The actuarial valuation has been done using PUC method.

Particulars	31 March 2022	31 March 2021
Retirement Age	58 years	58 years
Attrition Rate	2%	2%
Future Salary Rise	10.50%	10.50%
Rate of Discounting	6.98%	6.86%
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

Particulars	31 March 2022	31 March 2021
Current Liability	10	15
Non Current Liability	521	459
Total	531	474

C. PENSION SCHEME : [In respect of Parent company]

The Company has got a defined contribution pension benefit plan for the benefit of its employees in respect of which contribution is made on an annual basis to a Trust setup for this purpose.

The benefit under the scheme are available for the employees as per the rules laid down in this regard.

Notes to Accounts

(₹ in Lakhs)

i) A narrative description of the specific or unusual risks arising from a defined benefit plan (i.e. Gratuity and BERECHS)

The specific risk relating to defined benefit plans are as follows :-

Movement in long term government bond rate between two reporting periods which will impact discount rate and consequently the present value of obligations.

Risk of higher / lower salary escalation / benefit as considered for valuation vis-a-vis the actual experience through the Financial Year.

However, both the risks are mitigated on a regular basis i.e. yearly as valuations are done after every year based on updated assumptions.

ii) A narrative description of any asset-liability matching strategies.

The gratuity plan of the company is a funded plan. The assets backing this plan are predominantly insurer-managed funds. Hence the company has limited flexibility in terms of implementing asset-liability matching strategies for this plan.

The post retirement medical plan of the company is an unfunded plan. Hence asset-liability matching strategies are not relevant for this plan.

iii) A description of the funding arrangements and funding policy.

The Gratuity plan of the company is a funded plan. 98.67% (98.70%) of the plan assets backing this plan are insurer managed assets and 1.32% (1.29%) of the plan assets are invested in Central and State Government Securities. The annual contribution to the fund is normally set equal to the deficit as disclosed by the preceding actuarial valuation of the benefit obligations.

The post-retirement medical plan [BERECHS] is an unfunded plan.

(iii) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL] : (in respect of parent company)

Employees Provident Fund is managed by Provident Fund Trust of the Company. The Company contributes Management's contributions payable towards Employee Provident Fund to the Trust.

Company has determined on the basis of Actuarial Valuation carried out as on 31 March 2022, that there is no liability towards the interest shortfall on valuation date (having regard to terms of plan that there is no compulsion on part of the Trust to distribute any part of the surplus, if any by way of additional interest on PF balances).

Particulars	2021-22	2020-21
i) Change in Present Value of Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	3,34,350	3,00,068
Current Service Cost	11,723	18,912
Interest Cost	23,058	20,115
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (Gain) / Loss	9,944	9,171
Benefits paid / payable	(70,067)	(58,897)
Contributions	53,017	44,981
Present Value of Obligation as at the end of the period	3,62,025	3,34,350

Notes to Accounts

(₹ in Lakhs)

Particulars	2021-22	2020-21
ii) Change in Fair Value of plan assets :		
Fair value of plan assets at the beginning of the year	3,40,609	2,99,644
Expected return on plan assets	23,494	20,087
Contributions	63,958	63,722
Benefit paid / payable	(70,067)	(58,897)
Actuarial gain / (loss) on Plan Assets	12,222	16,053
Fair value of plan assets at the end of the period	3,70,216	3,40,609
iii) Expenses Recognised in the Statement of Profit & Loss :		
Opening Net Liability	-	-
Current Service cost	11,723	18,912
Interest Cost	23,058	20,115
Expected return on Plan Assets	(23,494)	(20,087)
Net Actuarial (gain) / loss recognised in the period	-	-
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	11,287	18,940
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	3,62,025	3,34,350
Fair Value of Plan Assets at the end of the period	3,70,216	3,40,609
Effect of Balance Sheet asset limit	8,191	6,259
Difference	-	-
Unrecognised Actuarial (gains) / losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period :		
Present Value of Obligation	3,62,025	3,34,350
Plan Assets	3,70,216	3,40,609
Effect of Balance Sheet asset limit	8,191	6,259
Surplus / (Deficit)	-	-
Experience Adjustments on Plan Liabilities - (Loss) / Gain	(9,991)	(9,266)
Experience Adjustments on Plan Assets - (Loss) / Gain	12,222	16,053
vi) Amounts recognised in the Statement of Other Comprehensive Income (Re-measurements) :		
Actuarial (gain)/loss on Plan Obligations	9,944	9,171
Difference between Actual Return and Interest Income on Plan Assets - (gain)/loss	(12,222)	(16,053)
Effect of Balance Sheet asset limit	2,278	6,279
Amounts recognised in the Statement of Other Comprehensive Income	-	(603)
vii) Category of Assets as at March 31 :		
Government of India Securities & State Government Securities	54.49%/61.35%	53.72%/58.96%
High Quality Corporate Bonds	32.88%/24.69%	33.93%/24.34%
Mutual Funds	2.71%/1.59%	2.14%/1.47%
Others	8.55%/8.55%	9.87%/11.39%
Recoverable from Enterprise *	1.37%/3.82%	0.34%/3.84%
Total	100%/100%	100%/100%
viii) Actuarial Assumptions :		
Discount Rate	7.34%	6.96%
Salary escalation rate	7.00%	7.00%
Expected rate of Return on Plan Assets	8.07%/8.30%	8.27%/8.52%

Note : * The unsecured /secured (principal) portion of the investment which amounts to ₹ 8,551 (₹ 5,740) has been considered by the Trust as a Non-Performing Investment and this amount has been classified as an amount recoverable from the enterprise in the event of default and accordingly provided.

Notes to Accounts

(₹ in Lakhs)

Note 22 - Other liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non Current		
Deferred revenue - customer grants	-	-
Sub Total (A)	-	-
Current		
Deferred revenue - customer grants	-	112
Contract liability		
- Customer advance received	14,50,765	11,82,315
- Deferred revenue	7,173	3,522
Statutory liabilities	17,699	32,175
Others	5,270	2,172
Sub Total (B)	14,80,907	12,20,296
Total (A+B)	14,80,907	12,20,296

i. Contract Liability

Revenue recognised during the period is ₹ 4,84,774 (₹ 1,30,065) that was included in the contract liability balance at the beginning of the period.

Note 23 - Revenue from operations

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products	13,60,863	12,43,893
Income from services	1,47,611	1,41,078
	15,08,474	13,84,971
Other operating revenue		
Sale of scrap	882	402
Transport receipts	360	276
Rent receipts	643	675
Canteen receipts	1,202	887
Electricity charges collected	246	208
Water charges collected	47	50
Provisions withdrawn		
- Doubtful debts, Liquidated Damages	8,280	7,736
- Inventory	2,957	4,728
- Loans & advances	108	138
- Others	1	4
	11,346	12,606
Government grants including duty drawback	1,937	2,334
Customer grants	112	1,041
Miscellaneous	11,569	7,419
	15,36,818	14,10,869

Notes to Accounts

(₹ in Lakhs)

(i) Disaggregation of revenue recognised against contracts with customers (2021-22)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Product	12,37,975	73,050	28,011	21,827	13,60,863
Income from Services	1,15,531	29,863	445	1,772	1,47,611
Total	13,53,506	1,02,913	28,456	23,599	15,08,474

Out of above Group's Export sales, ₹ 23,599 pertains to Parent company. In addition to this GE-BE Pvt Ltd has exports of ₹ 1,40,547 (value not included above).

Disaggregation of revenue recognised against contracts with customers (2020-21)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Product	9,65,822	1,69,274	71,105	37,692	12,43,893
Income from Services	1,10,476	29,018	1,445	139	1,41,078
Total	10,76,298	1,98,292	72,550	37,831	13,84,971

Out of above Group's Export sales, ₹ 37,831 pertains to Parent company. In addition to this GE-BE Pvt Ltd has exports of ₹ 1,11,238 (value not included above).

(ii) Reconciliation of revenue recognised in Statement of Profit and Loss with contract Price.

Particulars	2021-22		2020-21	
	Amount	Amount	Amount	Amount
Revenue as per Statement of Profit and Loss Account				
Sale of Product	13,60,863		12,43,893	
Income from Services	1,47,611		1,41,078	
Total (a)		15,08,474		13,84,971
Add / (Less) adjustment to contract price				
Foreign exchange variation claim	(28,596)		(21,802)	
Price revision	-		-	
Discount, rebate offered	1,026		357	
Others	(2,501)		(4,528)	
Total adjustment (b)		(30,071)		(25,973)
Contract price (a+b)		14,78,403		13,58,998

Satisfaction of performance obligation

- In majority of the contract, performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. One of the prime indicator considered for this is transfer of significant risk and rewards to the customer based on Inco terms. Where a contract involves multiple performance obligation, the criteria specified in Ind AS 115 is applied to determine the point in time when the performance obligation is satisfied.
- Under "Bill and hold" arrangement performance obligation is satisfied on unconditional appropriation of the goods to the contract. Normally no obligation towards custodial service exists.

Notes to Accounts

(₹ in Lakhs)

- c. Contract with the customer normally do not contain significant financing component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.
- d. Variable consideration primarily consist of amount receivable / reimburseable against foreign exchange variation clause. The amount of revenue recognised in respect of the same is determined based on the methodology specified in the contract. The amount is recognised as revenue on admittance/accrual of claim by customer.
- e. The Group turnover mainly includes supply of defence electronics equipments and systems.
- f. Contract entered into with customer, typically do not have a return / refund clause.
- g. Warranties provided are primarily in the nature of performance warranty.
- h. The company normally uses the input method to recognise revenue in respect of contracts in which performance obligation are satisfied over a period of time. For revenue recognition, the percentage of completion method is adopted where in the percentage of actual cost incurred to total estimated cost is applied to the contract price for arriving at the quantum of revenue to be recognised.
- i. Contract with customer (other than AMC) in respect of which revenue is recognised over a period of time typically involves multiple activities of different nature like construction of building, supply and installation of equipments, networking of equipment and system etc. Due to this it is not possible to quantify in physical terms the quantum of work done (i.e. output) reliably. Whereas, under input method, the cost incurred in respect of these varied activities can be captured and compared to the total estimated cost to be incurred (which can be estimated reliably), for arriving at the percentage of completion. In case of AMC contracts, output method is used to recognise revenue where passage of time is the criteria for satisfaction of performance obligation.
- j. For revenue recognition in respect of performance obligation satisfied at a "point in time" the following criteria is used for determining whether customer has obtained "Control on asset".
- Transfer of significant risk and rewards
 - Customer has legal title to the asset
 - The entity has transferred physical possession of the asset
 - Customer has accepted the asset
 - Entity has the present right to payment for the asset
- k. Transaction price is typically determined based on contract entered into with customer. Allocation of transaction price in respect to multiple obligation is based on relative standalone selling price.
- l. No non-cash consideration are received / given during the current / previous year.
- (iii) An amount of ₹ 247 (₹ 7,043) (net) has been recognised as revenue during the year out of performance obligation satisfied in previous periods.
- (iv) In a project of Parent Company, 1 site out of 10 is still to be handed over by the customer since 2015. Other 9 sites have progressed significantly and the Company had got time extension for these 9 sites; therefore, based on an opinion obtained by the management, 9 sites and 1 site respectively considered as a separate performance obligation. This has resulted in increase in Revenue for the year by Nil (₹ 8,786) and increase in profit by Nil (₹ 8,540).

Notes to Accounts

(₹ in Lakhs)

Note 24 - Other Income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on term deposits	17,645	6,050
Interest income from staff / IT refund / others	310	338
Profit on sale of property, plant & equipments	45	121
Foreign exchange differential gain	4,148	5,605
Rental income - Investment property	146	150
Gain / (loss) on mutual funds	587	-
Miscellaneous (Net of expenses)	273	232
	23,154	12,496

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 & scrap

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Work-in-progress:		
Closing Inventory	1,70,163	1,38,550
Opening Inventory	1,38,550	1,29,731
	(31,613)	(8,819)
Finished goods:		
Closing Inventory	24,248	27,675
Opening Inventory	27,675	24,146
	3,427	(3,529)
Scrap :		
Closing Inventory	236	323
Opening Inventory	323	193
	87	(130)
	(28,099)	(12,478)
Less: Unrealised Profit on Stock	(71)	(9)
	(28,028)	(12,469)

Notes to Accounts

(₹ in Lakhs)

Note 26 - Employee benefits expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus / ex-gratia	1,65,753	1,59,172
Retirement benefit expenses		
Gratuity	1,513	1,871
Contribution to provident and pension funds	11,917	11,341
Management contribution to BEL superannuation (Pension) scheme	6,088	5,772
Provision for BEL retired employees' contributory health scheme	11,868	6,846
	31,386	25,830
Welfare expenses* [including salaries ₹ 1,107 (₹ 1,114) PF contribution ₹ 117 (₹ 116)]	15,662	10,614
	2,12,801	1,95,616
Less: Expenditure allocated to capital jobs	-	(27)
	2,12,801	1,95,589

Refer Note 31 for Remuneration to Key Managerial Personnel.

* Refer Note 21 (A) (iii), accordingly a provision of ₹ 2,811 (Nil) is made.

Note 27 - Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses		
Interest on dues to Micro & Small Enterprises	13	4
Interest expense on lease liability	306	24
Other interest expenses	147	553
	466	581
Other borrowing cost		
Loan processing charges	39	56
	505	637

Note 28 - Depreciation / amortisation

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation / amortisation on property, plant & equipment	36,951	36,446
Depreciation on investment property	1	1
Amortisation on other intangible assets	2,718	1,997
Depreciation / amortisation on right of use assets	443	288
	40,113	38,732

Notes to Accounts

(₹ in Lakhs)

Note 29 - Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Power and fuel *	3,891	3,435
Water charges	422	377
Royalty & technical assistance	1,346	17,472
Rent	1,713	1,609
Rates & taxes	550	453
Insurance	2,454	2,441
Auditors remuneration		
Audit fees	37	27
Tax audit fees	6	7
Other services (Certification fees)	9	10
Reimbursement of expenses	12	6
	64	50
Cost audit fee	4	4
Repairs & maintenance		
Buildings	2,603	1,983
Plant & machinery	1,166	1,408
Others	11,542	9,551
	15,311	12,942
Bank charges	350	324
Printing and stationery	283	232
Advertisement & publicity	289	404
Travelling expenses	7,859	4,050
Hiring charges for van & taxis	1,124	1,126
Packing & forwarding	2,845	2,287
Bad debts & advances written off	1,307	1,627
Less: Charged to provisions	(1,307)	(1,618)
	-	9
Provision for obsolete / redundant materials	6,878	6,990
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances	26,963	21,161
Provision for doubtful advances, claims	219	736
Provision for performance warranty (net) **	9,544	5,944
Provision - Onerous Contract (net)	1,980	157
Write off of raw materials, stores & components due to obsolescence and redundancy	936	1,266
Less: Charged to provisions	(920)	(1,248)
	16	18
Provision for Intangible asset under development	-	7,213
Intangible asset Under Development charged off	-	75
Capital WIP charged off	-	1,468
Corporate social responsibility	5,094	4,490
Others		
Other Misc Direct Expenditure	7,856	11,736
After Sales Service	316	424
Telephones	773	900
Expenditure on Seminars & Courses	685	839
Other Selling Expenses	1,250	378
Miscellaneous	5,095	3,956
	15,975	18,233
	1,05,174	1,13,700
Less: Expenditure allocated to capital jobs	(4,961)	(2,075)
	1,00,213	1,11,625

* Power expenditure incurred during the year is after netting off Wind Energy Generation of ₹ 1,627 (₹ 1,623).

** Refer note 21.

Notes to Accounts

(₹ in Lakhs)

Note 30 - General Notes to Accounts

1 Earnings per Equity Share

Particulars	2021-22	2020-21
a From continuing operations		
Basic earnings per share (INR)	9.85	8.62
Diluted earnings per share (INR)	9.85	8.62
b Amounts used as the numerators in calculating basic and diluted earnings per share		
	2,40,022	2,09,976
c Number of Shares used in computing earnings per share	2,43,65,92,943	2,43,65,92,943

2 Consolidation Procedure

The Consolidated Financial Statements ("CFS") have been prepared on the basis of audited financial statements of the Parent Company viz., Bharat Electronics Limited (BEL), its subsidiaries viz., BEL Optronics Limited, Pune (Share Holding 100%) and BEL-THALES Systems Limited, Bangalore (Share Holding 74%), and audited financial statements of Associate Company viz., GE BE Private Limited, Bangalore (Share Holding 26%). The financial statements of the Parent and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group transactions and unrealised profit / loss. Deferred tax assets and deferred tax liability have been offset wherever the Group has a legally enforceable right to set off current tax assets against current tax liability and where the deferred tax assets and deferred tax liabilities relates to income taxes levied by the same taxation authority.

In respect of Associate GE BE Pvt Ltd, consolidation has been done on equity method basis. The financial statements of the subsidiaries and Associate are drawn upto the same reporting date as that of the Parent Company.

Another associate company, Defence Innovation Organisation (DIO), a not for profit company registered under Sec. 8 of the Companies Act, 2013 is not considered for consolidation as the parent company do not exercise any control and also do not have any right on variable returns, other than equity investment.

3 The difference between the cost to the parent company of its investment in the subsidiary companies and the parent company's portion of the equity in the subsidiary with reference to the date of acquisition of controlling interest is recognised in the financial statements as Goodwill / Capital Reserve. The parent company's share of post acquisition profit / losses of the subsidiaries is adjusted in the revenue reserves.

4 Non Controlling interests in the net results of operations and the net assets of the subsidiaries represent that part of the profit / loss and the net assets not attributable to the parent company.

5 Additional information disclosed in individual financial statements of the parent and subsidiaries / Associate having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

6 Statement of Compliances

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provision of the Act.

The Company's consolidated financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

Notes to Accounts

(₹ in Lakhs)

7 Impairment of Assets

The parent company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, an amount of ₹ 7,337 (₹ 7,337) is provided as provision for impairment. The subsidiaries (BEL Optronics Limited and BEL-THALES Systems Limited) and Associate (GE BE Private Ltd.) have also analysed indications of impairment of assets and found no indication of impairment of assets and hence no provision for the same is considered necessary.

8 Short Term Borrowings

- The parent company has been sanctioned working capital limit of ₹ 4,00,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 3,50,000.
- The interest rate payable on fund based limit is linked to SBI 3 months (1 year) MCLR Rate. [Interest rate payable as on 31.03.2022 is 6.65% p.a. (7.00% p.a.)].
- The amount utilised is repayable on demand. Utilisation as on 31.03.2022 is Nil (Nil).
- The above sanction limit is secured by hypothecation of Current Assets of the parent company (refer Note 35).

The subsidiary company [BELOP] has been sanctioned working capital limit of ₹ 2,500 by the consortium bankers of SBI (Lead bank) and Axis Bank. The rate of interest is 7.10% (7.10%) p.a.[SBI].

9 Contractual Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
A. Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March		
Property, Plant & Equipments	43,333	46,723
Investment Property	-	-
Other Intangible Assets	4,473	1,267
B Contractual Commitment for Repair and Maintenance or enhancement of Investment Property	-	-
C. Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March	-	-

10 Contingent Liabilities:

Particulars	As at 31 March 2022	As at 31 March 2021
Claims not acknowledged as debts	1,00,769	98,932
Outstanding Letters of Credit	73,031	72,543
Others	3,486	2,946
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	35,986	26,305

Notes to Accounts

(₹ in Lakhs)

11 Contingent Assets:

Particulars	As at 31 March 2022	As at 31 March 2021
Nil	-	-

12 Leases

Adoption of Ind AS 116

Effective 1 April, 2019, the company has adopted Ind AS 116 "Leases" using modified retrospective approach. The adoption of the standard did not have any material impact on the financial statements of the company.

a) As a lessor [Parent Company]

- i) The future minimum Lease Rent Receivable

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	53	322
Later than one year and not later than five years	241	230
Later than five years.	2,785	2,847

The company has Leased out Point of Sales machines to Government of Haryana for period of five years from 2016-17 to 2021-22.

The company has Leased out few portions of Land to different organisations under non-cancellable operating Lease. Lease period is spread over from the year 1967 to 2077. The leases have various terms, escalation clause, lease renewal rights etc. On renewal, the terms of the lease are renegotiated.

The company has not recognised any income as contingent rent.

b) As a Lessee:

The Group has leases that were classified as finance lease applying Ind AS 17, for such leases the carrying amount of the right of use amount at the date of initial application of Ind AS 116 is the carrying amount of the lease on the transition date as measured applying Ind AS 17. Accordingly an amount of ₹ 1,293 [Parent Company ₹ 1,275 and BELOP ₹ 18] has been reclassified from property plant and equipment to right of use assets.

On transition, the company recognises right of use asset representing its right to use the underlying asset for the unexpired lease period.

The right of use asset is recognised at :

- a) The carrying amount of prepaid rent when no future lease payments are payable. or
 b) At the carrying amount and discounted at incremental borrowing rate. Accordingly right of use asset is ₹ 365 and Corresponding lease liability ₹ 365 has been recognised. On application of Ind AS 116 in respect of these assets, nature of expenses has been reclassified from lease rent to depreciation cost for right of use asset and finance cost for interest accrued on lease liability.

The above lease contracts, entered by company pertains to land taken on lease for generation of power and buildings for business purposes. The company has restriction with respect to disposal of these assets.

The company has not recognised any expenses as contingent rent.

The maturity analysis of contractual cash flows of lease liabilities disclosed in note 34.

Notes to Accounts

(₹ in Lakhs)

13 Confirmation of Balances

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and impact on Financial Statements is not expected to be material.

14 Segment Reporting

Ministry of Corporate Affairs vide Notification no. 463 (E) dated 5 June, 2015 and as amended has exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

15 COVID - 19 Impact

The group has considered the possible effects that may result from the pandemic relating to COVID 19 in the preparation of the consolidated financial statements including the recoverability of carrying amount of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of pandemic, the group has used its available internal and external sources of information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the consolidated financial statements may differ from the estimate as at the date of approval of the consolidated financial statements.

16 Dividend not recognised at the end of the reporting period [parent company]

The directors have recommended a final dividend of INR 1.50 (INR 1.20) [represents absolute figure] per share.

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting and if approved would result in cash outflow of approximately of ₹ 36,549 (₹ 29,239).

17 Value of remaining Performance Obligations (Pending Orders to be executed)

Unrecognised revenue from contracts with customer which are partially satisfied or unsatisfied (Pending orders to be executed)

Particulars	Total Amount	Within a Years	1-2 Years	2-3 Years	More than 3 Years
Unexecuted order value	57,62,444	24,67,163	16,35,665	6,51,770	10,07,846

Typically major orders are from defence which involves long gestation period. Company expect to recognise revenue in respect of unsatisfied (or partially unsatisfied) performance obligation over a period of 3 - 5 years.

- 18 During the current year, BEL-THALES Systems Limited (Subsidiary) has reclassified previous year balances based on the Assurance given to C&AG during Certification Audit for FY 2020-21. The said reclassifications have been considered while preparing the Consolidated Financial Statements for FY 2021-22.

19 Other Disclosure as required as per the amendments in Schedule III.

- a) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

Notes to Accounts

(₹ in Lakhs)

b Struck off Companies (Parent Company)

₹ In INR (Represents absolute figure)

Name of the Struck off Company	Nature of Transactions with struck off company	Relationship with the struck off company, if any to be disclosed	As at 31 March 2022	As at 31 March 2021
Muskan Enterprises Private Limited	Advance received	-	3,012	3,012
Raju Enterprises Private Limited	Advance received	-	1,67,649	1,67,649
Hema Enterprises Private Limited	Advance received	-	16,815	16,815
Sharp Products Private Limited	Advance received	-	28,932	28,932
M S Enterprise Private Limited	Security Deposit received	-	53,640	-
M S Enterprise Private Limited	Trade Receivable	-	22,443	11,043
S P Enterprises Private Limited	Advance received	-	1,908	-
Aircornfort Engineers Private Limited	Trade payable	-	32,253	32,253
Arctic India Sales Private Limited	Trade payable	-	1,10,520	26,583
Bergen Associates Private Limited	Trade payable	-	3,07,390	68,510
Bigtech Software Private Limited	Trade payable	-	68,759	68,759
Chawla Health Care Private Limited	Trade payable	-	1,57,976	1,69,603
Chawla Health Care Private Limited	Security Deposit received	-	4,87,435	2,34,588
Chawla Health Care Private Limited	Advance paid	-	-	4,305
Compu lease Networks Private Limited	Trade payable	-	12,86,926	27,12,177
El Camino Technologies Private Limited	Trade payable	-	19,500	19,500
Embedded Software Development Private Limited	Trade payable	-	8,13,920	8,13,920
Exigent Solutions Private Limited	Advance paid	-	19,50,934	19,50,934
Exigent Solutions Private Limited	Trade payable	-	72,632	72,632
Innowire Technologies Private Limited	Trade payable	-	4,98,550	4,98,550
Integra Micro Systems Private Limited	Trade payable	-	1,95,216	1,95,216
Kaptron Private Limited	Trade payable	-	1,26,000	1,26,000
Road Carrier Of India Private Limited	Security Deposit received	-	25,000	25,000
S.B.S. Technocarts & Engineers Private Limited	Security Deposit received	-	2,23,054	2,23,054
S.B.S. Technocarts & Engineers Private Limited	Trade payable	-	3,74,973	3,74,973
Solastek Network Systems Private Limited	Trade payable	-	11,02,839	11,02,839
Star Informatics Private Limited	Security Deposit received	-	1,50,450	1,50,450
Sumitron Exports Private Limited	Trade payable	-	41,681	29,581
Swathi Airconditioning Private Limited	Security Deposit received	-	6,251	6,251
Value Point IT Services Private Limited	Security Deposit received	-	2,000	2,000
Value Point IT Services Private Limited	Trade payable	-	1,971	1,971
Satidham Industries Private Limited	Shareholders	-	12,000	5,300
Garg Capital & Stock Private Limited	Shareholders	-	3,300	3,300
D R Shares Private Limited	Shareholders	-	3,300	3,300
Salasar Securites Private Limited	Shareholders	-	1,200	1,500
Astral Auto Parts Private Limited	Shareholders	-	1,100	4,000
Arvind Securities Private Limited	Shareholders	-	198	198

Notes to Accounts

(₹ in Lakhs)

- c The Company do not have any charges or satisfaction which is yet to be registered with Registrar Of Companies (RoC) beyond the statutory period.
- d The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- e The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- f The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- g The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 20** During the year 2019-20, a fraud on the Parent company by the employees amounting to ₹ 1,000 has been detected during the routine internal audit. Out of the said amount, ₹ 64 has been recovered and the balance amount of ₹ 936 is recognised as receivable, pending recovery, the same has been provided for as doubtful in the statement of profit and loss. The Parent company has initiated appropriate actions and the investigation is in process.
- 21** An amount of Nil (₹ 25) has been contributed by parent company to Defence production IT Division which has been created as one of the division of HAL to implement IT related initiatives in Dept. of defence production including Ordnance Factory Board (OFB) and Defence Public Sector Units.
- 22** The date on which the code of social security, 2020 will come to effect has not been notified and the group will assess the impact of the code when it comes into effect and will record the impact in the period the code becomes effective.
- 23 Retention Sales [Parent Company]**
The Value of Retention Sales (i.e., Goods retained with the Company at the Customers' request and at their risk) included in Turnover during the year is ₹ 80,880 (₹ 49,302).
Out of the above, the Value of Ex-works Sales is Nil (₹ 6,884).
- 24** Figures in brackets relate to previous years.
- 25** All figures in the consolidated financial statement are rounded off to nearest lakhs unless otherwise mentioned.
- 26** The consolidated Ind AS financial statements were approved for issue on 23 May, 2022 by the Board of Directors.

Notes to Accounts

(₹ in Lakhs)

Note 31 - Related Party Transactions

a. Associates

Name of the entity	Place of Business	Ownership interest held by the parent company		Ownership interest held by the non controlling interests		Principal Activities
		As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	
GE BE Private Limited	India	26%	26%	-	-	Manufacturing of Medical Equipments.
Defence Innovation Organisation	India	50%	50%	50%	50%	Carrying out Defence related Research and Developmental activities.

b. Key Management Personnel's Details

i. Name of Key Management Personnel's

Mrs Anandi Ramalingam, Director [Marketing], Additional Charge as Chairman & Managing Director from 01.07.2021

Mr Vinay Kumar Katyal, Director [BG Complex]

Mr Dinesh Kumar Batra, Director [Finance] & CFO

Mr Rajasekhar M V, Director [R&D]

Mr M V Gowtama, Chairman & Managing Director upto 30.06.2021

Mrs Shikha Gupta, Director [Other Units] upto 08.05.2021

Mr Shivakumaran K M, Director [HR] upto 31.08.2021

Mr Mahesh V, Director [R&D] upto 31.08.2020

Mr Koshy Alexander, Director [Finance] & CFO upto 31.07.2020

Mr S Sreenivas, Company Secretary

Mr DCN Srinivasa Rao, CEO - BELOP

Mr P. Sarkar, CFO - BELOP

Mrs Priya S Iyer, Company Secretary - BELOP

Mr Narasimha Prasad K, CEO - BEL THALES Systems.

Mr Abhishek Kumar, CFO - BEL THALES Systems.

Mr Sanjog Mohapatra, Company Secretary - BEL THALES Systems

Mr Emmanuel de Roquefeuil, Director - BEL THALES Systems upto 06.07.2021

Mr Rajiv Kumar Sikka, CEO - BEL THALES Systems upto 28.02.2021

ii. Compensation to Key Management Personnels

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short term employee benefits	475	525
Post employment benefits	43	40
Long term employee benefits	62	39
Termination benefits	-	-
Share based payment	-	-
Total	580	604

Notes to Accounts

(₹ in Lakhs)

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :-

Particulars	Associate	
	GE BE Private Ltd	Defence Innovation Organisation
Sale of Goods	2,297	-
	(1,690)	-
Trade Receivables Outstanding as on 31.03.2022	606	-
	(540)	-
Investment in Equity as on 31.03.2022	260	1
	(260)	(1)
Contribution Outstanding as on 31.03.2022	-	4,000
	-	(4,000)

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances are Unsecured and is repayable / receivable in cash within next 6 months.

f. Transaction with Government and Government Related Entities by the parent company:

As BEL is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions :-

An amount of ₹ 52,331 (₹ 52,331) was paid as Dividend during the FY 2021-22.

In addition to the above, around 97% (92%) of the Company's Turnover, around 99% (95%) of Trade Receivables and around 99% (99%) of Customer's Advance is with respect to government and government related entities.

g. Defence Innovation Organisation (DIO) was incorporated on 10 April 2017 as a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an authorised share capital of ₹ 100 (BEL: 50%; HAL: 50%) with an objective of funding innovation in defence sector. The registered office of the company situated in BEL's premises in Bangalore.

Note 32 - Interest in Other Entities

a. Subsidiaries

Name of the entity	Place of Business/ Place of Incorporation	Ownership interest held by the parent company		Ownership interest held by the non controlling interests		Principal Activities
		As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	
BEL Optronics Devices Ltd. (BELOP)	India	100%	100%	-	-	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd.	India	74%	74%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.

Each holder of Equity Shares is entitled to one vote on show of hands and in poll in proportion to the number of Shares held.

Notes to Accounts

(₹ in Lakhs)

b. Non-controlling interests (NCI)

- i. Summarised Financial Information relating to each of the Company's subsidiaries that has material Non Controlling Interests, before any intra group eliminations

Summarised Balance Sheet	BEL - THALES Systems Ltd.	
	As at 31 March 2022	As at 31 March 2021
NCI percentage	26%	26%
Non - Current assets	1,742	1,859
Current assets	7,320	8,063
Total Assets	9,062	9,922
Non - Current liabilities	53	89
Current liabilities	2,723	4,067
Total liabilities	2,776	4,156
Net assets	6,286	5,766
Net assets attributable to NCI	1,634	1,499

Summarised Statement of Profit & Loss	BEL - THALES Systems Ltd.	
	For the year ended 31 Mar 2022	For the year ended 31 Mar 2021
Revenue	4,091	3,872
Profit	521	315
Other comprehensive income (OCI)	-	-
Total comprehensive income	521	315
Profit allocated to NCI	135	82
OCI allocated to NCI	-	-
Total comprehensive income allocated to NCI	135	82

Summarised Cash Flows	BEL - THALES Systems Ltd.	
	For the year ended 31 Mar 2022	For the year ended 31 Mar 2021
Cash flows from Operating activities	(2,143)	(2,818)
Cash flows from Investing activities	3,687	279
Cash flows from Financing activities	(45)	(43)
Net increase / (decrease) in cash and cash equivalents	1,499	(2,582)

- ii. Transactions with non-controlling interests - Nil (Nil).

c. Interest in Associates

Name of the Entity	Place of Business / Place of Incorporation	% of ownership interest	Relationship	Accounting Method	Carrying Amount	
					As at 31 March 2022	As at 31 March 2021
GE BE Private Limited	India	26%	Associate	Equity Method.	23,292	18,989
Defence Innovation Organisation	India	50%	Associate	#	1	1

Represents investment made with Defence Innovation Organisation, a not for profit company registered under Sec 8 of the Companies Act, 2013. The parent company does not exercise any control and does not have any right on variable returns from this associate other than equity investment of INR 50,000 [represents absolute figure].

Notes to Accounts

(₹ in Lakhs)

Fair Value of the investment in Associate is not disclosed as the equity of GE BE Private Ltd is unquoted.

GE BE Private Ltd is a manufacturer of medical instruments and its products complement the Business segment of Bengaluru and Pune units of the Parent company.

Carrying amount of the Company's interest in GE BE Private Ltd. (Audited)

Summarised Balance Sheet	As at 31 March 2022	As at 31 March 2021
Non - Current assets	24,378	23,303
Current assets: -		
Cash and Cash equivalents	1,344	53
Other assets	92,831	76,552
Total Current assets	94,175	76,605
Total assets	1,18,553	99,908
Non - Current liabilities: -		
Financial liabilities other than trade payables	18	31
Other liabilities	439	688
Total Non - Current liabilities	457	719
Current liabilities: -		
Financial liabilities other than trade payables	771	713
Other liabilities	27,714	25,419
Total Current liabilities	28,485	26,132
Total liabilities	28,942	26,851
Net assets	89,611	73,057
Less unrealised profit on stock	(7)	(6)
Company's share of Net assets	23,292	18,989

Summarised Statement of Profit & Loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue	1,56,672	1,23,839
Interest Income	1,682	1,403
Depreciation and amortisation	3,598	3,481
Interest expense	16	32
Income tax expense	6,041	3,890
Profit for the year	17,578	11,673
Other comprehensive income	(24)	14
Total comprehensive income	17,554	11,687
Company's share of Profit	4,570	3,035
Unrealised profit on stock	7	7
Net company share of profit	4,577	3,042
Company's share of OCI	(6)	4
Company's share of total comprehensive income	4,571	3,046

The Parent Company has received Dividend of ₹ 260 (₹ 260) from its Associate (GE BE private limited).

Notes to Accounts

(₹ in Lakhs)

Reconciliation to carrying amounts

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening net assets	18,989	16,209
Profit for the year	4,577	3,042
Other comprehensive income	(6)	4
Unrealised profit on stock	(7)	(6)
Dividend paid	260	260
Closing net assets	23,293	18,989

Commitments and Contingent Liabilities in respect of Associates: -

Particulars	GE BE Pvt. Ltd.	
	As at 31 March 2022	As at 31 March 2021
Capital Commitments	180	174
Other Commitments	-	-
Other Contingent Liabilities	831	831

Name of the Entity	Defence Innovation Organisation	
Place of Business / Place of Incorporation	India	
% of ownership interest	50%	
Relationship	Associate	
Carrying Amount	2021-22	1
	2020-21	1

d. Additional information required under Schedule III

Name of the Entity	Year	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount	As % of Consolidated Profit & Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent :									
Bharat Electronics Ltd.	2021-22	95.61%	11,76,218	97.66%	2,34,409	100.03%	(14,921)	97.51%	2,19,488
	2020-21	95.59%	10,58,651	98.17%	2,06,129	99.52%	(8,709)	98.11%	1,97,420
Subsidiaries :									
Indian									
BEL Optronics Devices Ltd. (BELOP)	2021-22	1.99%	24,432	0.21%	516	-0.07%	11	0.23%	527
	2020-21	2.17%	24,052	0.23%	490	0.53%	(46)	0.22%	444
BEL - THALES Systems Ltd.	2021-22	0.38%	4,651	0.16%	386	-	(1)	0.17%	385
	2020-21	0.39%	4,266	0.11%	233	-	-	0.12%	233
Non Controlling Interest in Subsidiary:									
Indian									
BEL - THALES Systems Ltd.	2021-22	0.13%	1,634	0.06%	135	-	-	0.06%	135
	2020-21	0.14%	1,499	0.04%	82	-	-	0.04%	82
Associates (investment as per the equity method):									
Indian									
GE BE Pvt. Ltd.	2021-22	1.89%	23,292	1.91%	4,576	0.04%	(6)	2.03%	4,570
	2020-21	1.71%	18,989	1.45%	3,042	-0.05%	4	1.51%	3,046
Total	2021-22	100%	12,30,227	100%	2,40,022	100%	(14,917)	100%	2,25,105
	2020-21	100%	11,07,457	100%	2,09,976	100%	(8,751)	100%	2,01,225

Notes to Accounts

(₹ in Lakhs)

Note 33 - Financial Instruments - Fair Value Measurements

1 Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities:

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets measured at fair value						
I Investments						
i Equity Instruments – Mana Effluent Pvt Ltd	-	13	-	-	12	-
ii Equity instruments - Defence Innovation Organisation	-	1	-	-	1	-
iii Other Investments						
a. Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment & BERECHS)	1,33,896	-	-	1,11,592	-	-
Sub Total	1,33,896	14	-	1,11,592	13	-
Financial Assets not measured at fair value						
II Trade Receivables	-	-	6,10,809	-	-	6,56,199
III Loans						
a Loans to Employees	-	-	876	-	-	888
IV Cash and cash equivalents	-	-	1,30,086	-	-	3,04,290
V Other Bank Balances	-	-	6,26,288	-	-	2,03,086
VI Other Financial Assets						
a Security deposits	-	-	3,993	-	-	4,038
b Advance to Employees	-	-	168	-	-	165
c Advance to Others	-	-	3	-	-	5
d Receivables (other than Trade Receivables)	-	-	2,540	-	-	614
e Interest accrued on term deposits	-	-	1	-	-	-
f Bank deposits with more than 12 months maturity	-	-	278	-	-	195
g Interest accrued but not due on term deposits	-	-	3,795	-	-	1,300
h Other financial Assets	-	-	1,893	-	-	2,620
Other Investments						
a Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-
Sub Total	-	-	13,80,730	-	-	11,73,400
Total	1,33,896	14	13,80,730	1,11,592	13	11,73,400

* INR 4750 (INR 4750) [represents absolute figure] which is rounded off.

Notes to Accounts

(₹ in Lakhs)

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities measured at fair value	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial Liabilities not measured at fair value						
I Borrowings	-	-	-	-	-	-
II Trade Payables	-	-	3,36,964	-	-	3,29,919
III Other Financial Liabilities						
a Interest Accrued and due on Trade Payables	-	-	14	-	-	6
b Security Deposits	-	-	30,539	-	-	27,278
c Unpaid Matured Deposits	-	-	37	-	-	37
d Unpaid Dividend	-	-	215	-	-	211
e Non Trade Payables Dues to MSME	-	-	337	-	-	208
f Outstanding Expenses	-	-	57,012	-	-	46,709
g Other Trade payables	-	-	8,749	-	-	20,948
h Interest Accrued and due - Term loan	-	-	-	-	-	-
i Other Lease liability	-	-	5,270	-	-	252
j Other Liabilities	-	-	1,162	-	-	1,169
Total	-	-	4,40,299	-	-	4,26,737

2 Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below:

Particulars	Note	As at 31 March 2022			As at 31 March 2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
I Financial Assets and Liabilities measured at Fair value – recurring fair value measurements							
A Financial Assets							
i Financial Investments at FVPL	6	-	1,33,896	-	-	1,11,592	-
ii Financial Investments at FVOCI - Unquoted	6	-	-	14	-	-	13
II Financial Assets and Liabilities which are measured at Amortised Cost		No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.					

Level 1: Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2: The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

3 Valuation technique used to determine Fair Value [Parent company] :-

a. LIC Investment - (Level 2)

Based on valuation report of the Scheme provided by LIC.

b. Mana Effluent Treatment Plant Ltd - (Level 3)

BEL has invested in equity securities of Mana Effluent Treatment Plant Ltd. which is an unlisted company. The Company's cost of investment in Mana Effluent Treatment Plant Ltd is only ₹ 5 (out of issued Share Capital of ₹ 163). The company has opted for Net Asset Value method for fair valuation.

Notes to Accounts

(₹ in Lakhs)

c. Defence Innovation Organisation (DIO) - (Level 3)

BEL has contributed towards equity capital of M/s Defence Innovation Organisation (DIO), a 'Not for Profit' Company as per the provisions of Section 8 of the Companies Act, 2013 with an objective of funding innovation in defence sector. The company has opted for Net Asset Value method for fair valuation.

Note 34 - Financial risk management

i. Risk Management framework and policies

The Group is broadly exposed to credit risk, liquidity risk and market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.

Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Group's Risk Management Framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies. The Group has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritisation, treatment of various risks associated with different areas of finance and operations.

The parent company has a centralised Treasury function which is responsible to undertake appropriate measures to mitigate financial risk in accordance with the policies and procedures formulated by the Board. Hedging transactions are undertaken by a team with appropriate skills and experience in consultation with an external expert. The Group does not trade in derivatives for speculation.

ii. Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

iii. Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar, Euro, Great Britain Pound, Swiss franc and Japanese Yen. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR).

The Group has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 50% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the external specialist consultant retained for this purpose.

The Parent Company's export proceeds are realised mostly by remittance into an Export Earners Foreign Currency account (EEFC) which is then utilised for payments to be made in foreign currency, thereby mitigating the currency risk on exports. Imports to the extent of around 8% (8%) of annual foreign exchange outgo are not covered by the Exchange Rate Variation (ERV) clause in the related customer contract and hence are open to currency risk. These imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required.

As on 31 March 2022, there are no outstanding forward contracts.

Notes to Accounts

(₹ in Lakhs)

The Group's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2022					As at 31 March 2021				
	USD	EURO	GBP	CHF	J Yen	USD	EURO	GBP	CHF	J Yen
Trade Payable	626	204	10	10	11	615	163	22	11	117
Trade Receivable / Contract Asset	134	10	-	-	-	275	23	-	-	-
Net Exposure	492	194	10	10	11	340	140	22	11	117

iv. Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below. This analysis assumes that all other variables remain constant.

Particulars	Impact on Profit	
	As at 31 March 2022	As at 31 March 2021
USD – Increase by 5%	1,885	1,264
USD – Decrease by 5%	(1,885)	(1,264)
EURO – Increase by 5%	835	613
EURO – Decrease by 5%	(835)	(613)
GBP – Increase by 5%	51	113
GBP – Decrease by 5%	(51)	(113)
CHF – Increase by 5%	42	44
CHF – Decrease by 5%	(42)	(44)
J Yen – Increase by 5%	-	4
J Yen – Decrease by 5%	-	(4)

v. Interest rate risk

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

vi. Variable Rate Borrowing:

The parent company has been sanctioned a working capital limit of ₹ 4,00,000. The sanctioned limit includes fund based limit of ₹ 50,000 and non fund based limit of ₹ 3,50,000. The fund based limit of ₹ 50,000 has not been utilised during the year [Outstanding as on 31 March 2022 is Nil (31 March 2021 is Nil)]. The outstanding balance as on 31.03.2022 with respect to non fund based limit is ₹ 2,69,500 (₹ 2,80,322). The interest is payable based on SBI's 3 months (1 Year) MCLR rate. As the borrowing is nil there is no impact on likely change in interest rates.

In case of subsidiary company [BELOP] has also been sanctioned fund based and non-fund based working capital limits of ₹ 2,500 by the consortium bankers of SBI (Lead bank) and Axis Bank. The rate of interest is 7.10% p.a. (SBI). The rate of interest charged by SBI and Axis Bank are linked to their base rate which is subject to fluctuations. Outstanding as on 31 March 2022 is Nil in respect of which interest payable is based on SBI and Axis Bank's base rate (as per the terms and conditions, both SBI and Axis Bank are eligible to reset the interest charged on periodic basis).

vii. Equity Price Risk

The Group's exposure to equity price risk is negligible as its equity investment (other than in Associate) is negligible.

Notes to Accounts

(₹ in Lakhs)

viii. Liquidity Risk

Liquidity Risk is the risk that a Group could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Group's exposure to liquidity risk is very minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the group has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The Group meets its liquidity requirement mainly through internally generated cash flows which is monitored centrally by treasury. There is an established process of rolling cash forecasts from various operating units which form the basis for mapping expected cash inflows, to meet the liabilities.

The table below analyses the Group's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undiscounted cash flows.

As at 31 March 2022

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	More than 5 years	Total
Borrowings	-	-	-	-	-	-	-
Trade Payables	3,11,116	11,751	14,063	-	34	-	3,36,964
Interest accrued and due on Trade Payables	14	-	-	-	-	-	14
Other Lease Liability	275	36	46	245	676	3,992	5,270
Other Financial Liabilities	72,603	2,894	20,232	2,266	59	-	98,052

As at 31 March 2021

Particulars	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	More than 5 years	Total
Borrowings	-	-	-	-	-	-	-
Trade Payables	3,13,546	13,106	3,238	29	-	-	3,29,919
Interest accrued and due on Trade Payables	6	-	-	-	-	-	6
Other Lease Liability	36	33	66	68	38	11	252
Other Financial Liabilities	74,307	5,246	16,336	501	170	-	96,560

The Group does not have any outstanding derivatives as on 31 March 2022.

ix. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Parent Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government/Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee

Notes to Accounts

(₹ in Lakhs)

which safeguards the credit risk associated with such payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc and other indicators.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year in case of parent company. The Parent Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Parent Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department / parties.

x. Capital Management

The Group's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Group has a conservative approach for raising capital through debt but reserves the right to leverage this alternative at an appropriate time to fuel growth and maintain optimal capital structure.

The Parent company has a well defined Dividend Distribution Policy which lays the framework for payments of dividend and retention of surplus for future growth and enhancing shareholders wealth. The parent company has borrowed an amount ₹ 10,000 from Bank for construction of quarters. The parent Company has been sanctioned borrowing limits with banks to the tune of ₹ 4,00,000.

Gearing Ratio: -

Particulars	As at 31 March 2022	As at 31 March 2021
Net Debt	-	-
Total Equity	12,28,593	11,05,958
Net Debt to Equity Ratio	-	-

Note 35 - Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are:

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Inventories	5,59,190	4,96,798
(ii) Trade Receivables	6,10,809	6,56,199
(iii) Cash & Cash Equivalents	1,30,039	3,04,177
(iv) Bank Balances [Other than (iii) above]	6,24,578	2,01,830
(v) Loans	148	152
(vi) Other Financial Assets	10,254	6,066
(vii) Other Current Assets	7,49,816	6,65,289
Total current assets pledged as security	26,84,834	23,30,511

Refer Note No. 18 for the details of borrowings.

In case of Subsidiary Company BELOP, the working capital are also secured by first pari passu charge by way of equitable mortgage on Land and Building.

Notes to Accounts

(₹ in Lakhs)

Note 36 - Critical estimates and judgments [Parent Company]

While preparing the consolidated financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and Estimates that have a significant risk of resulting in a material adjustment are as under:

i. Research and Development Expenditure - Accounting Policy No. 10 - (Refer Note 5 and 12)

Developmental expenditure incurred with respect to No Cost No Commitment (NCNC) Projects and Joint developmental projects which are not fully compensated by the development partner are carried forward till the completion of project.

ii. Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note 21)

iii. Estimation of provision for warranty claims - (Refer Note 21)

Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iv. Recognition of Revenue - (Refer Note 23)

Input methods towards performance obligations over time involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

v. Intangible assets (Refer Note 4 and 5)

Amount carried forward as other intangible assets and intangible assets under development are tested for impairment annually with respect to certainty of future economic benefits.

vi. Lease (Refer Note 1)

The company evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of lease requires significant judgements. The company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated.

Note 37 - Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16 – Property, Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

Significant Accounting Policies on Ind AS Consolidated Financial Statements

Corporate Information

The accompanying financial statements comprise the financial statements of Bharat Electronics Limited (the Holding Company). The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Bharat Electronics Limited's shares are listed on two recognised stock exchanges in India. The registered office and principal place of Business of the Company is located at Bengaluru, Karnataka, India.

The Company is a public sector enterprise under the administrative control of the Department of Defence Production, Ministry of Defence. Bharat Electronics Limited manufactures and supplies electronic equipment and systems to defence sector. Other than defence sector, the Company has also got a limited presence in the civilian market.

Significant Accounting Policies

1. Basis of Preparation

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

2. Use of Estimates

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

3. Basis of Measurement

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

- Derivative financial instruments, if any

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

4. Functional and Presentation Currency

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

5. Revenue Recognition

A. Revenue from Contract with Customers

- Revenue is recognised when (or as) the company satisfies a performance obligation by transferring a promised goods or services (i.e., an Asset) to a Customer.
- Satisfaction of performance obligation over time**
 - Revenue is recognised overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
 - the company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
 - the company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
 - the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.
 - Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

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

iii. Satisfaction of performance obligation at a point in time

- In respect of cases where the transfer of control does not take place over time, the company recognises the revenue at a point in time when it satisfies the performance obligations.
- The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:
 - the company has transferred physical possession of the asset
 - the customer has legal title to the asset
 - the customer has accepted the asset
 - when the company has a present right to payment for the asset
 - the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco-terms of the contracts.

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

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

c. Bill and hold Sales

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

- the reason for the bill and hold sales is substantive
- the product is identified separately as belonging to the customer
- the product is currently ready for physical transfer to the customer

- the company does not have the ability to use the product or to direct it to another customer

iv. Measurement

- Revenue is recognised at the amount of the transaction price that is allocated to the performance obligation.

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

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

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

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

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

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

v. Penalties

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

vi. **Significant financing component**

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

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

B. Other Income

Recognition of other income is as follows:

i. Interest Income

Interest income is recognised using the effective interest rate method.

ii. Dividend Income

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

iii. Rental Income

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

iv. Duty Drawbacks

Duty drawback claims on exports are accounted on accrual basis.

v. Other Income

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

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

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

The cost of property, plant and equipment not ready for their intended use as at each reporting date is disclosed as capital work-in-progress.

Capital work-in-progress comprises supply-cum-erection contracts; the value of capital supplies received at site and accepted, capital goods in transit and under inspection.

7. Intangible Assets, Intangible Asset under Development

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

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

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

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

Intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation and cumulative impairment losses, if any.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on derecognition of intangible assets, if any, are recognised in the statement of profit and loss.

8. Depreciation / Amortisation

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

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

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

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

9. Disposal of Property, Plant and Equipment

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

10. Research and Development Expenditure

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

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

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

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

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

complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

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

In case customer order is immediately not forthcoming:

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

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrance unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

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

14. Leases

Company as a Lessee:-

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of "right of use" is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of property, plant and equipment.

Subsequent measurement of right-of-use asset is made using Cost model.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the Statement of Profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

Company as a lessor:

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS 116 – Leases.

a) Finance Lease :

At commencement date, amount equivalent to the "net investment in the lease" is presented as

a Receivable. The implicit interest rate is used to measure the value of the "net investment in Lease".

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the Statement of Profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in Lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109 – Financial Instruments.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

b) Operating lease:

The company recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis, if required.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

15. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

16. Government Grants

Grants from Government are measured at fair value and initially recognised as Deferred Income.

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

The amount lying in Deferred Income on account of Revenue Expenses is transferred to the credit of

Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the government grant received.

17. Inventories

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula.

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads.

Adequate provision is made for inventory which are more than five years old which may not be required for further use.

18. Income Taxes

Income tax comprises of current and deferred tax.

(i) Current Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity respectively and not in the statement of profit and loss.

(ii) Deferred Tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

19. Provision for Warranties

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend based estimates.

In cases where a trend is not ascertainable, provision for warranty is made based on the best estimates of management.

20. Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency by using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

21. Employee Benefits

- (i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.
- (ii) Incremental liability for payment of long term compensated absences such as Annual Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.
- (iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.
- (iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.
- (v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

- (vi) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in statement of profit and loss.

- (vii) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

- (viii) Defined Contribution Plan

The Company operates employee pension scheme and superannuation pension scheme for its employees that are categorised as a defined contribution plans. For defined contribution plans, the Company pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

22. Provisions

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before

a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities/Assets

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

23. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

24. Fair value Measurement

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each reporting date.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

25. Financial Assets

(i) Initial Recognition and Measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

(ii) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments measured at amortised cost,
- Debt instruments measured at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(iii) Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

(iv) Trade and Other Receivables

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

26. Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

27. Embedded Derivative

The embedded derivative, if required, is separated from host contract and measured at fair value.

28. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

29. Impairment of Financial Assets

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

- a. Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
- b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense / income in the statement of profit and loss.

30. Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

(ii) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at fair value through Profit or Loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

(iii) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised as profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

31. Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

32. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

33. Cash Dividend and Non-Cash distribution to Equity Holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

34. Errors and Estimates

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

35. Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

36. Events after the Reporting Period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

37. Principles of Consolidation

The financial statements of the Holding Company together with the audited financial statements of its subsidiary companies and step down subsidiary company have been combined on a line-by-line basis by adding together all the items of assets, liabilities, income and expenses after eliminating all the intra group balances and transactions. Interest in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and Other Comprehensive Income of equity accounted investees until the date on which significant influence ceases.

The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Holding Company and its share in the post - acquisition increase in the relevant increase of the subsidiary companies and step down subsidiary company.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's financial statements.

The excess of cost to the company of its investments in subsidiary companies and step down subsidiary company over its share of the equity of the subsidiary companies and step down subsidiary company at the date on which the investments are made, is recognised as "Goodwill on consolidation" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies and step down subsidiary company as on the date of the investment is in excess of cost of investment of the Holding Company, it is recognised as "Capital reserve" and shown under the head "Reserves and surplus", in the consolidated financial statements.

As per our report of even date attached.

For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

Varanasi
23 May 2022

S Sreenivas
Company Secretary

Form AOC-I

(₹ in Lakhs)

Part "A": Subsidiaries

Sl. No.	Particulars	BEL Optronics Devices Limited	BEL Thales Systems Limited
1	Name of the subsidiary	BEL Optronics Devices Limited	BEL Thales Systems Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
4	Share capital	8,451	5,762
5	Reserves & surplus	15,981	524
6	Total Assets	36,815	9,062
7	Total Liabilities	12,383	2,776
8	Investments	-	-
9	Turnover	4,586	3,901
10	Profit before taxation	769	560
11	Provision for taxation	253	39
12	Profit after taxation	516	521
13	Proposed Dividend	155	116
14	% of shareholding	100%	74%
1	Names of subsidiaries which are yet to commence operations	NIL	NIL
2	Names of subsidiaries which have been liquidated or sold during the year	NIL	NIL

Form AOC-I

(₹ in Lakhs)

Part "B": Associates and Joint Ventures

Sl. No.	Name of Associates	GE BE Private Limited	Defence Innovation Organisation
1	Latest audited Balance Sheet Date	31 March 2022	31 March 2022
2	Shares of Associate held by the company on the year end		
	No.	26,00,000	50
	Amount of Investment in Associate	260	1
	Extend of Holding %	26%	50%
3	Description of how there is significant influence	Voting Rights	Voting Rights
4	Reason why the Associate is not consolidated	Not applicable	*
5	Networth attributable to Shareholding as per latest audited Balance Sheet	23,299	-
6	Profit / Loss for the year		
	i. Considered in Consolidation	4,570	-
	ii. Not Considered in Consolidation	-	-
* Do not exercise any control and also do not have any right on variable returns other than equity investment.			
1	Names of Associate which are yet to commence operations	NIL	NIL
2	Names of Associate which have been liquidated during the year	NIL	NIL

As per our report of even date attached.

 For **Guru & Jana,**
Chartered Accountants
Firm Regn No. 006826S

Anandi Ramalingam
Chairman & Managing Director
(Additional Charge)

Dinesh Kumar Batra
Director (Finance) & CFO

Ananth Prasad B R
Partner
Membership No. 218145

S Sreenivas
Company Secretary

 Varanasi
23 May 2022



BHARAT ELECTRONICS LIMITED

(A Government of India Enterprise
under the Ministry of Defence)
(CIN: L32309KA1954GOI000787)

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