MAKE IN INDIA

भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS
QUALITY. TECHNOLOGY. INNOVATION.

स्वच्छ भारत
एक कदम स्वच्छता की ओर

Annual Report
2016-17

Raksha Mantri's Award for the 'Best Performing Division' among DPSUs
for Naval Systems (R&FCS) Strategic Business Unit, BEL-Bengaluru

Mr M V Gowtama, CMD, being felicitated by Mr H N Ananth Kumar,
Minister of Parliamentary Affairs, Government of India, and Mrs Sumitra Mahajan,
Speaker of the Lok Sabha, at the Adamya Chetana Seva Utsav, Bengaluru

Corporate Vision, Mission, Values and Objectives

Vision

To be a world-class enterprise in professional electronics.

Mission

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

Values

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

Objectives

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

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The Past Decade

(₹ in lakhs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16*	2016-17*
Sales & Services	410254	462369	521977	552969	570363	601190	617423	669457	754117	**882470**
Value of Production	411137	527327	524788	552080	579358	628991	612690	665854	777537	**924383**
Other Income	27824	22997	37641	38933	70312	60993	42847	47795	53708	**47101**
Materials	206889	304106	302454	312931	366903	408463	358356	374453	406077	**483222**
Employee Benefits Expense	65917	75579	100958	104186	108123	111079	103043	126345	125726	**154831**
Depreciation / Amortization	9264	10560	11594	12204	12080	13071	14210	15396	17221	**19152**
Interest / Finance Cost	25	1077	53	73	60	78	340	138	451	**1178**
"Other Expenses (including Excise Duty, Prior period items, Extraordinary & Exceptional items)"	39736	49319	42867	45504	55019	57174	77439	67360	123978	**141733**
Profit Before Tax	117130	109684	104502	116115	107485	111459	117474	146669	173212	**202942**
Provision For Tax	34456	35108	32415	29968	24495	22476	24312	29945	42476	**48180**
Profit After Tax	82674	74576	72087	86147	82990	88983	93162	116724	130736	**154762**
Dividend (Amount)	16560	14960	15360	17280	16640	17840	18640	23360	40800	**50257**
Dividend (%)	207	187	192	216	208	223	233	292	170	**225**
Equity Capital	8000	8000	8000	8000	8000	8000	8000	8000	24000	**22336**
Reserves & Surplus	313295	370368	424526	490571	554221	622369	693724	780503	874360	**728518**
Loan Funds	138	121	73	41	10	1	0	0	0	**5000**
Gross Block	143076	157990	170217	178900	190158	207323	222667	248515	114689	**161699**
Cumulative Depreciation / Amortization	101727	111245	121221	130529	139142	149778	157572	171405	17029	**36168**
Inventory	135157	242096	244871	246032	279182	327108	337014	342688	417747	**490501**
Debtors / Trade Receivables	205571	227653	216836	289681	268686	333467	412854	378614	371193	**435488**
Working Capital	263090	313556	365629	NA	NA	NA	NA	NA	NA	**NA**
Working Capital (As per Revised Sch VI / Sch III)	NA	NA	NA	430800	478994	544494	607714	690982	737289	**530665**
Capital Employed	304438	360301	414625	NA	NA	NA	NA	NA	NA	**NA**
Capital Employed (As per Revised Sch VI / Sch III)	NA	NA	NA	479171	530010	602039	672809	768092	834949	**656196**
Net Worth	321295	378368	432526	498571	562221	630369	701724	788503	898360	**750854**
Earning Per Share (in ₹)**	1.15	3.11	3.00	3.59	3.46	3.71	3.88	4.86	5.45	**6.64**
Book Value Per Share (in ₹)**	4.46	15.77	18.02	20.77	23.43	26.27	29.24	32.85	37.43	**33.62**
No. of Employees	12371	11961	11545	11180	10791	10305	9952	9703	9848	**9716**

* In line with Ind AS

** Adjusted for all the previous periods consequent to sub division of equity shares during FY 2016-17.

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Financial Highlights

- Turnover registered a growth of 17.02% from ₹ 754,117 lakhs in 2015-16 to ₹ 882,470 lakhs in 2016-17.
- Value of production has increased from ₹ 777,537 lakhs in 2015-16 to ₹ 924,383 lakhs in 2016-17, increase of 18.89%.
- Profit after tax rose by 18.37% from ₹ 130,736 lakhs in 2015-16 to ₹ 154,762 lakhs in 2016-17.
- Increase of PAT to turnover ratio from 17.34% in 2015-16 to 17.54% in 2016-17.
- Turnover per employee has increased from ₹ 76.58 lakhs in 2015-16 to ₹ 90.83 lakhs in 2016-17.
- Earnings Per Share (EPS) has increased from ₹ 5.45 in 2015-16 to ₹ 6.64 in 2016-17.
- 16637207 Equity Shares bought back for ₹ 217,116 lakhs during 2016-17.








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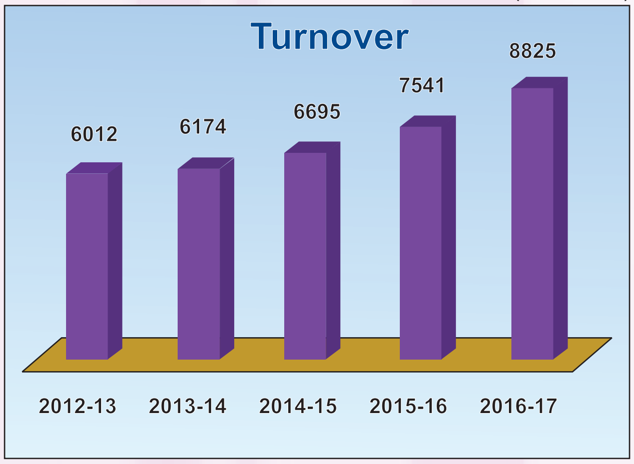
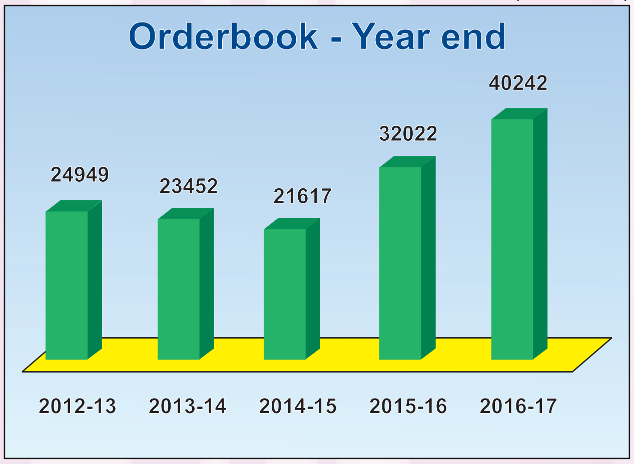
Financial Highlights

(₹ in Crores)



(₹ in Crores)



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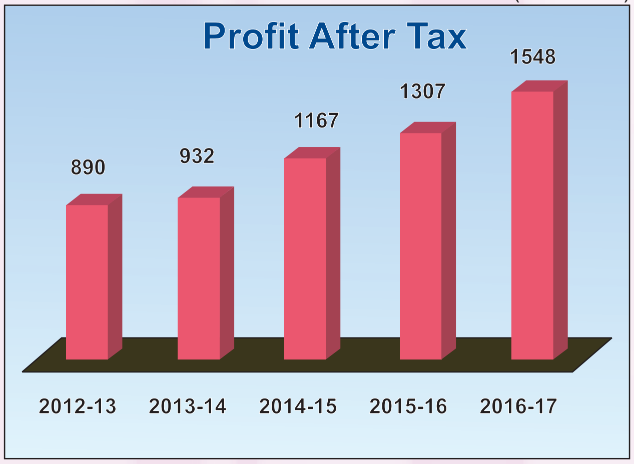

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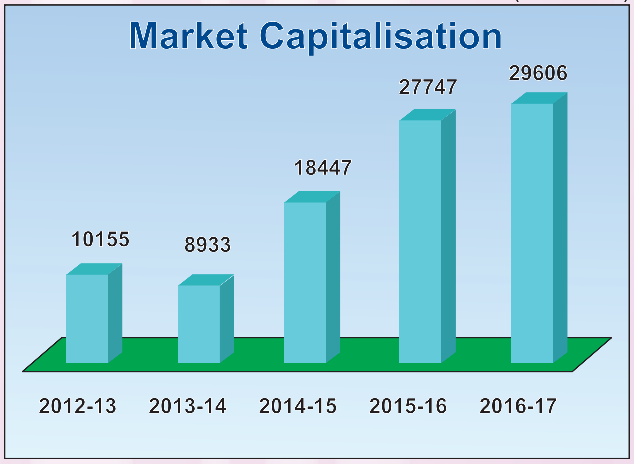

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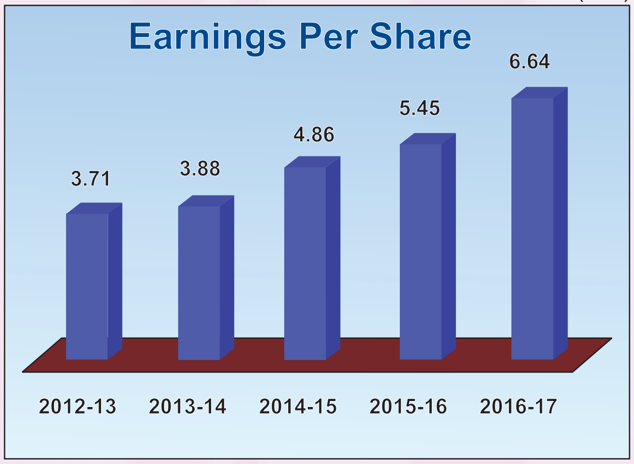

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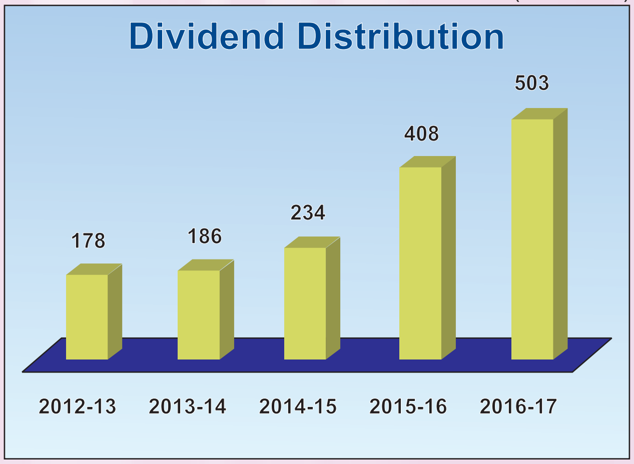

BHARAT ELECTRONICS
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Chairman's Letter

Dear Shareholders,

It gives me immense pleasure to share through this letter, the achievements and financial highlights of your Company during the past year. In year under review, there were considerable challenges in the environment we operate. Inspite of the challenges, your Company has achieved the growth targets with greater emphasis on R&D, technology updation and constantly modernizing infrastructure to meet the fast changing technologies. Your Company has achieved significant growth in revenues and profits. At ₹ 40,24,200 Lakhs (as on 1 April 2017) the order book continues to be healthy and also good order inflow projections are expected in the next 2-3 years. Your Company has continued to maintain its leadership position in supplying equipments / systems to Defence forces and is on a steady growth path. I take this opportunity to share with you the performance highlights during the past year and the future outlook for the Company.

Highlights of the Year

Your company achieved a turnover of ₹ 8,82,470 Lakhs during 2016-17 against ₹ 7,54,117 Lakhs in 2015-16, thereby registering a significant growth of 17%. BEL achieved an export sale of US$ 65.5 Million over the previous year's export turnover of US$ 85.07 million. The major products exported during the year include Coastal Surveillance System, CoMPASS, VHF Radio Bharti, Advanced Composite Communication System, Ship Borne EW System, Electro Optic Fire Control System, etc.

A significant growth of 17% in turnover

All the 9 manufacturing Units of the Company have performed well. The Profit After Tax for 2016-17 is ₹ 1,54,762 Lakhs against ₹ 1,30,736 Lakhs in 2015-16, an increase of 18% over previous year. The Net Worth of the Company has decreased from ₹ 8,98,360 Lakhs to ₹ 7,50,854 Lakhs in year 2016-17 due to buyback of shares.

The Company had during the year bought back 1,66,37,207 equity shares of ₹ 10/- each fully paid-up at price of ₹ 1,305/- per share aggregating to ₹ 217,116 lakhs. The Company had also sub-divided its one equity share of ₹ 10/- each fully paid-up into 10 equity shares of ₹ 1/- each fully paid-up w.e.f. 16 March 2017.

R&D has been the main focus area of your Company for increasing indigenisation and value addition in our products / systems. The total investment in R&D as a percentage of turnover during the year was 8.81% which is one of the highest among the defence PSUs. It is our constant efforts on indigenous developments that have led us to achieve 87% of our turnover from indigenous products. Only 13% of our revenues came from products manufactured through ToT from foreign OEMs. Defence being the mainstay of the company, has contributed to 88% of sales revenue, with the balance 12% coming from the civilian sector.

R&D expenditure 8.81% of turnover

Revenue through defence business is 88%

Some of the major products / systems introduced during 2016-17 are Weapon Locating Radar, BFSR-XR (Extended Range), IFF MK XII, USHUS-2, HUMSA NG for P15B, Gigabit Ethernet based Integrated Communication System for P15, ACCS for Indigenous Aircraft Carrier, Missile two way Data link for QRSAM, RRF upgradation (High band), BEACON MKIII for Army, CIDSS phase 2 (Build 2- Software), Air traffic control software, SoTM, Dual Frequency IP Modem, 2KW SSPA (for Tropo Communication), Modern EW system (non-com) (Varuna), VVPAT MKII, Point of Sale (POS) device, Border Surveillance System (BoSS), High Resolution TI for Directed Energy Weapon, IACCS Beta version, VCCS for IACCS, RCWS, Pressurised container.

Filed application for 20 patents

Your Company received Orders worth ₹ 16,300 Crores during the year 2016-17. Major Orders received during the year include Long Range Surface to Air Missile (LR-SAM) with MFSTAR, Advanced Composite Communication System for P17, Electronic Voting Machine, Static Tropo Upgrade, Electronic Warfare Suite for Naval application, Giga Bit Ethernet based Ship Data Network for P17, Hand Held Thermal Imager, Low Intensity Conflict EW System, Home Land Security, ALG Communication. On the Export front, the order book as on 1 April 2017 is US$ 85 Million including Offset orders of US$ 17 Million.

I have the privilege to inform you that during the year, your Company has filed applications for 20 Patents in the areas of Radars, Communication, Electro Optics etc. As many as 91 technical papers were published by scientists and R&D engineers of BEL in various National and International journals / seminars/ conferences.

Some of the performance highlights of your company are :

- Construction of New Advanced Night Vision Products factory at Nimmaluru, Andhra Pradesh to expand the Night Vision Devices Business has commenced.
- New Radar Assembly Hanger at Ghaziabad unit for Assembly, Testing and Integration of Radar & Antenna Systems has been established.
- "Blowing Sand & Dust Test Facility" at Bangalore Unit established for testing of Abrasion resistance of sub-systems mounted externally on Aircrafts.
- Product Development and Innovation Centre (PDIC) R&D Lab recognized by DSIR.
- Supplies for Integrated Air Command and Control System program to IAF commenced.
- Indigenously developed Polarimetric Doppler Weather Radar (DWR) was dedicated to the Nation by Hon'ble Prime Minister of India Shri. Narendra Modi at Cherrapunji, Meghalaya.
- Excellent "MoU" Rating for 2015-16 from DPE.
- Seven Units / SBUs certified for AS 9100 Aerospace standard
- Green Energy generated during 2016-17 is about 243 Lakh units.
- Procurements from MSMEs has increased to more than 20%.
- BEL and MSME Development Institute, Bengaluru jointly organized National Vendor Development Program and Industrial Exhibition to bring all the stakeholders at one platform and provide them an opportunity to interact with each other.
- 18 Collaborative R&D partners have been empanelled during 2016-17. The total Collaborative partners are now 193.

Procurement from MSMEs is > 20%

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

- BEL has won Dun & Bradstreet Corporate Award 2016 in Electrical & Electronics Category.
- BEL won four "PSE Excellence Awards 2015", instituted by the Indian Chamber of Commerce, Kolkata under the Navratna category. The awards won are :
  - Second prize in "Operational Performance Excellence"
  - Second prize in "R&D, Technology Development and Innovation"
  - Third prize in "Corporate Governance"
  - Third prize in "HR Management Excellence"
- India Skill Award -2016: BEL won India Skill Award 2016 in recognition of augmenting skill development process for the country by engaging maximum apprentices in the category of Central Public Sector from Ministry of Skill Development & Entrepreneurship.
- Most Enterprising CEO in Electronics Sector: The Indo Global Business Council (IGBC), a policy think tank based in New Delhi has awarded Mr S K Sharma (former CMD) as "Most Enterprising CEO in Electronics Sector".
- BEL has won the "State Export Excellence Award 2014-15" in the product category of Electronics and Communication from Govt. of Karnataka under medium/ large Enterprise category.

- India Pride Awards 2016-17 : BEL has won the "Dainik Bhaskar India Pride Award" for the year 2016-17 in the 'Defence' category.
- Panchkula Unit of BEL has won Gold Prize in the International Convention of Quality Circle (QCC) held at Bangkok.
- BEL has won 4 Gold, 6 Silver and 1 Bronze Award in the Quality Circle Forum of India (QCFI) Six Sigma Competition held on 22 May 2016 in Mysuru, Karnataka.
- INSSAN Award for Excellence in Suggestion Scheme : BEL Bengaluru and Ghaziabad Units were awarded the 1st and 3rd prizes respectively for excellence in suggestion schemes for the year 2015-16 in Engineering Industry Group, during the 27th National Convention organized by Indian National Suggestion Schemes' Association (INSSAN) on 20 & 21 January 2017 at Jamshedpur.

Future Outlook

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

BEL is having a healthy order book position and new orders are expected. BEL is targeting a healthy growth of 12-15% during 2017-18. Segments like Radar and Missile systems, Communication and Network Centric Systems, Tank Electronics, Gun upgrades, Electro Optic systems and Electronic Warfare & Avionics systems will continue to drive the Company's growth in the coming years. Modernisation and creating several world-class facilities for R&D, Testing, Production and Skill development are planned for achieving the targeted growth. In the civil segment your Company is pursuing business in the field of Solar Energy, Homeland Security, Smart City elements, Smart Cards, Cyber Security, Telecom and Space Electronics .

Looking forward, the future for your Company looks promising as well as challenging. The Defence Sector is being opened up for private sector participation with evolutions of Defence Procurement Procedure. The Government is also planning introduction of "Strategic Partnership" model for broader participation of private sector and also to enhance the capacities in major defence platform manufacturing in addition to DPSUs. All this has pushed your company towards much higher competitiveness and productivity through initiatives for enhancing value addition. It is extremely important for BEL to stay abreast of technology and develop new products regularly. Thrust on R&D across the company will continue with roadmaps drawn for the development of futuristic products and acquisition of key technologies. The company is also laying greater emphasis on working closely with DRDO labs, other research institutions and academic institutions as well as niche technology companies for development of new products and systems. Strategies and action plans are in place to face competition, maintain technological edge and retain the leadership position in strategic electronics. Some of the major projects planned for execution in this year are IACCS, Weapon Locating Radar, HHTI, EVM, Akash Weapon System, LYNX U2, LLTR Radar, Tropo Upgrade, HLS, Schilka upgrade, ACCS for P71, ICS for P15B, BSS, Varuna ESM System, Ground based mobile ELINT, Electronic Fuzes, L70 upgrade, VVPATs, etc.

Strategic New Initiatives

Your company is working in strategic areas like Electronic Fuzes, Homeland Security Solutions, Smart Cities, Cyber security in line with the emerging needs of the Customers.

Governance and Sustainability

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

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

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

Acknowledgements

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

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

With Best Wishes,

Yours sincerely

M V Gowtama

Bengaluru
11 August 2017

M V Gowtama
Chairman & Managing Director

Awards

Government of Karnataka's 'State Export Excellence Award' in the 'Electronics & Communications category (excluding IT/BT & ITES sector)'

'Excellence Award' for Official Language Implementation

Indian Chamber of Commerce's PSE Excellence Awards for 'Operational Performance Excellence', 'R&D, Technology Development and Innovation', 'Corporate Governance' and 'HR Management Excellence', under Navratna category

Highlights

Foundation laying for BEL's Advanced Night Vision Products Factory at Nimmaluru, Krishna District, Andhra Pradesh

Visit of Mr Manohar Parrikar, the then Hon'ble Raksha Mantri, to the BEL stall at Aero India 2017

MoU signing between BEL and Space Applications Centre, ISRO Ahmedabad, for the 'Joint Development of various Technologies and extending co-operation for manufacturing on priority'

CSR Highlights

MoU for the adoption of Government ITIs in Maharashtra by BEL's Pune and Navi Mumbai Units, in the presence of Mr Devendra Fadnavis, Chief Minister of Maharashtra

Students of ITI Mulshi working on sewing machines donated by BEL-Pune in support of 'Skill India Initiative'

Inauguration of the renovated public utilities near BEL Circle in Bengaluru, including new traffic island, toilets and bus shelters

Highlights

Launch of Remote Controlled Weapon Station for MBT Arjun Mk II at Aero India 2017

Dedication of Mobile Cellular Communication System, the first 3G network for the Indian Army designed and executed by BEL, to the Srinagar-based 15 Corps

National Vendor Development Programe-cum-Industrial Exhibition organised by BEL, in association with the MSME Development Institute, Ministry of MSME, Government of India, and All Industries Associations of Karnataka

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Board of Directors

(as on 1 August 2017)

Mr M V Gowtama
Chairman & Managing Director

Dr Ajit T Kalghatgi
Director
(Research & Development)

Mr Girish Kumar
Director
(Bangalore Complex)

Mr Nataraj Krishnappa
Director
(Other Units)

Mrs Anandi Ramalingam
Director
(Marketing)

Mr R N Bagdalkar
Director
(Human Resources)

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

Dr Bhaskar Ramamurthi
Director, IIT Chennai
Independent Director

Dr R K Shevgaonkar
Professor, IIT Mumbai
Independent Director

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

Mr Sharad Sanghi
Entrepreneur
Independent Director

Mr Koshy Alexander
Chief Financial Officer
(Key Managerial Personnel)

Mr S Sreenivas
Company Secretary
(Key Managerial Personnel)

Principal Executives

(as on 1 August 2017)

Mr S Shiva Kumar, IAS
Chief Vigilance Officer

Executive Directors / General Managers

Mr M M Joshi
ED NM/Delhi - CO

Mr Manmohan Pandey
GM PS/Delhi - CO

Mrs Hema G Acharya
GM IA - CO

Mr V Kiran
GM IM - CO

Mrs K Hemalatha
GM SP - CO

Mr Rama Reddy
GM TP - CO

Mr N Vikraman
GM HR - CO

Mr Sanmoy Kumar Acharya
ED EW&A - BG

Cdr T Jagannath (Retd.)
GM Components - BG

Mrs Rani Vergis
GM Finance - BG

Mr Vinay Kumar Katyal
GM MIL.COM. BG

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

Mr B S Ravi
GM MR - BG

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

Mr M S Shanmugadevasenapathy
GM EM - BG

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

Mr M Sivagnanam
GM ES - BG

Mr K M Shivakumaran
GM HR - BG

Mr S Mohanraj
GM Quality/CO - BG

Mr Jagdish Chand
GM MS - BG

Principal Executives

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

Mr R Srinivasan
GM - CHN

Mr Charan Singh
GM RADAR&UH - GAD

Mrs Shikha Gupta
GM SATCOM&CC - GAD

Mr Joydeep Majumdar
GM NCS - GAD

Mrs Ruchi Garg
GM DCCS - GAD

Mr R S Bhatnagar
GM ANTENNA - GAD

Mr M Venkata Rattayya
GM - HYD

Mr Manoj Kumar
GM - KOT

Mr T N Ramesh
GM - MC

Mr Umesh Chandra
GM - NAMU

Mr P K Changoiwala
GM - PK

Mr Dinesh Kumar Batra
GM - PUNE

R&D Establishments

Mr V Mahesh
Chief Scientist, CRL - BG

Mr Ranjan Banerjee
Chief Scientist, CRL - GAD

Mr M V Raja Sekhar
CTO EO&L - CO

Mr V Nanda Kumar
CTO COMMUNICATIONS - CO

Mr P Mohan Rao
CTO R&WS - CO

AUDITORS

Statutory Auditors
M/s Badari, Madhusudhan & Srinivasan, Bengaluru

Branch Auditors
M/s Malani Somani Chandak & Associates, Pune

M/s Ved and Company, Ghaziabad

M/s Tungala & Co, Machilipatnam

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

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 2017 together with the reports of the Statutory Auditors and the comments of Comptroller and Auditor General of India thereon.

Financial Results and Performance Highlights

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

(₹ in Lakhs)

Particulars	2016-17	2015-16
Value of Production	**924,383**	777,537
Turnover (Gross)	**882,470**	754,117
Profit Before Depreciation, Finance Cost and Tax	**223,272**	190,884
Finance Cost	**1,178**	451
Depreciation	**19,152**	17,221
Provision for Tax	**48,180**	42,476
Profit After Tax	**154,762**	130,736
Other Comprehensive Income	**(9,185)**	(2,236)
Total Comprehensive Income	**145,577**	128,500
Dividend paid	**61,604**	24,560
Tax on Dividend	**12,541**	4,999
Transfer to General Reserve	**40,000**	40,000
Transfer to Capital Reserve	**-**	2
Other Equity (including Reserves and Surplus)	**728,518**	874,360
Net Worth	**750,854**	898,360
Earnings Per Share (in ₹)*	**6.64**	5.45
Book Value Per Share (in ₹)*	**33.62**	37.43

* Consequent to sub division of equity shares (in March, 2017), the earnings per share (EPS) has been adjusted for previous year in accordance with Indian Accounting Standard (Ind AS) 33 Earnings Per Share (EPS). Accordingly, the book value per share for the previous year has also been adjusted.

Distribution of Value of Production for 2016-17 is given below:

Particulars	Amount (₹ in Lakhs)	Percentage
Materials	483,222	52%
Employee Cost	154,831	17%
Other Expenses (Net)	64,236	7%
Depreciation & Amortization	19,152	2%
Provision for Tax	48,180	5%
Profit After Tax	154,762	17%
Total	**924,383**	**100%**

Company's turnover for the year 2016-17 has increased to ₹ 882,470 lakhs from ₹ 754,117 lakhs in 2015-16, registering a growth of 17.02%. Profit after Tax for the year is ₹ 154,762 lakhs as against ₹ 130,736 lakhs in the previous year. Turnover from indigenously developed products is 87%. Supplies to the defence contributed to 88% of turnover as against 82% in 2015-16.

During the year 2016-17, your Company had bought back 16,637,207 equity shares of ₹ 10/- each fully paid-up at price of ₹ 1,305/- per share subsequent to which the paid-up share capital of the Company stands reduced to ₹ 22,336 lakhs.

During the year the Company had completed sub-division of one equity share of ₹ 10/- each fully paid-up into 10 equity shares of ₹ 1/- each fully paid-up w.e.f. 16 March 2017.

Dividend

The Board has recommended a Final Dividend of ₹ 1.05/- per equity share of ₹ 1 each (105%), ₹ 23,453 lakhs for the year 2016-17. A first interim dividend of ₹ 3.00/- per equity share of ₹ 10 each (30%), ₹ 6,701 lakhs and second interim dividend of 90 paisa per equity share of ₹ 1 each (after sub-division of equity shares) (90%), ₹ 20,103 lakhs was paid for the year 2016-17. Thus, the total dividend for the year 2016-17 is ₹ 2.25/- per equity share calculated at ₹ 1 per equity share (225%), ₹ 50,257 lakhs (excluding dividend distribution tax).

Amount Transferred to Reserves

An amount of ₹ 40,000 lakhs is proposed to be transferred to General Reserves for the year 2016-17.

Major Orders Executed

Major Projects executed during the year for tri services and non-defence customers include : Akash Weapon System (Army & Airforce), Hand Held Thermal Imager with Laser Range Finder to Army, 3 Dimensional Tactical Control Radar to Army, Weapon Locating Radar to Army, Fire control Systems to Navy, Integrated Air Command and Control System to Air Force, L 70 Gun Upgrade to Army, Low Level Light Weight Radar to Airforce, Ship Borne EW System to Navy and New Generation Sonars to Navy.

Exports

Your Company achieved an export sale of US$ 65.5 Million over the previous year's export turnover of US$ 85.07 million. BEL has an export order book of US$ 85 million as on

1 April 2017 which includes offset order book of US$ 17 million. The targeted export sales for the year 2017-18 is US$ 72 million. The long term export plan of BEL is to reach sustained export sales to total sales turnover ratio of 10% from the current level of 4.9%.

During this year, major range of products exported includes, CSS, CoMPASS, VHF Radio Bharti, ACCS, SANKET, EO FCS, Electro Mechanical parts etc.

During the year few major naval projects planned for execution did not materialise as the customer was not ready to receive the system integration and consequentially there was a decline in export. The transforming political scenario, change in the leadership and global financial crunch has resulted in not realizing the contracts, even though BEL has submitted proposals for various products/systems to countries like Myanmar, Vietnam, Sri Lanka, Malaysia, Egypt. The African and Latin American countries are carefully prioritizing their procurements to meet their social needs ahead of defence procurements. Many of the MoUs signed with OEMs for discharging offset have not progressed to contract stage as per MoD acquisition plan. In view of the revised DPP for discharge of offsets, offset business has not been, as anticipated earlier. However, BEL continues its efforts to enhance export business.

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

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

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

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

BEL has participated in three International Exhibitions to showcase its products & capabilities and for creating brand awareness among global supply chain partners. BEL publishes periodic advertisements in international/defence magazines/ periodicals/journals to enhance the visibility of BEL. BEL participated in Aero India 2017, Bengaluru with a focus on exports.

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

MoU with Government

Your Company has been signing a Memorandum of Understanding (MoU) every year with the Government of India, Ministry of Defence. Performance of BEL for the year 2015-16 has been rated as "Excellent" in terms of the MoU with the Government. The MoU rating for 2016-17 is under review by the Government.

Order Book Position

The order book of Company as on 01 April 2017 is around ₹ 40,242 Crores. The order book comprises mainly major programs like Integrated Air Command Control System, Long Range Surface to Air Missile, Battlefield Surveillance System, Weapon Locating Radar, EW Suite, Hand Held Thermal Imager with Laser Range Finder, Advance Composite Communication System, Ground Based Mobile ELNIT, Command Information Decision Support System, Electronic Voting machine, Fire Control System, Gun/Tank Upgrades Communication Sets, New Generation Radars and Sonars etc.

Finance

During this year, your company has been able to enhance shareholders value through Buyback of shares and higher dividend payout. The Company returned 25% of share capital and free reserves amounting to ₹ 217,116 lakhs to the shareholders which was completed in November 2016. Apart from the final dividend of ₹ 34,800 lakhs (145%) of

2015-16 which was paid out in 2016-17, two interim dividends amounting to ₹ 26,804 lakhs were paid out before the closure of the financial year 2016-17. Further, the face value of equity shares of ₹ 10 each was sub divided into 10 equity shares of ₹ 1 each in order to enhance the retail participation in the shares of the Company. The initiatives taken by your Company in taking up some major projects is progressing well and the outcome should strengthen the Company's journey to a higher trajectory of turnover and growth. During the year your Company has been able to meet all the incremental working capital requirements and most of the capital requirements. Company has availed a term loan of ₹ 5,000 lakhs to fund its CAPEX requirements as on 31 March 2017. Your Company has retained the highest rating by ICRA for both short term and long term.

The Inventory position (net) of the company as on 31 March 2017 was ₹ 490,501 lakhs as against ₹ 417,747 lakhs as on 31 March 2016. This works out to 206 days of value of production (DPE) as on 31 March 2017 thus maintaining the 206 days achieved as on 31 March 2016.

The position of Trade Receivables (net) as on 31 March 2017 was ₹ 435,488 lakhs as against ₹ 371,193 lakhs as on 31 March 2016. This works out to 180 days of turnover thus maintaining the 180 days of turnover achieved during the previous year. This has been possible due to better performance in collection of receivables.

Indian Accounting Standards

As required under Companies (Indian Accounting Standard) Rules, 2015 (notification no. 111 (E) dated 16.02.2015 issued by Ministry of Corporate Affairs) the company has prepared its financial statements in accordance with Indian Accounting Standards (Ind AS) with effect from financial year 2016-17 along with comparatives for the previous financial year 2015-16. As required, the company has also prepared an Ind AS compliant opening Balance Sheet as on the date of transition to Ind AS, i.e., 1st April 2015.

The newly notified "Indian Accounting Standards" (Ind AS) has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

An explanation of how the transition from previous GAAP (IGAAP) to Ind AS has affected the reported Balance Sheet, financial performance and cash flows has been provided at Note 37 of the Standalone and Consolidated financial statements.

Deposits

The Company does not have any Public Deposit Scheme at present. However, matured (collected in the past) Public Deposit amount with the Company was ₹ 36.95 lakhs as on 31 March 2017. Out of these 34 deposits amounting to ₹ 36.50 lakhs are not claimed or not paid as these accounts are frozen on advice by Karnataka Lokayukta, remaining mature deposits of ₹ 0.45 lakh as on 31 March 2017 is unpaid due to in-sufficient documents/records produced by Depositors. The entire amount of Public Deposit outstanding as on 31 March 2017 is included in the Other Financial Liabilities Note of the Balance Sheet.

Research & Development

Research and Development (R&D) has been the core strength of BEL. Various R&D Divisions of BEL are involved in developments of Strategic components, Technology Modules, Subsystems, Products, Systems and System of Systems. Apart from in-house efforts, BEL R&D Engineers are working with DRDO, Other National Research Laboratories and Academic Institutes for Joint development. During 2016-17, R&D activities have been carried out in all the business segments namely Radars, Military Communication, Naval Systems, Missile Systems, Electronic Warfare, Avionics, C4I systems, Electro-optics, Tank Electronics, Gun up-grades, Civilian Equipments & Systems and Components.

BEL has Three-Tier R&D Structure namely CRL, Central D&E and PD&IC (Product Design & Innovation Centre) and D&Es attached to SBUs/Units.

Two Central Research Laboratories (CRLs) at Bengaluru and Ghaziabad are involved in conducting futuristic R&D in core technology areas of BEL and develop enabling technology modules for use by SBUs/Units.

Central D&E and PD&IC at Bengaluru develop common technology modules as required by SBUs/Units like Radar Signal Processing Units, Encryption modules, Microwave components, Computing elements, Power Amplifiers, Power supplies, MMICs, Displays etc.

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

The analysis of turnover of the company for the year 2016-17 indicates that 87% of the Turnover is from products developed through in-house effort and jointly with DRDO and remaining 13% of Turnover is from Products/System for which technologies were acquired through Foreign/Indian Collaborators.

During 2016-17, the R&D Divisions of BEL have completed development of several new Products/Systems/Technology modules.

The following are some New Products/Systems for which development has been completed and some of them were introduced during the year.

Weapon Locating Radar (First-off Production Model)

Weapon Locating Radar is developed for identifying the launch points of weapons accurately. It acts as a forced multiplier in the war field.

BFSR – XR Radar

Battle Field Surveillance Radar is a man portable, battery operated, tripod mounted Pulse Doppler Radar. It is capable of detecting moving targets in the operating band. The Radar can be operated using remote Control and Display Unit .

IFF MKII Radar for ADFCR

Identification of Friend or Foe Radar Mark II is designed to work with Air Defence Fire Control Radar in interrogation modes.

HUMSA NG – P15B

HUMSA NG for P15B class of ships is a Bow mounted Active cum Passive Sonar used for surveillance and tracking of surface & subsurface targets in both active & passive modes with enhanced fault tolerance and interfacing capabilities.

USHUS-2

USHUS-2, an Integrated Submarine Sonar Suite, designed to effectively challenge the underwater threats in a comprehensive way. It consists of multi sensors for Active, Passive, Under Water Communication, Intercept and Obstacle Avoidance operations.

Coastal surveillance System – Maldives

Coastal Surveillance system is a Maritime Rescue Co-ordination Centre built by networking 10 Radar Sensors connected to a Control Centre. The Radar Stations are built with sensor equipment such as Radar, Automatic Identification System and Electro-optic System for generating the data related to air and sea surface targets.

ACCS for Indigenous Aircraft Carrier

The Advanced Composite Communication System (ACCS) is an IP based Integrated communication system provides quick and reliable communication over VLF, MF, HF, V/UHF and Satcom bands facilitating Ship to Ship, Ship to Shore and Ship to Air communications. The System is installed in Indigenous Air Craft Carrier.

Ship Data Network for P15B

The Gigabit Ethernet based Ship Data Network (GBE SDN) for P15B provides a single broadband network for voice traffic, real time data and video for external communication, Combat Management System and Ship System Equipment. SDN also provides a Network Health Monitoring system to monitor and manage the health of its elements.

RRF Upgrade to 8 Mbps (High Band)

Existing Radio Relays supplied to customer support 2 Mbps data rate. The equipment have been upgraded to 8 Mbps and additionally ECCM feature has been added. It gives reliable communication in terminal mode and in repeater mode.

Bharati Radio (Export)

VHF Tactical Radio (Bharati) is software configurable indigenously designed frequency hopping Radio in the frequency band of 30 MHz to 88 MHz. It is a lightweight, compact design, high performance Voice and Data communication equipment for Manpack and Mobile role.

Data Link for Missiles

Missile Data link provides secure two way communication between Ground station and Missile. The design is based on CDMA-Direct Sequence Spread Spectrum (DSSS) technology.

BEACON MKIII

BEACON MKIII is a compact crypto device providing high grade of secrecy for data communication on PSTN Lines using V.34 modem and LAN/WAN Network (10/100 Mbps). It supports both "ON Line & OFF Line" modes of operation.

Ship borne EW system

Ship borne EW system is a modern ESM system operating from B-J Band with high Direction of Arrival accuracy (DoA). The system is designed with wide band and narrow band receivers with inbuilt finger printing capability. The system is compact and can be configured for different class of ships.

Hand held Thermal Imager with Laser Range Finder (HHTI with LRF)

HHTI with LRF is an integrated multifunction sight consisting of Thermal Imager, Laser Range Finder, CCD Colour Day Camera, Global Positioning System and Digital Magnetic Compass with inbuilt Clinometer. The equipment is capable of providing day and night viewing capability, target range measurement, Self Position of Observer and target co-ordinates during day/night.

Border Surveillance System (BoSS)

Border Surveillance System (BoSS) uses sensors like Day Camera, Thermal Imager and Battle Field Surveillance Radar (BFSR) to acquire target information and transmit these information to Control station through Optical Fiber Cable (OFC)/Wireless Link.

Uncooled TI Binocular

Uncooled TI binocular is a state-of-the-art long range hand held dual field of view thermal imaging camera used for surveillance purpose.

VVPAT (Voter Verifiable Paper Audit Trail)-MK2

VVPAT system is designed with a Thermal printer that interfaces with the Control Unit and Ballot Unit in the conventional Electronic Voting Machine (EVM). The VVPAT system prints the voter's franchise on a thermal Paper slip and gives visual indication to the voter.

POS for FPS Automation

The Point of Sale (POS) device is used for automation of Ration distribution process including online Aadhar Authentication of beneficiaries, distribution to genuine beneficiaries and inventory reporting at the Fair Price Shop.

Dual Frequency IP Modem

Dual Frequency IP Modem is a Ethernet coherent modem with Dual frequency outputs to mitigate multipath effects and supports voice/video/data for Tropo Communication.

2 KW SSPA (Tropo)

2KW L/S Band Amplifier is a broadband high frequency Power amplifier with modular construction to achieve graceful degradation of power and network management support.

New Facilities Established During the Year

Company has been continuously modernizing its infrastructure to be in tune with the changing needs of the technology/ products. Specific groups in all the units scan the technology changes that are taking place and identify new processes in the world market for acquisition. This enables the company to maintain its infrastructure on par with international standards. During the year 2016-17, Company has spent ₹ 612 Crores as part of CAPEX investments. The expenditure is fully met through internal accruals. Following are some of the major facilities established during the year.

- Inauguration of New Radar Assembly Hangar at Ghaziabad unit for Assembly, Testing and Integration of Radar & Antenna Systems.
- "Blowing Sand & Dust Test Facility" at Bengaluru Unit established for testing of Abrasion resistance of sub-systems mounted externally on Aircrafts as part of augmenting the quality related infrastructure.
- Electro Magnetic Compatibility (EMC) Chamber for system level testing facility at Bengaluru Unit.
- Pulse Current Injection Test Facility (PCI) for High Altitude Electro Magnetic Pulse/Nuclear Electro Magnetic Pulse (HEMP)/(NEMP) test of various system level projects at Bengaluru Unit.
- New Electronics Manufacturing Services (EMS) assembly line with state-of-the-Art Surface Mount Technology (SMT) machine, wave soldering machine and Automated Optical Inspection (AOI) at Bengaluru Unit.
- The Low Pressure Chemical Vapor Deposition (LPCVD) equipment of the IC Wafer Fab Facility upgraded to handle wafers from 4" dia. to 6" diameter at Bengaluru Unit.
- New Photovoltaic Module Line and up-gradation of the existing Solar Cell Plant with auto wet etching & automated printing lines at Bengaluru Unit.
- Automated Transmit/Receive Module Assembly Line consisting of die-attach & wire-bonding lines to increase the X-Band TR Modules production capacity.

Quality

Quality, Technology and Innovation are three guiding pillars of BEL's business initiatives. Quality, being the first pillar, has been one of the focus areas for the company. Quality initiatives have been taken up for improvement in performance related to Product Design, On-time-Delivery, Process Cycle Times, SPC, Quality Control etc. in order to enhance Quality of Products and Services rendered to customers. Improvement of Customer Satisfaction Index to 84% during 2016-17 is an important outcome of the efforts.

The Company is committed for improvement of its activities through process approach in line with World-Class Quality Systems. All Units/Strategic Business Units (SBUs)/Central

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

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

The ISO 9001:2008 version for QMS and ISO 14001:2004 version for EMS have been revised to 2015 versions in September 2015. Similarly, AS 9001 Ver 'C' has been upgraded to Ver 'D' in Oct 2016. In order to upgrade these certifications in BEL, Awareness Training programmes, Lead Auditor Training programmes and Conversion Programme for Lead Auditors of older versions of Standards to newer versions of the Standards have been conducted for personnel from various SBUs/Units. Some of the SBUs/CSGs viz. Common Manufacturing Services, Engineering Services, Central Quality Assurance of BG-CX, Pune Unit, Machilipatnam Unit have upgraded to the latest 2015 Version of ISO 9001 Certification.

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

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

Continual improvements in products and processes are being brought about through various approaches. One such approach is 'Six Sigma methodology'. Junior and Middle level executives select Sig Sigma projects from different areas of concern related to products and processes to bring about improvements. In order to effectively implement Six-Sigma methodology and to bring in a culture of improvement through analytical approach, select senior executives (16 persons) from the Units are periodically trained as 'Black Belt' by Indian Statistical Institute, Bengaluru. These Black Belts guide other executives (Green Belts) in their Six Sigma projects. 452 Six Sigma projects were completed in financial year 2016-17. Thirty Seven Six Sigma projects were nominated for National level Competitions/Seminars and all have won various categories of awards. Two BEL Projects won National Level Championships in February 2017 in DFSS and LEAN streams.

The organization has facilitated involvement of Non-executives in the Quality Movement through Quality Control Circles (QCC). In the year 2016-17, 753 QCC Presentations for improvement in products and processes were made by various QCCs. Many QCC circles were nominated to participate in national competitions/conventions and all were adjudged for various categories of Awards. One of the QCCs, which won CMD's Rolling Shield in Inter Unit QCC Competition, represented BEL in International Convention, ICQCC 2016, held at Bangkok, Thailand and won the "Gold award".

Another approach for Quality Improvement is through Suggestion Scheme, wherein employees from Non executives up to Managers provide suggestions for which they are suitably rewarded on implementation of their suggestions. Around 3400 suggestions were given by employees this year. Selected BEL employees participated at 27th National Level Convention conducted by Indian National Suggestion Schemes' Association during January 2017 at Jamshedpur and won 6 Awards under various categories. Bangalore Complex was awarded the First Prize for "Excellence in Suggestion Scheme 2016" under Engineering Industry Category at the National Level.

The Company has nominated D&E engineers for Certified Reliability Engineer (CRE) program conducted by American Society for Quality (ASQ). 39 D&E engineers were professionally certified for CRE in year 2016-17 taking the number of CREs in the Company to 191.

37 operating level Quality engineers in various SBUs/ Units were certified during the year under Certified Quality

Engineers (CQE) program by the American Society for Quality (ASQ) taking the number of CQEs in the Company to 141. Next higher level program, viz. Certified Manager for Quality and Organisation Excellence (CMQ&OE) for senior level executives, was also conducted by ASQ and 14 senior executives were certified during the year.

Revision of existing BEL Quality Manual in line with the latest versions of the Quality Management Systems Standard including Business Excellence was taken up during the year.

A 'Quality Recognition Award' scheme was introduced this year. Units/SBUs were evaluated for a number of Quality related parameters and best three Units viz. EW&A SBU of BG-CX, PK Unit and RAD SBU of Ghaziabad Unit were awarded prizes.

In order to inculcate a culture of Project Management, training programs for Project Management Professionals (PMP) were conducted. Post training, 75 PMPs was certified by Project Management Institute (PMI) in year 2016-17. Besides this, customised training programs, viz. Project Management Implementation Programme (PMIP) were conducted for lower level executives to enable them to use Project Management concepts in their work.

An independent Customer Satisfaction Survey (CSS) was done through an external agency, viz. M/s Market Insight Consultants (MIC) NOIDA, to capture the Customers' Perceptions on Quality of BEL's Products and Services. Fourteen products from various Units/SBUs were included in the Survey. Customer Satisfaction Index of 84% (average) was the outcome of the Survey which is marginally higher than 83% achieved in 2015-16 and with an increasing trend over the years.

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

Human Resources

Your Company employed 9,716 persons as on 31 March 2017 as against 9,848 persons as on 31 March 2016. Of these employees, 4,676 were engineers/scientists and 2,028 were women employees as on 31 March 2017. A total of 192 executives and 152 non-executives were inducted during the year. 58 employees belonging to SC, 22 employees belonging to ST, 119 employees belonging to OBC and 19 employees belonging to the minority community were recruited during the year.

Your Company has been implementing the Government Directives on Reservation. The particulars of SC/ST and other categories of employees as on 31 March 2017 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	975	32	702	42
Scheduled Tribe	327	5	142	23
OBC	1166	36	871	33
Ex-Servicemen	98	6	281	65
Physically Challenged	98	3	123	13

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

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

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

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

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

An Internal Complaints Committee has been constituted in each of the nine constituent units including Corporate Office to redress complaints relating to sexual harassment. During the year, the Company received 2 complaints on sexual harassment and one complaint is pending as at the end of the financial year.

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

Awards and Recognitions

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

- BEL has won Dun & Bradstreet Corporate Award 2016 in Electrical & Electronics Category.
- BEL won four "PSE Excellence Awards 2015", instituted by the Indian Chamber of Commerce, Kolkata under the Navratna category.

  Details of Award received :

  - Second prize in "Operational Performance Excellence"
  - Second prize in "R&D, Technology Development and Innovation"
  - Third prize in "Corporate Governance"
  - Third prize in "HR Management Excellence"
- India Skill Award -2016: BEL won India Skill Award 2016 in recognition of augmenting skill development process for the country by engaging maximum apprentices in the category of Central Public Sector from Ministry of Skill Development & Entrepreneurship.
- Most Enterprising CEO in Electronics Sector : The Indo Global Business Council (IGBC), a policy think tank based in New Delhi has awarded the Chairman and Managing Director as "Most Enterprising CEO in Electronics Sector".
- BEL has won the "State Export Excellence Award 2014-15" in the product category of Electronics and Communication from Govt. of Karnataka under medium/large Enterprise category.
- India Pride Awards 2016-17: BEL has won the "Dainik Bhaskar India Pride Award" for the year 2016-17 in the 'Defence' category.
- Panchkula Unit has won Gold Prize in the International Convention of Quality Circle (QCC) held at Bangkok.
- BEL has won 4 Gold, 6 Silver and 1 Bronze Award in the Quality Circle Forum of India (QCFI) Six Sigma Competition held on 22 May 2016 in Mysuru, Karnataka.
- INSSAN Award for Excellence in Suggestion Scheme : BEL Bengaluru and Ghaziabad Units were awarded the 1st and 3rd prizes respectively for excellence in suggestion schemes for the year 2015-16 in Engineering Industry Group, during the 27th National Convention organized by Indian National Suggestion Schemes' Association (INSSAN) on 20 & 21 January 2017 at Jamshedpur.

Environment Management

The philosophy of Bharat Electronics is to bring sustainability initiatives in all aspects of its operations by systematically integrating best practices to bring in cleaner technologies and greening the environment through recycle, reuse and reduce approach. All the units of Bharat Electronics are continuously introducing environment friendly processes to build in sustainability in their products and services bringing forth environmental sustainability results. The company is guided by DPE guidelines and other directives from the Ministry of Defence to achieve sustainability targets for enhancing environmental performance of products and services by adopting breakthrough technologies to minimise environmental impacts from design to disposal at end of life. The practices of conserving natural resources, energy conservation, water conservation and reduction in waste generation are inculcated in the fabric of the organisation across all units of the company. The company looks at opportunities beyond legal requirements to meet environmental commitments through improvised performance.

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

Subsidiaries, Joint Ventures and Associates

BEL Optronic Devices Limited (BELOP), engaged in the business of manufacturing of Image Intensifier Tubes, is a wholly owned subsidiary of BEL. Your Company has made further investment to the tune of ₹ 4,919.60 lakhs (21,38,957 equity shares of ₹ 100/- each at a premium of ₹ 130/- per share) in the equity shares of BELOP by subscribing to right issue made by BELOP.

BELOP achieved a turnover of ₹ 12,388 lakhs for the year as against ₹ 10,928 lakhs in the previous year. The profit after tax (PAT) for the year was ₹ 482 lakhs as against ₹ 279 lakhs in the previous year. BELOP has proposed a dividend of ₹ 2.44 per share for FY 2016-17.

The associate Company GE-BE Private Limited continues to perform well. This Company manufactures CT Max and other latest version X-Ray Tubes. BEL supplies some parts required for the products manufactured by this Company. GE-BE Pvt. Ltd. recorded a turnover of ₹ 79,985 lakhs for the year as against ₹ 79,523 lakhs in the previous year. The profit after tax (PAT) was ₹ 10,130 lakhs for the year as against ₹ 12,750 lakhs in the previous year. The Company has declared 100% dividend for the year 2016-17 and BEL will receive ₹ 260 lakhs as dividend from this Company on BEL's share of investment.

M/s BEL-THALES Systems Limited (BTSL), a subsidiary, was formed for design, development, marketing, supply and support of civilian and select defence radars for Indian and Global markets. Your Company holds 74% of the equity capital of BTSL. Your Company has made further investment to the tune of ₹ 2,606 lakhs by subscribing to 26,05,938 equity shares of ₹ 100/- each during the year. During the third year of its operation, it incurred a loss of ₹ 82 Lakhs as against a loss of ₹ 245 lakhs incurred during the previous year.

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

Consolidated Financial Statements

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

Vigilance

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

During the year 2422 Purchase Orders/Contracts have been reviewed. CTE Type intensive examination has been restructured with the formation 5 IE teams. CTE Type of Intensive Examination of 34 High value Procurements Contracts has been taken during the year. Regular and surprise checks/inspection has also been conducted by the field Vigilance Officers. During the year, 70 Complaints, including the 6 Complaints referred by CVC/MOD/CBI were received. Out of this, 43 Complaints including 6 Complaints referred by CVC/MOD/CBI were disposed. Disciplinary action and System/Process improvement has been recommended in some cases where lapses were observed. Three Complaints are pending with CBI for investigation.

During the year 105 Probationary Engineers at the induction level, 629 Executives and 266 Non-executives were given Basic Awareness Program on Vigilance. Apart from this, 474 Senior Executives were given Customised Training Program on Vigilance, Cyber Crimes and Preventive Vigilance measures. 37 Executives & 34 Non Executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 99%.

Vigilance Department received the ISO 9001/2015 Certification for the Vigilance function of BEL in June 2016. The Surveillance Audit has been completed during February 2017.

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

- E Procurement - about 85% of the procurements excluding the ToT procurement, Long term Rate Contracts and Repeat Orders, were covered under e-procurement mode.
- Online registration of Vendors.
- Vendor Payment Information System.
- E Payment to Vendors.
- Details of Awarded Contracts/Purchase Orders valuing more than ₹ 10 lakhs in respect of works contracts, service contracts, capital items and non-production items have been posted in the website.
- Details of Awarded Contracts/Purchase Orders issued on nomination/single tender basis value exceeding ₹ 5 Lakhs have been posted in the website.

- Purchase Procedure, and Works Contract Manual have been revised and were posted in the BEL website.
- Complaint Handling Policy and Whistle Blower Policy is posted in the website.
- Corruption Risk Management Policy is framed and issued for implementation. The same is posted in the web site.
- Vendors' Directory, after flagging removing defunct vendors, have been posted in the Company's website.
- File Lifecycle Management System has been implemented across the company and the coverage is about 79% of the total files generated in the Company.
- On-line filing of Annual Property Returns (APRs) is implemented for all the Executives and the Executives have filed their Annual declaration of Assets and Liabilities (APR) in SAP for the year 2014, 2015 and 2016.

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 :

1) Vigilance awareness week 2016 was observed during October/November 2016. The observance of the Week was marked with special address by eminent personalities. About 2000 students from Government Schools and Colleges in and around Bengaluru were brought to BEL campus and were shown Skit plays and Video films portraying National Integration and Anti Corruption messages. Similar Anti Corruption Awareness Program in the form of skit plays and inspirational video films were arranged for the School students of BEL Educational institutions covering about 750 students. Anti Corruption Awareness Program through 5th Pillar, an NGO on Anti Corruption movement, was also organized during the observance of the VAW 2016, covering about 750 students from BEL Schools and College. During the week, Walkathon and Cycle rally by BEL School Children, Tree plantations and distribution of saplings, unveiling of Vigilance Slogan Boards and series of lecture by distinguished personalities and Competitions were organized.
2) E Pledge, an initiative of the Commission was facilitated in BEL-Intranet apart from taking the pledge in the CVC website.
3) Training programs were organised for Vigilance Officers through Guest lectures by faculties from CBI, Bengaluru, Deloitte, Data Security Council of India.
4) Nine Vigilance Officers underwent the training course on ISO 9001/2015 and certified as Qualified Internal Auditors on ISO 9001:2015 Standards.
5) Information booklet on "Guidelines for Contract Workers and useful information (Edition 2) was issued by BEL-GAD Unit for the benefit of the Contract Workers engaged in BEL-GAD Unit.
6) Information booklet on "Do's and Dont's in Procurement and Works Contract was also issued for the benefit of Executives who are working in Contracts and Purchase Departments.
7) About 3041 BEL employees have successfully completed the Online Certified Program on Public Procurement organized by World Bank. About 60 Executives who have successfully completed the CPPP with distinction have taken the next level course of "Professional Diploma in Public Procurement" conducted by Indian Institute of Materials Management (IIMM). Apart from this, 173 employees have successfully completed the CPCM (Certificate Program in Contract Management) conducted by World Bank.

Integrity Pact

One of the recent initiatives of the Central Vigilance Commission (CVC) to eradicate corruption in procurement activity is introduction of the Integrity Pact in large value contracts in Government Organizations. In line with the directives from Ministry of Defence and the Central Vigilance Commission, your Company has adopted Integrity Pact with all vendors/suppliers/contractors/service providers for all Orders/Contracts of value ₹ 2,000 lakhs and above, initially. This threshold value was reduced to ₹ 1,000 lakhs from March 2013 and further reduced to ₹ 500 lakhs from May 2014 subsequently it was further reduced to ₹ 400 lakhs from September 2016. The Pact essentially envisages an agreement between the prospective vendors/bidders and the Principal (BEL), committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, the Company has appointed Mr M D Paliath, IDAS (Retd) and Mr Shankar Narayan, Dy. CAG (Retd) for monitoring implementation of Integrity Pact in the Company. During the financial year 2016-17 the IEMs reviewed 260 contracts and held structured meetings with the Chairman & Managing Director.

Procurement from MSEs

Your Company has been providing increased thrust on enhancing procurement from MSEs and is implementing Public Procurement Policy for Micro & Small Enterprises (MSEs) as per the guidelines/notification issued by the Ministry of MSEs. Out of the total procurement during 2016-17, Procurement from MSE vendors is more than 20%.

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

BEL and MSME Development Institute, Bengaluru jointly organized National Vendor Development Program – 2016 and Industrial Exhibition on 2 & 3 December 2016 at Bengaluru. The objective of the event was to bring all the stakeholders at one platform and provide them an opportunity to interact with each other. In addition to vendors from across India, including large numbers from MSE sector, the program was attended by Government officials, Financial Institutions, Vendor Associations, BEL officials from Procurement, R&D and Vigilance areas. The program also provided opportunity to MSE vendors for showcasing their capabilities in the Industrial Exhibition.

Implementation of Official Language Policy

Your company is committed to adhere to the OL policies of the Government of India. During 2016-17, efforts made towards implementation of Official Languages include :

OL Inspections :

Committee of Parliament on Official Language conducted OL inspections of Panchkula 07 June 2016 and Corporate Office on 14 July 2016. MoD officials conducted OL inspections of Hyderabad Unit on 24 October 2016. DD/OL - RIO conducted OL inspections of CO on 28 September 2016 and CRL/BG on 04 November 2016. Corporate OL Audit team conducted OL inspections at Ghaziabad, Hyderabad and Navi Mumbai Units, CRL-Ghaziabad and Regional Office at Delhi.

Annual Programme & Hindi Month Celebrations :

Company has achieved the targets prescribed in the Annual Program 2016-17 issued by Dept. of OL, MHA, GoI to transact official work in Hindi. Hindi Month was observed in all the Units and Offices of the Company. During Hindi month, employees and officers participated enthusiastically in various programs/competitions. Employees of various Units/Offices and Corporate Office bagged prizes in the Inter Organization TOLIC Competitions. Hindi workshops for those having working knowledge in Hindi were conducted during the year. Training on Unicode is being imparted for all Executives and Employees. Various Incentive Schemes are propagated among all employees and maximum number of Executives/ Employees took part in the scheme.

OL in Website & SAP :

OL Portal is in place to facilitate OL implementation across the company and to provide latest inputs pertaining to OL and is being updated. Hindi language has been enabled in SAP. Most of the Units have uploaded data pertaining to OL Training Roster on SAP. Company's website is available in Hindi and English and updated simultaneously.

New initiatives :

- Organising of maiden All India OL Conference on 10 January 2017 at CO Auditorium in which all units/Offices of BEL and TOLIC members were participated.
- Facility for On-line submission of OL Reports across BEL
- Publishing of CO-OL Magazine "Nava Prabha"
- Introducing Desk-to-Desk Workshop "RAJBHASHA AAP TAK"

Efforts are in progress to ensure OL Implementation and achieving progressive usage of Hindi across BEL.

Implementation of RTI Act

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

During the year 2016-17 the Company received and attended 489 requests for information under RTI Act. Most of the requests were for information related to recruitment, service related matters, third party and commercial secrets information.

Board Meetings/Change in Directors and Key Managerial Personnel

During the year 6 Board meetings were held, the details of which form part of the Corporate Governance Report.

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

Sl. No.	Name of the Director	Desig-nation	Date of Appointment	Date of Cessation
1	Mr Amol L Newaskar	Director (OU)	NA	30.04.2016
2	Mr Manmohan Handa	Director (BG)	NA	30.04.2016
3	Mr Girish Kumar	Director (BG)	01.05.2016	NA
4	Mr Nataraj Krishnappa	Director (OU)	01.05.2016	NA
5	Mr P C Jain	Director (Marketing)	NA	31.07.2016
6	Mr P R Acharya	Director (Finance) & CFO	NA	19.08.2016
7	Mr S K Sharma	Chairman & Managing Director	NA	30.09.2016
8	Mrs Anandi Ramalingam	Director (Marketing)	16.09.2016	NA
9	Mr Koshy Alexander	CFO	24.10.2016	NA
10	Mr M L Shanmukh	Director (HR)	NA	31.10.2016
11	Mr M V Gowtama	Chairman & Managing Director	08.11.2016	NA
12	Mr R N Bagdalkar	Director (HR)	23.01.2017	NA

During the year there was change in the Key Managerial Personnel of the Company i.e. Mr M V Gowtama was appointed as Chairman & Managing Director in place of Mr S K Sharma who retired on 30 September 2016 and Mr Koshy Alexander, GM (Finance) was appointed as Chief Financial Officer in place of Mr P R Acharya, Director (Finance) who was relieved from his services on 19 August 2016.

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

The following Additional Directors are being appointed as Directors on terms as set-out in the Notice of the 63rd Annual General Meeting;

Mr M V Gowtama, Mrs Anandi Ramalingam and Mr R N Bagdalkar.

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

Directors' Responsibility Statement :

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

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

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31 March 2017 and of the profit of the Company for the year ended on that date;

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

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

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

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

Significant and material orders

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

Events Subsequent to the Date of Financial Statements :

Material changes and commitments affecting the financial position of the company which have occurred between 31 March 2017 and date of signing of this Report are - Nil.

Bonus Issue :

The Board of the Company has in its meeting held on 10th August 2017 approved the proposal for issue of one bonus equity share for every 10 equity shares held by the existing shareholders of the Company and the proposal is subject to approval of members at the ensuing Annual General Meeting.

Related Party Transactions

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee as also the Board for approval, if required. Members may refer to the notes to the accounts for details of related party transactions. The policy for related party transaction has been uploaded on the Company's website www.bel-india.com. Information pursuant to section 134(3)(h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report as "**Annexure 1".**

Corporate Social Responsibility

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

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

Pursuant to the requirement under the Companies (Corporate Social Responsibility) Rules, 2014, as amended, a report on CSR activities for financial year 2016-17 is annexed herewith as **"Annexure 2".**

Dividend Distribution Policy

Pursuant to Regulation 43A of the SEBI (LODR) Regulations, 2015, the top 500 listed Companies, based on market capitalization shall formulate a Dividend Distribution Policy. Accordingly, the Board of Directors at their meeting held on 26 April 2017 has approved the Dividend Distribution Policy to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders and/or retaining profits earned by the Company. The Dividend Distribution Policy has been posted on the Company's website, www.bel-india.com.

Auditors

Statutory Auditors

Pursuant to Section 139(5) of the Companies Act 2013, the Comptroller and Auditor General of India appointed M/s. Badari, Madhusudhan & Srinivasan, Chartered Accountants, Bengaluru, as Statutory Auditors for the financial year 2016-17 for audit of accounts of Bengaluru, Hyderabad and Chennai Units and Corporate Office. M/s Ved & Company, Chartered Accountants, Ghaziabad were appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for the financial year 2016-17. M/s Malani Somani Chandak & Associates, Chartered Accountants, Pune were appointed as Branch Auditors for Pune and Navi Mumbai Units for the financial year 2016-17. M/s Tungala & Co., Chartered Accountants, Machilipatnam were appointed as Branch Auditors for Machilipatnam Unit for financial year 2016-17.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the cost audit records maintained by the Company in respect of its Manufacturing activities are required to be audited by the Cost Auditor. Your Directors had, on the recommendation of the Audit Committee, appointed M/s GNV & Associates, Cost Accountants, Bengaluru as Cost Auditors of the Company for the financial year 2016-17 for conducting the audit of cost records of the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr Thirupal G, Practicing Company Secretary (PCS Registration No. 6424) for the financial year 2016-17 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed to this report as **"Annexure 3"**.

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

Auditors' Report

Auditors' Report on the financial statements for the financial year 2016-17 and **"Nil"** Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements are appended to this report.

Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the annual return in the form MGT-9 is annexed to this report as **"Annexure 4"**.

Business Risk Management

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

Remuneration Policy and Board Evaluation

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration, Board Evaluation etc. The details are set out in the corporate governance report.

Vigil Mechanism / Whistle Blower Policy

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

Declaration from Independent Directors

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

Management Discussion and Analysis Report

Management Discussion and Analysis Report required under the SEBI (LODR) Regulations, 2015 and also under the Government (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this Report as **"Annexure 5".**

Particulars of Loans, Guarantees & Investments

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

Internal Financial Controls

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

Composition of Audit Committee

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

Corporate Governance Report

DPE guidelines on Corporate Governance for CPSEs provide that CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for 2015-16. In terms of Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines, a Report on Corporate Governance along with Compliance Certificate issued by Statutory Auditors of the Company is attached to this report as **"Annexure 6".**

Sustainability Report

The DPE guidelines on Sustainable Development for CPSEs mandate CPSEs to disclose their Sustainable Development efforts in a 'Standalone Report' or as a separate chapter in the Annual Report. Pursuant to this requirement, a Report on your Company's efforts on "Sustainable Development" is attached to this Report as **"Annexure 7".**

Business Responsibility Report

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

Your Company has prepared a comprehensive policy framework for BR report, after studying the SEBI (LODR) Regulations, 2015 requirements and keeping in view the business and governance environment in which BEL as a Defence PSU operates. Highlights of this policy are posted on the Company's website www.bel-india.com. The Company's BR report for the year is attached to this Report as **"Annexure 8".**

Other Disclosures

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

Acknowledgement

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

For and on behalf of the Board

Bengaluru **M V Gowtama**
11 August 2017 **Chairman & Managing Director**

Annexure 1

Form No. AOC-2

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

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

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

For and on behalf of the Board

Sd/-

Bengaluru
11 August 2017

M V Gowtama
Chairman & Managing Director

Annexure 2

REPORT ON CSR ACTIVITIES

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

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

   Weblink:https://www.bel-india.com/About Us/CSR & SD/CSR Policy

2. **The Composition of the CSR Committee.**

   Mr S K Sharma, Chairman (Chairman & Managing Director) (upto 30.09.2016)
   Mr M V Gowtama, Chairman (Chairman & Managing Director) (from 08.11.2016 onwards)
   Mr M L Shanmukh, Member (Director, Human Resources) (upto 31.10.2016)
   Mr R N Bagdalkar, Member (Director, Human Resources) (from 23.01.2017 onwards)
   Mr Amol Newaskar, Member (Director, Other Units) (upto 30.04.2016)
   Mr Nataraj Krishnappa, Member (Director, Other Units) (from 01.05.2016 onwards)
   Mr P R Acharya, Member (Director, Finance) (upto 19.08.2016)
   Dr R K Shevgaonkar, Member (Independent Director)

3. **Average net profit of the company for last three financial years ₹ 148,595.56 Lakhs**

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 2,971.91 Lakhs**

5. **Details of CSR spent during the financial year 2016-17 :**

   a. Total amount spent for the financial year;
   ₹ 1,164.12 Lakhs

   b. Amount unspent , if any;
   ₹ 1,821.98 Lakhs (carried forward)*

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

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

(₹ in Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or activity identified**	**Sector in which the Project is covered.**	**Projects or programs 1) Local area or other (2) Specify the State and projects or Programs were undertaken**	**Amount outlay (budget) Project or programs wise**	**Amount Spent on the projects or programs Sub-heads : (1) Direct expenditure on projects or programs. (2) Overheads :**	**Cumulative expenditure upto the reporting period**	**Amount spent : Direct or through implementing agency**
1	Development of adopted village 'Maralagundla' under Hon'ble PM's "Swachh Bharat Abhiyan" **Status : Ongoing**	Rural Development	Other : Ramnagara District, Karnataka	219.42	0.00	0.00	Direct
2	Construction of 12 Classrooms, Kitchen & Toilets block for girls and boys in GMHP school at Madikeri. **Status : Ongoing**	Promoting Education	Other : Kodagu District, Karnataka	209.88	35.00	35.00	Direct
3	Construction of male & female wards, toilets and provision for DG set & ambulance at Primary Health Centre, Mahagaon cross, Gulbarga **Status : Ongoing**	Promoting Healthcare	Other : Gulbarga District, Karnataka	120.84	53.57	53.57	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR Project or activity identified**	**Sector in which the Project is covered.**	**Projects or programs 1) Local area or other (2) Specify the State and projects or Programs were undertaken**	**Amount outlay (budget) Project or programs wise**	**Amount Spent on the projects or programs Sub-heads : (1) Direct expenditure on projects or programs. (2) Overheads :**	**Cumulative expenditure upto the reporting period**	**Amount spent : Direct or through implementing agency**
4	Setting up of STP in Dodda Bomma Sandra Lake, Bengaluru **Status : Ongoing**	Environm-ental Sustainabil-ity	Local : Bengaluru, Karnataka	730.00	9.97	9.97	Direct
5	Provision of solar modules to MGIRED, Jakkur; Augmentation & Infrastructure Facilities maintenance in educational institutions; Construction of CC Road near Kendriya Vidyalaya, Machilipatnam **Status : Ongoing**	Promoting Education	Local : Bengaluru, Karnataka; Machilipatnam, Andhra Pradesh	309.44	185.90	185.90	Direct
6	E Sagu – IT driven personalized argi-facilitator. **Status : Ongoing**	Rural Development	Other : Rangareddy district, Telangana State	30.00	14.00	14.00	Direct
7	Skill India Initiative – Adoption of Govt. ITIs, Vocational Skill Development of 700 rural youth **Status : Ongoing**	Promoting Education & Vocational Skill Development	Other : In 7 states Chikkaballapur district-Karnataka, Panchkula district-Haryana, Raigad & Pune districts of Maharashtra, Ghaziabad district-UP, Chennai-TN, Kotdwara district-Uttarakhand, Anantapur & Machilipatnam districts-AP	1237.09	736.25	736.25	Direct
8	CSR Admin Overheads	-	-	129.43	129.43	129.43	-
	TOTAL			**2986.10**	**1164.12**	**1164.12**	

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

   In order to have a long term social impact through CSR, the Company has taken up several initiatives with project duration of more than one year with milestone based payments spread across more than one fiscal year. This is also in line with DPE guidelines on CSR which mandates CPSE's to carry out CSR programs on a project mode across more than one financial year.

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

For and on behalf of the Board

Sd/-

M V Gowtama

Chairman & Managing Director

Bengaluru

11 August 2017

Annexure 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31 March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31 March 2017 according to the provisions of:

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

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

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

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable during the audit period);
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the audit period);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the audit period);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the audit period) and**
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (LODR Regulations).

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

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

(i) Department of Public Enterprises Guidelines ;

(ii) Guidelines issued by Ministry of Defence ;

(iii) Order/Regulations issued by the Govt. of India from time to time ;

(iv) E-Waste (Management & Handling) Rules, 2016.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However the company is yet to appoint the adequate number of Independent Directors on the Board as required under SEBI (LODR) Regulations, 2015. It is informed that the filling up of vacancies of the said Independent Directors is pending with the appointing authority namely Government of India. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

(i) Buy back of 16637207 Equity shares of ₹ 10/- each ;

(ii) Sub-division of nominal value of share from ₹ 10 to ₹ 1/-.

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

Bengaluru
24 May 2017

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

‘Annexure A’

To
The Members
BHARAT ELECTRONICS LIMITED
Outer Ring Road
Nagavara, Bengaluru-560045, Karnataka.

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

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

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

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

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

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

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

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

Bengaluru
24 May 2017

Annexure 4

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31 March 2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS

CIN	L32309KA1954GOI000787
Registration Date	21 April 1954
Name of the Company	Bharat Electronics Limited
Category/Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and contact details	Outer Ring Road, Nagavara, Bengaluru - 560 045 Tel. No. 080 25039300
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Integrated Registry Management Services Pvt. Ltd. # 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560 003. Tel. No. 080 23460815 to 818

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Radar & Fire Control Systems	3312	(Supplies to the Defence for 2016-17 contributed to 88% of turnover)
2	Weapon Systems	2927	
3	Electro Optics	3311	
4	Communication	3210	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	180,042,630	-	180,042,630	75.02	1,523,042,911	-	1,523,042,911	68.19	-6.83
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1) :	**180,042,630**	**-**	**180,042,630**	**75.02**	**1,523,042,911**	**-**	**1,523,042,911**	**68.19**	**-6.83**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2) :	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**180,042,630**	**-**	**180,042,630**	**75.02**	**1,523,042,911**	**-**	**1,523,042,911**	**68.19**	**-6.83**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	19,892,945	8,700	19,901,645	8.29	269,992,639	87,000	270,079,639	12.09	3.80
b) Banks/FI	84,277	-	84,277	0.04	3,431,166	-	3,431,166	0.15	0.11
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Alternate Investment Funds	-	-	-	-	105890	-	105890	0.00	-
g) Insurance Companies	15286782	-	15286782	6.37	122316640	-	122316640	5.48	-0.89
h) FIIs	9590384	-	9590384	4.00	148635753	-	148635753	6.65	2.65
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1) :	**44,854,388**	**8700**	**44,863,088**	**18.69**	**544,482,088**	**87,000**	**544,569,088**	**24.38**	**5.69**
(2) Non-Institutions									
a) Bodies Corporate	5,252,648	903	5,253,551	2.19	79,513,928	9030	79,522,958	3.56	1.37
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	5,794,782	31,886	5,826,668	2.43	62,900,686	301,800	63,202,486	2.83	0.40
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	3,160,118	-	3,160,118	1.32	10,093,600	-	10,093,600	0.45	-0.87
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Trusts	19,355	-	19,355	0.01	2,736,801	-	2,736,801	0.12	0.11
ii) NRIs	361,405	-	361,405	0.15	4,200,485	-	4,200,485	0.19	0.04
iii) Clearing Members	473,005	-	473,005	0.20	6,259,451	-	6,259,451	0.28	0.08
iv) Foreign National	-	-	-	-	150	-	150	0.00	-
Sub-Total (B)(2) :	**15,061,493**	**32,789**	**15,094,282**	**6.30**	**165,705,101**		**166,015,931**	**7.43**	**1.13**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**59,915,881**	**41,489**	**59,957,370**	**24.98**	**710,187,189**	**397,830**	**710,585,019**	**31.81**	**6.83**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**239,958,511**	**41,489**	**240,000,000**	**100.00**	**2,233,230,100**	**397,830**	**2,233,627,930**	**100.00**	**-**

ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
President of India	180,042,330	75.02	0.00	1,523,039,911	68.19	0.00	-6.83
Prem Kumar Kataria	300	0.00	0.00	3000	0.00	0.00	0.00
Total	**180,042,630**	**75.02**	**0.00**	**1,523,042,911**	**68.19**	**0.00**	**-6.83**

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

Sl. No.	Shareholders Name	Shareholding at the beginning of the year		Date	Increase/ decrease in Share hold-ing	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the Company
1	President of India	180042330	75.02	01/04/2016	-	-	180,042,330	75.02
				21/10/2016	-13,828,771	OPEN OFFER	166,213,559	74.41
				20/01/2017	-2,151,452	TRANSFER	164,062,107	73.46
				10/02/2017	256,373	TRANSFER	164,318,480	75.57
				24/02/2017	-11,168,139	TRANSFER	153,150,341	68.57
				17/03/2017	1,369,889,570	SUB-DIVISION	1,523,039,911	68.19
				31/03/2017	**-**	**-**	**1,523,039,911**	**68.19**
2	Prem Kumar Kataria	300	0.00	01/04/2016	-	-	300	0.00
				17/03/2017	2700	SUB-DIVISION	3,000	0.00
				31/03/2017	**-**	**-**	**3,000**	**0.00**

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2017	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1.	LIFE INSURANCE CORPORATION OF INDIA	15053913	6.27	01.04.2016	0		15053913	6.27
				24.06.2016	-1394	TRANSFER	15052519	6.27
				22.07.2016	-177383	TRANSFER	14875136	6.20
				29.07.2016	-243232	TRANSFER	14631904	6.10
				05.08.2016	-244847	TRANSFER	14387057	5.99
				12.08.2016	-233188	TRANSFER	14153869	5.90
				04.11.2016	-50000	TRANSFER	14103869	6.31
				02.12.2016	-237240	TRANSFER	13866629	6.21
				09.12.2016	-170798	TRANSFER	13695831	6.13
				16.12.2016	-61503	TRANSFER	13634328	6.10
				23.12.2016	-32167	TRANSFER	13602161	6.09
				30.12.2016	-77707	TRANSFER	13524454	6.05
				06.01.2017	-38939	TRANSFER	13485515	6.04
				13.01.2017	-79865	TRANSFER	13405650	6.00
				27.01.2017	-7171	TRANSFER	13398479	6.00
				03.02.2017	-415077	TRANSFER	12983402	5.81
				10.02.2017	-489589	TRANSFER	12493813	5.59
				17.02.2017	-603329	TRANSFER	11890484	5.32
				24.02.2017	-157346	TRANSFER	11733138	5.25
				24.03.2017	105498242	SUB-DIVISION	117231380	5.25
				31.03.2017			**117231380**	**5.25**

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2017	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
2	HDFC TRUSTEE CO LTD A/C HDFC CAPITAL PROTECTION ORIENTED FUND SR-II-36M JUNE 14	4234370	1.76	01.04.2016	0		4234370	1.76
				08.04.2016	-5000	TRANSFER	4229370	1.76
				15.04.2016	-50000	TRANSFER	4179370	1.74
				22.04.2016	-11000	TRANSFER	4168370	1.74
				29.04.2016	-76343	TRANSFER	4092027	1.71
				13.05.2016	-37807	TRANSFER	4054220	1.69
				21.10.2016	-128909	BUYBACK	3925311	1.76
				04.11.2016	63900	TRANSFER	3989211	1.79
				11.11.2016	-10000	TRANSFER	3979211	1.78
				23.12.2016	-52000	TRANSFER	3927211	1.76
				13.01.2017	-30150	TRANSFER	3897061	1.74
				20.01.2017	-3600	TRANSFER	3893461	1.74
				27.01.2017	-25200	TRANSFER	3868261	1.73
				03.03.2017	220000	TRANSFER	4088261	1.83
				17.03.2017	36688149	TRANSFER	4086461	1.83
				24.03.2017	0	SUB-DIVISION	40774610	1.83
				31.03.2017			**40774610**	**1.83**
3	RELIANCE CAPITAL TRUSTEE CO. LTD-A/C RELIANCE CAPITAL	3950674	1.65	01.04.2016	-90000	TRANSFER	3860674	1.61
				08.04.2016	111	TRANSFER	3860785	1.61
				15.04.2016	-52000	TRANSFER	3808785	1.59
				29.04.2016	-250000	TRANSFER	3558785	1.48
				06.05.2016	90000	TRANSFER	3648785	1.52
				13.05.2016	14	TRANSFER	3648799	1.52
				03.06.2016	250000	TRANSFER	3898799	1.62
				10.06.2016	330000	TRANSFER	4228799	1.76
				17.06.2016	72200	TRANSFER	4300999	1.79
				24.06.2016	-8100	TRANSFER	4292899	1.79
				22.07.2016	10000	TRANSFER	4302899	1.79
				26.08.2016	10000	TRANSFER	4312899	1.80
				02.09.2016	-15	TRANSFER	4312884	1.80
				23.09.2016	36000	TRANSFER	4348884	1.81
				30.09.2016	-80000	TRANSFER	4268884	1.78
				07.10.2016	18451	TRANSFER	4287335	1.79
				14.10.2016	15300	TRANSFER	4302635	1.79
				28.10.2016	4050	TRANSFER	4306685	1.93
				04.11.2016	83450	TRANSFER	4390135	1.97
				11.11.2016	588478	TRANSFER	4978613	2.23
				18.11.2016	-186	TRANSFER	4978427	2.23
				25.11.2016	-201095	TRANSFER	4777332	2.14
				02.12.2016	12793	TRANSFER	4790125	2.14
				09.12.2016	-103402	TRANSFER	4686723	2.10
				16.12.2016	-20097	TRANSFER	4666626	2.09
				23.12.2016	-53282	TRANSFER	4613344	2.07
				30.12.2016	9506	TRANSFER	4622850	2.07
				06.01.2017	-182880	TRANSFER	4439970	1.99
				13.01.2017	-123964	TRANSFER	4316006	1.93
				20.01.2017	-640	TRANSFER	4315366	1.93

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2017	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				27.01.2017	1850451	TRANSFER	6165817	2.76
				03.02.2017	-620940	TRANSFER	5544877	2.48
				10.02.2017	-118930	TRANSFER	5425947	2.43
				17.02.2017	14124	TRANSFER	5440071	2.44
				24.02.2017	-19178	TRANSFER	5420893	2.43
				03.03.2017	-302344	TRANSFER	5118549	2.29
				10.03.2017	-411640	TRANSFER	4706909	2.11
				17.03.2017	252902	TRANSFER	4959811	2.22
				24.03.2017	48949906	SUB-DIVISION	53909717	2.41
				31.03.2017	**-2721917**	**TRANSFER**	**51187800**	**2.29**
4	TATA BALANCED FUND	1779662	0.74	01.04.2016	0		1779662	0.74
				22.04.2016	-50000	TRANSFER	1729662	0.72
				08.07.2016	-34650	TRANSFER	1695012	0.71
				15.07.2016	-100000	TRANSFER	1595012	0.66
				29.07.2016	-54500	TRANSFER	1540512	0.64
				04.11.2016	-290986	TRANSFER	1249526	0.56
				25.11.2016	110000	TRANSFER	1359526	0.61
				02.12.2016	50000	TRANSFER	1409526	0.63
				24.03.2017	12685734	SUB-DIVISION	14095260	0.63
				31.03.2017			**14095260**	**0.63**
5	UTI MULTI CAP FUND	1769410	0.74	01.04.2016	0		1769410	0.74
				29.04.2016	-9932	TRANSFER	1759478	0.73
				13.05.2016	-374	TRANSFER	1759104	0.73
				10.06.2016	-18000	TRANSFER	1741104	0.73
				17.06.2016	-63000	TRANSFER	1678104	0.70
				24.06.2016	10000	TRANSFER	1688104	0.70
				30.06.2016	-18000	TRANSFER	1670104	0.70
				15.07.2016	-9000	TRANSFER	1661104	0.69
				09.09.2016	-36000	TRANSFER	1625104	0.68
				23.09.2016	-9000	TRANSFER	1616104	0.67
				14.10.2016	6750	TRANSFER	1622854	0.68
				21.10.2016	-240300	BUYBACK	1382554	0.62
				28.10.2016	97148	TRANSFER	1479702	0.66
				11.11.2016	11743	TRANSFER	1491445	0.67
				18.11.2016	-6300	TRANSFER	1485145	0.66
				25.11.2016	3041	TRANSFER	1488186	0.67
				02.12.2016	-21356	TRANSFER	1466830	0.66
				09.12.2016	-21450	TRANSFER	1445380	0.65
				16.12.2016	3600	TRANSFER	1448980	0.65
				23.12.2016	-9000	TRANSFER	1439980	0.64
				30.12.2016	27585	TRANSFER	1467565	0.66
				03.02.2017	-17036	TRANSFER	1450529	0.65
				24.02.2017	-1350	TRANSFER	1449179	0.65
				03.03.2017	129150	TRANSFER	1578329	0.71
				17.03.2017	-900	TRANSFER	1577429	0.71
				24.03.2017	13052618	SUB-DIVISION	14630047	0.65
				31.03.2017	**-11087**		**14618960**	**0.65**

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2017	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
6	ICICI PRUDENTIAL VALUE DISCOVERY FUND	1237251	0.52	01.04.2016	0		1237251	0.52
				08.04.2016	3380	TRANSFER	1240631	0.52
				22.04.2016	208	TRANSFER	1240839	0.52
				29.04.2016	123	TRANSFER	1240962	0.52
				06.05.2016	-314	TRANSFER	1240648	0.52
				13.05.2016	26	TRANSFER	1240674	0.52
				20.05.2016	8	TRANSFER	1240682	0.52
				27.05.2016	-29	TRANSFER	1240653	0.52
				03.06.2016	-25152	TRANSFER	1215501	0.51
				10.06.2016	-12116	TRANSFER	1203385	0.50
				30.06.2016	-56	TRANSFER	1203329	0.50
				08.07.2016	54	TRANSFER	1203383	0.50
				29.07.2016	-44	TRANSFER	1203339	0.50
				05.08.2016	124	TRANSFER	1203463	0.50
				12.08.2016	131	TRANSFER	1203594	0.50
				19.08.2016	60	TRANSFER	1203654	0.50
				26.08.2016	64	TRANSFER	1203718	0.50
				02.09.2016	77	TRANSFER	1203795	0.50
				16.09.2016	175	TRANSFER	1203970	0.50
				23.09.2016	1192	TRANSFER	1205162	0.50
				07.10.2016	26	TRANSFER	1205188	0.50
				14.10.2016	56	TRANSFER	1205244	0.50
				21.10.2016	76	BUYBACK	1205320	0.54
				28.10.2016	37	TRANSFER	1205357	0.54
				04.11.2016	75025	TRANSFER	1280382	0.57
				11.11.2016	82	TRANSFER	1280464	0.57
				18.11.2016	517	TRANSFER	1280981	0.57
				25.11.2016	260	TRANSFER	1281241	0.57
				02.12.2016	-97	TRANSFER	1281144	0.57
				09.12.2016	35	TRANSFER	1281179	0.57
				23.12.2016	66	TRANSFER	1281245	0.57
				30.12.2016	131	TRANSFER	1281376	0.57
				20.01.2017	-63	TRANSFER	1281313	0.57
				27.01.2017	7	TRANSFER	1281320	0.57
				03.02.2017	1	TRANSFER	1281321	0.57
				10.02.2017	38199	TRANSFER	1319520	0.59
				17.02.2017	-44	TRANSFER	1319476	0.59
				03.03.2017	762691	TRANSFER	2082167	0.93
				10.03.2017	74	TRANSFER	2082241	0.93
				17.03.2017	-85	TRANSFER	2082156	0.93
				24.03.2017	21688494	SUB-DIVISION	23770650	1.06
				31.03.2017	**504**	**TRANSFER**	**23771154**	**1.06**
7	SBI BLUE CHIP FUND	1102500	0.46	01.04.2016	0		1102500	0.46
				08.04.2016	1256	TRANSFER	1103756	0.46
				15.04.2016	75204	TRANSFER	1178960	0.49
				29.04.2016	50000	TRANSFER	1228960	0.51

iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2017	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				13.05.2016	55000	TRANSFER	1283960	0.53
				20.05.2016	-6	TRANSFER	1283954	0.53
				27.05.2016	300000	TRANSFER	1583954	0.66
				03.06.2016	46024	TRANSFER	1629978	0.68
				30.06.2016	26776	TRANSFER	1656754	0.69
				22.07.2016	50000	TRANSFER	1706754	0.71
				29.07.2016	115886	TRANSFER	1822640	0.76
				05.08.2016	200000	TRANSFER	2022640	0.84
				12.08.2016	52100	TRANSFER	2074740	0.86
				30.09.2016	-1	TRANSFER	2074739	0.86
				21.10.2016	250000	BUYBACK	2324739	1.04
				04.11.2016	221090	TRANSFER	2545829	1.14
				11.11.2016	209617	TRANSFER	2755446	1.23
				18.11.2016	20555	TRANSFER	2776001	1.24
				25.11.2016	195511	TRANSFER	2971512	1.33
				09.12.2016	34	TRANSFER	2971546	1.33
				30.12.2016	-8	TRANSFER	2971538	1.33
				03.03.2017	301700	TRANSFER	3273238	1.47
				17.03.2017	-22920	TRANSFER	3250318	1.46
				24.03.2017	29180872	SUB-DIVISION	32431190	1.45
				31.03.2017	**110**	**TRANSFER**	**32431300**	**1.45**
8	PARVEST EQUITY INDIA	1083396	0.45	01.04.2016	0		1083396	0.45
				22.04.2016	45000	TRANSFER	1128396	0.47
				20.05.2016	60000	TRANSFER	1188396	0.50
				12.08.2016	-140000	TRANSFER	1048396	0.44
				02.12.2016	-48396	TRANSFER	1000000	0.45
				30.12.2016	-21971	TRANSFER	978029	0.44
				06.01.2017	-104029	TRANSFER	874000	0.39
				03.02.2017	168000	TRANSFER	1042000	0.47
				17.02.2017	20000	TRANSFER	1062000	0.48
				24.03.2017	9558000	SUB-DIVISION	10620000	0.48
				31.03.2017			**10620000**	**0.48**
9	DSP BLACKROCK SMALL AND MID CAP FUND	984129	0.41	01.04.2016	0		984129	0.41
				08.04.2016	16453	TRANSFER	1000582	0.42
				20.05.2016	165737	TRANSFER	1166319	0.49
				27.05.2016	40000	TRANSFER	1206319	0.50
				08.07.2016	-5417	TRANSFER	1200902	0.50
				15.07.2016	-14497	TRANSFER	1186405	0.49
				30.09.2016	-5158	TRANSFER	1181247	0.49
				07.10.2016	-293605	TRANSFER	887642	0.37
				14.10.2016	-519	TRANSFER	887123	0.37
				21.10.2016	-170439	BUYBACK	716684	0.32
				28.10.2016	24021	TRANSFER	740705	0.33
				17.02.2017	35177	TRANSFER	775882	0.35
				24.02.2017	29310	TRANSFER	805192	0.36
				03.03.2017	754970	TRANSFER	1560162	0.70
				17.03.2017	-21768	TRANSFER	1538394	0.69
				24.03.2017	13845546	SUB-DIVISION	15383940	0.69
				31.03.2017			**15383940**	**0.69**

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iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)								
Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year - 01.04.2016		Date of change in shareholding	Increase/ decrease in Share holding	Reason for increase/ decrease	Cumulative Shareholding during the year - 31.03.2017	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
10	NATIONAL INSURANCE COMPANY LTD	949530	0.40	01.04.2016	0		949530	0.40
				08.04.2016	89250	TRANSFER	1038780	0.43
				01.07.2016	-30000	TRANSFER	1008780	0.42
				08.07.2016	-20000	TRANSFER	988780	0.41
				22.07.2016	-10315	TRANSFER	978465	0.41
				11.11.2016	-5685	TRANSFER	972780	0.44
				18.11.2016	-15000	TRANSFER	957780	0.43
				25.11.2016	-355	TRANSFER	957425	0.43
				02.12.2016	-109645	TRANSFER	847780	0.38
				09.12.2016	-40000	TRANSFER	807780	0.36
				16.12.2016	-20000	TRANSFER	787780	0.35
				23.12.2016	-35000	TRANSFER	752780	0.34
				06.01.2017	-15000	TRANSFER	737780	0.33
				13.01.2017	-20000	TRANSFER	717780	0.32
				24.03.2017	6460020	SUB-DIVISION	7177800	0.32
				31.03.2017			**7177800**	**0.32**

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	None of the Directors and KMP holds shares in the Company			
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	None of the Directors and KMP holds shares in the Company			
At the end of the year	None of the Directors and KMP holds shares in the Company			

VI. INDEBTEDNESS

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	36.95	36.95
ii) Interest due but not paid	Nil	Nil	1.92	1.92
iii) Interest accrued but not due	Nil	Nil	0	0
Total (i+ii+iii)	**Nil**	**Nil**	**38.87**	**38.87**
Change in Indebtedness during the financial year				
Addition	5,000	Nil	0	0
Reduction	Nil	Nil	0	0
Net Change	5,000	Nil	0	0
Indebtedness at the end of the financial year				
iv) Principal Amount	5,000	Nil	36.95	5036.95
v) Interest due but not paid	Nil	Nil	1.92	1.92
iv) Interest accrued but not due	1.1164	Nil	0	1.1164
Total (i+ii+iii)	**5001.1164**	**Nil**	**38.87**	**5039.9864**

VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of MD, WTD and /or Manager

(in ₹)

Sl. No.	Particulars of Remuneration	Mr S K Sharma Upto 30.09.2016	Mr M L Shanmukh Upto 31.10.2016	Mr P C Jain Upto 31.07.2016	Mr Amol Newaskar Upto 30.04.2016	Mr Manmohan Handa Upto 30.04.2016	Mr P R Acharya* Upto 19.08.2016	Mr Ajit T Kalghatgi
1.	Gross Salary							
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	13,55,632	18,32,451	9,20,589	2,12,476	2,00,153	11,60,022	37,76,901
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	8,37,536	5,07,747	1,18,136	26,300	3,57,092	1,69,648	4,98,581
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission							
	- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify							
	(a) Retirement Benefit	4,95,000	7,79,786	3,90,648	1,26,688	1,76,705	1,02,562	13,54,820
	(b) Other Benefits (net of Perquisite value included in 1(b) above).	18,10,878	16,40,291	11,48,419	11,81,731	10,90,668	-1,10,194	1,70,633
	Total	**44,99,046**	**47,60,275**	**25,77,792**	**15,47,195**	**18,24,618**	**13,22,038**	**58,00,935**

Sl. No.	Particulars of Remuneration	Mr M V Gowtama w.e.f 08.11.2016	Mr Nataraj Krishnappa w.e.f 01.05.2016	Mr R N Bagdalkar w.e.f 23.01.2017	Mrs Anandi Ramalingam w.e.f 16.09.2016	Mr Girish Kumar w.e.f 01.05.2016	Total
1.	Gross Salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	16,45,604	25,86,606	9,08,444	16,88,342	27,90,505	1,90,77,725
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	15,730	3,35,897	6,184	2,23,066	1,47,647	32,43,564
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission						
	- as % of profit	Nil	Nil	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify						
	(a) Retirement Benefit	14,23,715	14,20,036	13,12,138	16,90,148	13,60,558	1,06,32,804
	(b) Other Benefits (net of Perquisite value included in 1(b) above).	8,527	3,06,759	4,000	82,167	68,725	74,02,604
	Total	**30,93,576**	**46,49,298**	**22,30,766**	**36,83,723**	**43,67,435**	**4,03,56,697**

* Mr P R Acharya was a Whole Time Director and was further designated as CFO (KMP) upto 19.08.2016.

B. Remuneration to other Directors

(in ₹)

1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Dr Bhaskar Ramamurthi	Dr R K Shevgaonkar	Mrs Usha Mathur	Mr Sharad Sanghi	
1.	- Fee for attending Board/ Committee Meetings	2,00,000	4,00,000	3,60,000	1,20,000	10,80,000
2.	- Commission	Nil	Nil	Nil	Nil	Nil
3.	- Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (B)(1)					**10,80,000**

2. Other Non Executive Directors

Sl. No.	Particulars of Remuneration	Mrs Kusum Singh	Total Amount
1.	- Fee for attending Board/Committee Meetings	Nil	Nil
2.	- Commission	Nil	Nil
3.	- Others, please specify	Nil	Nil
	Total (B)(2)		Nil
	Total (B)=(B)(1)+(B)(2)		**10,80,000**

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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO*	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	11,79,915	9,50,726	21,30,641
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	1,54,982	0	1,54,982
	(c) Profit in lieu of salary under Section 17(3) Income Tax Act, 1961	-	Nil	Nil	Nil
2.	Stock Options	-	Nil	Nil	Nil
3.	Sweat Equity	-	Nil	Nil	Nil
4.	Commission				
	- as % of profit	-	Nil	Nil	Nil
	- others, specify	-	Nil	Nil	Nil
5.	Others :			-	
	(a) Retirement Benefit	-	5,36,120	10,94,617	16,30,737
	(b) Other Benefits (net of Perquisite value included in 1(b) above).	-	1,62,161	4,17,822	579983
	Total	**-**	**20,33,178**	**24,63,165**	**44,96,343**

* Mr Koshy Alexander is appointed as CFO w.e.f 27.10.2016.

VIII. Penalties/Punishments/Compounding of offences :

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

For and on behalf of the Board

Sd/-

M V Gowtama

Chairman & Managing Director

Bengaluru

11 August 2017

Annexure 5

Management Discussion and Analysis Report

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

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

The Indian economy has continued to show robust and steady positive pace of growth. The major economic policies like Goods and Service Tax (GST) through constitutional amendment, demonetization of large currency notes was done in the last fiscal year. The economy is expected to grow at around 7% as projected by the Economic Survey 2016-17 of Government of India. With the stabilization of inflation, current account deficit, rupee dollar exchange rate, fiscal consolidation, foreign exchange reserves, the economy has shown signs of improvement. Anti-globalisation tendencies of some of the countries in the west, coupled with weak economic recovery of the world economy can have an impact on Indian Exports.

Defence

As per IHS Jane's, the World Military spending stood at US$ 1.57 trillion and is expected to grow, as many countries are increasing their Defence spending. The Defence spending in Asia Pacific region has also increased in recent years and further increase is expected with rising tensions around the South China Sea.

In 2016, India surpassed Saudi Arabia and Russia to become one of the top five defence spenders in the world.

In this changed global scenario, the Union Budget has allocated about ₹ 2,62,390 Crores for Defence, with an increase of 5.34% over the previous year. The budget for Capital Expenditure has increased from ₹ 86,340 Crores in 2016-17 to ₹ 86,529 Crores for 2017-18 which is about 0.22% hike over the previous year. Given the large scale procurement plans of the MoD, the Capital Expenditure hike has not increased significantly. There has been a decline in the unspent amount returned to the Government from ₹ 13,000 Crores in 2015-16 to ₹ 6,970 Crores in 2016-17, which shows that more projects are being planned and completed. Also, the weakening of the rupee against the dollar will put pressure on military purchases as more amounts have to be spent in purchasing the committed military equipments/ systems.

Among the Indian Defence Services, the Indian Army has got the major share of defence budget, followed by Air Force and Navy. However, on the Capital Expenditure front, the Air Force has 58%, Navy 51% and Army 17% of their budgets allocated for procurement of new equipments/ systems.

The decline in the capital budget should not impact the ongoing projects of the defence forces, but the new procurements may expect some delays. The committed liabilities of Army is ₹ 19,449 Crores, Navy is ₹ 19,089 Crores and Air Force is ₹ 22,871 Crores which is about 90% of the total capital expenditure budget leaving the services with about 10% of the budget only for the acquisition of new Programs.

The Defence budget 2017-18 has not given any specific incentives for Make in India programs and a budget of ₹ 45 Crores for prototype development under the "Make" programs is earmarked.

Apart from its core Defence Business, BEL is trying to explore diversification possibilities in other Strategic Sectors like Homeland Security, Solar, Space, etc. In Homeland Security and Solar, BEL has bagged a few projects and is under execution. Smart Cities is a new area, where BEL is planning to enter after due assessment of the market opportunities.

Homeland Security

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

The total budget allocation for Union Home ministry for 2017-18 is ₹ 97,187 Crores with a 5% hike over the previous year of ₹ 92,170 Crores, which includes allocation for Homeland Security requirements. Border Security Management is one of the major components of this Homeland Security requirement, which include border management solutions requirement along India-Pakistan and India-Bangladesh. BEL is planning to address the Border Management solution requirements as part of the Homeland Security business.

Solar

Government has set an ambitious target of 175 GW by 2022 from renewable energy sources like solar, wind and others. The target for Solar Energy is 100 GW by 2022. The Government has made more budget allocation of ₹ 3,361 Crores for Solar Power, compared to that of the wind energy indicating that the Government will continue to give priority to solar energy.

In 2017-18 budget, Government announced setting up of an additional 20 GW of Solar Power capacity. To facilitate solar installations, import duty on solar tempered glass that goes into manufacturing of solar panels and modules have been cut from 5% to 0%. The materials that go into making solar tempered glass will now attract countervailing duty of 6% compared to 12.5% earlier. Also, under the Indian Railways 1 GW solar mission, the budget support to power 2,000 railway stations has been extended.

BEL has upgraded its facilities to 10 MW PV Cell and 10 MW automated Solar Module manufacturing and has taken up setting of megawatt size solar power plants. BEL is setting up utility scale solar power plants for captive consumption in the estates of Ordnance Factories at 17 locations spread across 8 states for a total capacity of 150 MW. The commissioning of first solar power plant of 15 MW capacity is expected to happen soon at Ordnance Factory, Medak.

The Module plant will be able to manufacture solar modules up-to 320 watts with an efficiency of 16% upwards in both 60 & 72 cells configuration. The modules are qualified for IEC certification as per guidelines of MNRE for application in roof top and utility scale solar power plants. BEL has established cumulatively 2 MW roof top systems for both internal and external customers at various locations using in-house made Cells & Modules.

In near future this sector is expected to contribute significantly to the BEL's business.

Space

As per Satellite Industry Association (SIA) report, the world market for Satellite Manufacturing and Integration is about US$ 16.6 billion and is growing at a rate of 4% yearly. In Indian context, ISRO has launched 55 missions in last five years and is planning to double the number of missions with an average of 12 launches per annum from year 2017-18 onwards.

In commensurate with the plans of ISRO, the Department of Space (DoS) has been allocated a budget of ₹ 9,094 Crores for 2017-18 up from ₹ 8,045 Crores in the previous year. Out of the total budget, ₹ 8,324 Crores is for Central Sector Schemes that include technology, applications and sciences relating to space and for INSAT Satellite Systems. The capital outlay for space research is ₹ 4,155 Crores for 2017-18 up from ₹ 3,576 Crores for 2016-17.

BEL is exploring collaboration with ISRO leveraging their technological capabilities in design and development of various products/systems for possible use in Defence applications.

(b) *SWOT Analysis*

Strengths

- Established Defence Electronics player in India
- Good image and reputation

- Good work ethics
- Strong multi layered in-house R&D for technology and new product development
- Joint development with technology partners for complementary technologies
- Committed work force with good infrastructure and manufacturing facilities
- Well established systems and procedures including ERP
- Decades of experience resulting in excellent domain knowledge and core competencies in Defence electronics
- Wide product range with strong product support network
- Strong relationship with Armed Services, Defence Labs and Government agencies
- Loyal Customer base
- Active learning from domestic and foreign collaborators
- Experience and expertise in executing large and complex System Integration Projects
- Financially sound and continuously profit making
- Long term commitment to customers

Weaknesses

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

Opportunities

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

Threats

- Increasing competition from Indian Private industry and foreign OEMs including their JVs in Defence sector
- Rapid changes in technology
- Difficulty in sourcing few critical technologies
- Policy interventions favouring Private sector

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

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

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

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

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

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

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

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

(iii) Emphasis on in-house R&D

In the changing business environment, with Government's firm resolve to achieve self reliance in Defence by encouraging participation of private sector in Defence, indigenous development of Defence products would be of paramount importance. Reinforcing in-house R&D as well as co-development would be the key to enhancement of business. BEL has taken several steps towards enhancement of in-house R&D with increased level of engagement with DRDO/National Labs, Academia and other institutions. The new Product Development and Innovation Centre (PD&IC) is operational at Bengaluru and making progress as per the plan. BEL has also given more thrust to its collaborative R&D efforts with more partners being roped in for development of technology modules/products.

(iv) Thrust on exports and offsets

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

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

(v) Modernisation & Expansion of infrastructure and facilities

The Company has been investing significantly towards modernisation and expansion of its infrastructure to meet the business needs of the Company. BEL is planning to spend around ₹ 2,500 Crores in next 3-4 years as part of capacity expansion and modernisation of it facilities in line with the growth plans. Some of the major programs include Defence Systems Integration Complex at Palasamudram, EO manufacturing facility at Nimmaluru and EW test range at Irahimpatnam etc.

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

The Palasamudram facility will enable BEL to expand its Missile Systems business and to carry out manufacturing & integration of the ongoing and upcoming projects. It will have state-of-the-Art infrastructure such as Assembly Hangars and Hard Stands for Radars and Weapon integration, RF radiation sources for target simulation, Automatic Test Equipment, Clean Rooms for electronic assembly, Non-Explosive & Explosive Integration Buildings, Missile Storage buildings, Environmental Test Chambers, Fire Stations, Solar Power Plant, Estate and Admin buildings. The proposed Complex will be a world-class facility with Automated Guided Vehicles and Industrial Robots for material movement and handling.

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

The Company is also setting up a plant at Nimmaluru in Krishna District of Andhra Pradesh to make IR seekers, Night Vision Devices and Thermal Imaging Cameras with an investment of about ₹ 250 Crores. The plant is expected to be operational in next 2-3 years.

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

Technology up-dation and R&D

Challenges :

Core technologies of BEL's business involve applications of fast changing technological fields like Electronics, IT and Software. Some of the most challenging tasks of R&D Engineers of BEL are to keep abreast with latest technologies in the various fields of BEL's business areas, quickly master the emerging technologies and apply them during the development of new products. The technologies required to manufacture various products in the areas of BEL's business are required to be developed and upgraded continuously to meet emerging User requirements including overcoming of obsolescence issues. The need for constant technological upgrades just posed with the need for maintaining legacy systems places an enormous responsibility on BEL to be not only current in the world class technologies but also to be innovative in finding means to tackle obsolescence of legacy products and systems.

Measures :

BEL has responded to the above challenges with a positive note and has identified various measures to meet them. The measures include strengthening the technology development process through short, medium and long term technology roadmaps, increased investments in R&D and bringing out a 3-year roll-on R&D plan every year. Company-wide Knowledge Management System has been setup to harness the complete potential of the R&D Engineers and sharing of accumulated R&D knowledge in various fields amongst the R&D engineers. BEL is enhancing its efforts for in-house developments and also further strengthening the close co-operation with DRDO Labs, other national research laboratories and R&D organizations including Academia to enhance indigenous developments. BEL is also taking adequate initiatives for joint developments with reputed foreign companies to quickly harness specialized technologies into the new products.

R&D Initiatives :

Following are some of the new initiatives undertaken by BEL in the areas of R&D and Technology development during the year 2016-17 :

- BEL has appointed three Chief Technology Officers (CTO), one each in the Area of Radar & Weapon system, Electro-optics & Laser and Communications to focus on R&D projects across the company.
- New R&D projects are initiated include System-on-Chip, MMIC, Laser Warning Receiver, Light Weight Shelter, High Altitude Shelter, Low Frequency Variable Depth Sonar, Medium Power Radar, 1 Meter Ku band Satcom Manpack Terminal and collaborative development for 3-D C/D Radar, Multi target Tracking Radar and SWIR Cameras.
- Product Development & Innovation Center (PD&IC) Lab has been established and recognized by DSIR during 2016-17 as a R&D Center.
- R&D Divisions across all the SBUs and Units of BEL, supported by the Central-D&E, PD&IC and two Central Research Laboratories, have significantly contributed to the generation of new business through development of

state-of-the-Art products with cutting edge technologies.

- R&D Divisions of BEL continued to actively interact with the National Labs, namely, DRDO, ISRO, CSIR, C-DAC, C-DOT and leading academic institutions like IITs, NITs and IISc for the development of specialized indigenous technologies.
- BEL Chennai has been accredited with CMMI Level-3 Certification for software development, during 2016-17.
- BEL invested more than 8.81% of its turnover in R&D during 2016-17.
- Updated version of Knowledge Management Portal has been created as part of BEL-ERP system; Over 400 titles of e-books enabled across the company as part of Knowledge sharing.
- Around 82 Technical papers were published by scientists and R&D engineers of BEL in various National and International journals/ seminars/conferences. 55 Technical papers were presented in CRL Symposiums/ Professional Paper Presentation/Conferences conducted at SBU level.
- R&D Engineers are motivated by suitably awarding the individuals/team for excellence in in-house R&D efforts, technology development and innovative ideas through BEL R&D Excellence Awards every year.
- BEL has filed 20 Patent applications in 2016-17 making a total of 74 filed applications. Patents have been filed in various Technology areas (Radar-3, Communication-10, C4I-5, Electro Optics-1, and Mechanical-1). BEL was granted one patent during 2016-17.
- R&D Engineers had participated in many Seminars and Conferences in the area of interest to BEL. This includes Aero India, Microwave Symposium, DEFCOM, ATMS and APM, etc.
- Training courses in Modern Radar, Fire Control Radar and Cyber security were organized for D&E groups in Radar, Central D&E and CRLs.
- BEL has sponsored four Engineers to Defence Institute Advance Technology (DIAT), Pune for M.Tech programs in the areas of Signal processing, Modeling & Simulation and Weapon System.

(d) *Diversification/Expansion plans*

In the last 5 years, the company has done Non-defence business in the range of 15-17% of the overall business and has plans to increase the Non-defence share in the overall business of the Company in the coming years. As a diversification strategy, the Company has been exploring opportunities in allied defence and non-defence areas for enhanced growth, leveraging its strengths and capabilities acquired in the defence electronics domain.

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

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

1. Risk Management

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

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

In accordance with the policy, a Two Tier Risk Management Structure, one at corporate level and the other at Unit level has been established across BEL for effective management of the risks. The Corporate risks are monitored by Corporate Risk Management Committee (CRMC), which is headed by GM (Strategic Planning)/ CO and coordinated by GM (Quality)/CO as Corporate Risk Champion. The CRMC consists of senior executives from several functional areas like Strategic Planning, Technology Planning, Marketing, Finance, Quality and Human Resources which cover the major portion of Business and Management related functions of the company. The Corporate Risk Champion is supported by Unit Risk Management Committees (URMCs). The URMCs are headed by the respective SBU/Unit Heads and coordinated by Unit Risk Champions, who are of the level of Additional General Manager (AGM) or Sr Dy General Manager (Sr DGM). The Committee members are mostly Functional Heads so that entire spectrum of activities is brought under the ambit of Risk Management. The members of CRMC, URMCs and other Senior Executives have undergone Management Development Program for Enterprise Risk Management (ERM), conducted by Indian Institute of Management, Kozhikode. The training program is being periodically organized and so far about 500 executives have been trained in the ERM process.

A Board level Apex Committee with Director (BC) as Chairman and Director (OU), Director (Mktg), General Manager (Finance)/CO and General Manager (Strategic Planning)/CO, as members was reconstituted at the 386th Board Meeting.

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

At the time of evaluation of projects, sensitivity analysis is used as a tool to measure the impact of various risks. Similarly, at the time of pricing and other key managerial decisions, the risk factors are highlighted to the decision making authorities to take informed decisions. A well laid out sub-delegation of powers is in place for according financial sanctions. Hedging has also been put in place to overcome any unforeseen FE variations. In addition to this, a comprehensive vendor evaluation process, procurement procedure etc are in place. The above measures are undertaken to mitigate the risks in various business operations.

Although the practice of Enterprise Risk Management (ERM) is still in the nascent stage in BEL, it has become a part of BEL's activities. CRMC has been meeting regularly for identifying and recommending action plans for mitigating the corporate level risks. CRMC has also been assessing the ERM implementation process in BEL and worked out plans to enhance its effectiveness.

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

In order to institutionalize the ERM process and make Risk Management practices built in to the culture of the Company, CRMC initiated a Pilot Project of Risk Identification and Mitigation with Handholding cum Consultancy for two SBUs of BEL viz. NCS-GAD and Milcom/ BG. M/s PwC, who have domain expertise in implementing Risk Management in various organizations, was engaged for the Project and is progressing well.

2. Cost Reduction:

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

3. Indigenisation:

   BEL has always been striving to attain self-reliance through indigenization efforts and thereby meet the strategic needs of the nation. The indigenization activity covers development initiatives through in-house R&D, collaborative R&D & joint development with national labs like DRDO, ISRO, CSIR, C-DOT, Academic institutions. To give further thrust on indigenization, the Company has set up an integrated state-of-the-Art Corporate R&D Center (Product Development Innovation Center), with larger infrastructure, resources and facilities at Bengaluru to keep pace with the changing technology trend, customer requirements, future business needs etc. With all these efforts, around 87% of turnover was generated from indigenous technology, during the year.

(B) Internal Control System and its Adequacy

BEL has robust Internal Control Systems and processes which are in place and commensurate with the size and nature of its business. To ensure regulatory and statutory compliance as well as to provide highest level of Corporate Governance, BEL has well established policies & procedures for all the major functional areas.

Operational and related activities are being carried out in accordance with the well established Company's policies & procedures like Purchase procedures, Sub-contract procedures, Works contracts procedures, IT and Security policies & procedures, HR policies and procedures, Accounting policies and procedures, etc. A comprehensive delegation of power exists for smooth decision making which is being periodically reviewed to align it with changing business environment and for speedier decision making. Elaborate guidelines for preparation of accounts are followed consistently for uniform compliance of IND AS and requirement of the Companies Act, 2013.

In order to ensure that all checks and internal control systems are in order, regular and exhaustive, internal audits are conducted by Company's own Internal Audit Department comprising of teams of professionally qualified personnel. Besides, the Company has sub-committee of the Board viz. Audit Committee (AC) to keep a close watch on compliance with Internal Control Systems. As BEL is a Government Company, it is subject to Audit by Comptroller and Auditor General of India also.

BEL has an in-house Internal Audit Department commensurate with its size of operations. It has Internal Audit Centers located at major manufacturing units and at corporate office of the Company which carry out audits as per Annual Audit Programme designed by Corporate Audit Division keeping in view the major risks associated with business processes/sub-processes of various functions. The Annual Audit Programme is reviewed and approved by Audit Committee of Board. The Internal Audit Department checks the adequacy and effectiveness of internal control system through regular audits, system reviews and provides assurance on compliance to the legal, regulatory and internal policies and procedures of the company. Functioning of internal audit as well as internal control systems are periodically reviewed by the Board Level Audit Committee (AC). Necessary directions are issued by AC wherever required to further strengthen the internal control system keeping in the view the dynamic environment in which the company is operating.

During the year, the observations and suggestions of Government Audit and Audit Committee of Board were acted upon by the Company's Management.

The Company continues its efforts to align all its processes and controls with global best practices.

(C) Financial / Operational Performance

1. Strategy & Objectives

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

2. Performance Highlights

(₹ in Lakhs)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Turnover	**882,470**	754,117
Total Expenditure before Financing Cost	**757,025**	649,582
Profit Before Finance Cost and Tax	**204,120**	173,663
Operating Margin (PBIT/Gross sales) Ratio	**23.13%**	23.03%
Profit After Tax	**154,762**	130,736
No. of Days Inventory/Value of Production (DPE Method)	**206**	206
No. of Days Trade Receivables/ Turnover	**180**	180
Current Ratio	**1.61**	1.88
Debt Equity Ratio	**0.01**	-

3. Analysis of Financial Performance of 2016-17

- Turnover registered a growth of 17.02% from ₹ 754,117 lakhs in 2015-16 to ₹ 882,470 lakhs in 2016-17.
- Value of production has increased from ₹ 777,537 lakhs in 2015-16 to ₹ 924,383 lakhs in 2016-17, increase of 18.89%.
- 18.37% increase in profit after tax, from ₹ 130,736 lakhs in 2015-16 to ₹ 154,762 lakhs in 2016-17.
- Increase of PAT to turnover ratio from 17.34% in 2015-16 to 17.54% in 2016-17.
- Turnover per employee has increased from ₹ 76.58 lakhs in 2015-16 to ₹ 90.83 lakhs in 2016-17.
- Earnings Per Share has increased from ₹ 5.45 in 2015-16 to ₹ 6.64 in 2016-17.
- Book value per share has decreased from ₹ 37.43 in 2015-16 to ₹ 33.62 in 2016-17.
- Net Worth has decreased from ₹ 898,360 lakhs in 2015-16 to ₹ 750,854 lakhs in 2016-17.
- 16637207 equity shares bought back for ₹ 217116 lakhs during 2016-17.

(D) Development in Human Resources

To meet current and future business demands, HRD interventions have assumed a strategic role in BEL. We believe that learning and development of employees through organizational efforts has the potential to greatly improve employee performance as well as that of the business as a whole. In a time of rapidly changing business environment, aligning employees with Strategic imperatives is key to success. In order to ensure that our employees are equipped with the right kind of skills, knowledge and abilities to perform their assigned tasks, continuous innovative human resource development initiatives are rolled out keeping in mind the future demands and growth of our business. By choosing the right type of training interventions, we ensure that our employees possess the right skills for our business, and new HR Practices are rolled out periodically.

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

Apart from this, 360-degree feedback and Leadership Development programs were conducted to equip our managers with Leadership competencies. 4 batches of executives (100 executives) underwent the program last year.

Driving significant change is one of the most challenging tasks that any large organization faces. It requires that new paradigms replace the status quo of doing business. Our "Change Management" program for senior executives aims at aligning the thinking and attitudes of our senior executives to that required for a global organization. 104 senior executives have undergone the program last year.

The advantages of teamwork and collaboration are reinforced in an Outbound learning program. This training takes the participant away from comfort zone, in an informal risk-free environment, thereby enabling the participant to experiment and explore the hidden potential. 8 cross-functional teams across various Units attended the program during the year 2016-17.

Strategizing is an important component for senior executives. "Strategy Building and Competitive Intelligence" program was organized through the faculty of IIM and 69 senior executives attended the program.

In order to provide a conceptual framework for identifying and mitigating potential business risks, 5 two day programs on "Enterprise Risk Management" have been organized for the senior executives on the theory of Risk Management and Practices, covering 121 executives.

Considering the criticality of Innovation in our business, 7 "Workshops on Innovation" were organized through faculty from IIM to emphasize that innovation is not just a management ideology but a way of life that is required to be understood and implemented for sustained competitive advantage. 197 executives attended the workshop.

In order to impart concepts and principles/practices on HRM to our middle and senior level executives, 5 residential programs on "HR for Non HR Executives" was conducted at IIM covering 139 executives.

In order to gain insights into financial statements analysis, budgeting, working capital management and cost management to help our non-finance executives, 7 Programs on "Strategic Finance for Non Finance Executives" were conducted by senior faculty from IIM.

2 dedicated 5 day (residential) programs on Human Resource Management for HR Executives were conducted for all the HR officers to give an in-depth emphasis on the business context of HR management and leadership, focusing on the organizational and strategic issues influencing HR decisions. 51 HR executives attended the program.

Four General Managers were nominated to attend the Advanced Management Program - "Strategies for Sustainable Growth in Global Environment" organized by Management Development Institute (MDI), Gurgaon. The program included two weeks module at the Institute campus and 2 weeks International immersion at France, Italy and Austria.

We have been operating in a highly competitive business environment and there is a need to build a community of leaders. As part of the Leadership Development intervention, we have introduced "Executive Coaching" for 7 Executive Director/General Managers.

"Program for Awareness on Coaching Essentials" (PACE) for Manager and above grade executives was conducted to help them understand the concepts, methodology and practices in Coaching, for engaging the hearts and minds of their teams. 4 programs were conducted (2 day duration) covering 112 executives.

To enhance Women leadership competencies and help them understand the leadership imperatives, 3 "Young Women Leaders Program (DEEPSHIKHA)" was conducted for 87 women executives.

In order to create awareness on gender mainstreaming and develop a diverse and inclusive workforce to make diversity a competitive edge for the organization, 8 workshops, on the topic Gender Sensitization & POSH Act, called SAMMAN were conducted covering 166 executives across grades.

In order to impart key skills of Conflict Management to our executives, Ten 2 day programs on the topic Conflict Management titled TACT were conducted covering 257 executives.

In order to address the Group Competency Gaps, post ODCs, 28 One Day "Competency Development Workshops" for our Executives, for addressing identified two Competencies pertaining to the Units, were conducted during the year.

Utilizing blended learning methodology, having lectures, gamification with creating real life-like experiences for imparting the concepts, reinforcing and evaluating the desired competencies 4 programs (2 days duration) on "Initiative for Blended Learning (i-Blend)" were conducted covering 103 executives in E-II to E-V grades.

Theatre based training is a powerful medium of communication and learning that combines real work place situations with dramatic performances to raise the awareness of employees through education & reflection.

5 workshops titled "Active Learning through Theater (ACT)" were conducted covering 121 executives across grades.

Program on "Dedicated Initiative for Wellness through Yoga and Meditation (DIWYAM)" utilizing Yoga, Meditation for employee well-being and stress management was conducted for executives across grades. 8 programs of 3 day duration were conducted covering 228 executives.

To provide a comprehensive overview on the Agreements and Contracts, Negotiating Skills and Techniques, General Principles in Contracts, three 2 day Workshops on Contract Management were conducted covering 88 executives across grades.

To understand the process of patenting and IPR and to generate the requisite Intellectual Property Rights documents, 5 workshops on "Intellectual Property Rights" were organized for the D&E executives. 130 executives attended the program.

Technology programs to enhance knowledge of our engineers in various technology areas were conducted/ nominations were made for Technology programs. Some of the programs are Advances in VLSI Signal Processing, Advanced Design DSP techniques, Fire Control Radars, Gian Course on VLSI Architecture for Signal Processing & Machine Learning, Workshop on Big data and Data Analytics, Workshop on Cyber security, Strategic Electronic Summit, Global R&D Summit, DEFTROINICS -2016, DEFCOM - 2017, etc.

In order to enhance the technology skills and develop in-house talent in technology areas, we have nominated 4 Engineers for M.Tech Program at DIAT, Pune, in the fields of Radar & Communication and Cyber Security.

A 2 day "Annual HR Conference" was organized on the theme "Role of HR in Building a Sustainable Enterprise." Persons of eminence from HR/Other fields were invited as speakers. In addition to this, Presentations were made by HR Officers on the theme.

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

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

A certificate workshop on "Self Defence Workshop for Women Employees" covering 46 women employees of Corporate Office was conducted.

Around 95 Probationary Engineers joined BEL during 2016-17 and have undergone Induction Program at CLD, Bengaluru.

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

Annexure 6

CORPORATE GOVERNANCE REPORT

Philosophy and Code of Governance

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

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

Board of Directors

Composition

Pursuant to Companies Act, BEL is a 'Government Company' as 68.19% of the total paid-up share capital f the Company is held by the President of India.

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

As on 31 March 2017, BEL Board of Directors comprises of six Whole-time Executive (Functional) Directors including CMD, one Part-time Government (Non-executive) Director and 4 Part-time Independent (Non-executive) Directors.

There are four temporary vacancies of Independent Directors and one Functional Director i.e. Director (Finance) as on 31 March 2017. All the vacancies were notified to Govt. for filling up. The matter of filling up of these vacancies is under consideration of Ministry of Defence, Government of India.

Meetings and Attendance

During the financial year ended 31 March 2017, six Board Meetings were held and the maximum interval between any two meetings was not more than 120 days. The Board Meetings were held on 28 April 2016, 16 May 2016, 27 May 2016, 05 August 2016, 27 October 2016 and 27 January 2017. 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 2017 are given below :

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM held on 22 Sept. 2016	No. of other directorships held**	* No. of committee membership across all companies	
						As Chairman	As Member
Whole-time Functional (Executive) Directors							
1	Mr S K Sharma, CMD (Retired on 30.09.2016)	04	04	Yes	Nil	Nil	Nil
2	Mr M V Gowtama (appointed w.e.f. 08 Nov 2016)	01	01	NA	01	Nil	Nil
3	Mr M L Shanmukh (Retired on 31.10.2016)	05	03	Yes	Nil	Nil	Nil
4	Mr Amol Newaskar (Retired on 30.04.2016)	01	01	NA	Nil	Nil	Nil
5	Dr Ajit T Kalghatgi	06	05	Yes	02	02	02
6	Mr P C Jain (Retired on 31.07.2016)	03	03	NA	Nil	Nil	Nil

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM held on 22 Sept. 2016	No. of other directorships held**	* No. of committee membership across all companies	
						As Chairman	As Member
7	Mr P R Acharya (ceased to be Director w.e.f 19.08.2016)	04	04	NA	01	Nil	Nil
8	Mr Manmohan Handa (Retired on 30.04.2016)	01	01	NA	Nil	Nil	Nil
9	Mr Girish Kumar (appointed w.e.f. 01 May 2016)	05	05	Yes	01	Nil	01
10	Nataraj Krishnappa (appointed w.e.f. 01 May 2016)	05	05	Yes	01	Nil	01
11	Mrs Anandi Ramalingam (appointed w.e.f. 16.09.2016)	02	02	Yes	01	Nil	01
12	Mr R N Bagdalkar (appointed w.e.f. 23.01.2017)	01	01	NA	Nil	Nil	01
Part-time Government (Non-executive) Directors							
13	Mrs Kusum Singh	06	03	Yes	01	Nil	01
Part-time Independent (Non-executive) Directors							
14	Dr Bhaskar Ramamurthi	06	05	Yes	Nil	Nil	01
15	Dr R K Shevgaonkar	06	05	Yes	Nil	Nil	01
16	Mrs Usha Mathur	06	05	Yes	Nil	01	01
17	Mr Sharad Sanghi	06	03	No	Nil	01	01

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

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

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

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

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

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

Details of Familiarisation & Training Programmes for Directors

At the time of induction of a new Director, a welcome letter is addressed to him along with details of duties and responsibilities required to be performed as a Director in addition to the compliances required from him under the Companies Act, 2013, SEBI (LODR) Regulations 2015 and other applicable regulations. Relevant Disclosures are taken from the Director and the management of the Company familiarises the new Director about the Company, its operations, various policies and processes of the company, various divisions of the Company and their role and responsibilities, the governance and internal control processes and other relevant important information concerning the Company. Directors are also regularly encouraged and sponsored for attending important training programmes relating to Board related practises and orientation programmes etc. conducted by various institutes of repute. Details of training imparted to Director during 2016-17 are as follows and the same has been uploaded in the website of the Company http://www.bel-india.com/?q=news-for-investors:

i. Mr Girish Kumar, Director (Bangalore Complex), attended "Gold Certification Programme-Enhancing Board Effectiveness" at Goa. The Program was organised by CII from 3 to 5 March 2017.

ii. Mr R N Bagdalkar, Director (HR), attended "Gold Certification Programme - Enhancing Board Effectiveness" at Goa. The Program was organised by CII from 3 to 5 March 2017.

Directors' Shareholding

None of the BEL Directors hold any shares or convertible instruments of the Company as on 31 March 2017.

Mandatory Committees of the Board

Audit Committee

The composition of the Audit Committee is in line with Section 177 of Companies Act 2013 (the Act), Regulation 18 of SEBI (LODR) Regulations 2015, and DPE Guidelines. The Company's Audit Committee consists of three Independent Directors and one Government Director. In addition, the Company's Statutory Auditors, Director (Finance), Director (Bangalore Complex), Director (Other Units) and General Manager (Internal Audit) are also regularly invited to attend the Audit Committee meetings. Chairman of the Audit Committee is an Independent Director. Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 22 September 2016. The terms of reference of the Audit Committee are as specified in Section 177 of the Act, Regulation 18 of SEBI (LODR) Regulations 2015, and DPE Guidelines.

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

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

The Composition of the Audit Committee during the year 2016-17 and details of the Members participation at the Meeting of said committee are as under :

Name of the Member	Category	Attendance at the Audit Committee Meetings held on				
		27 May 2016	05 Aug 2016	27 Oct 2016	08 Nov 2016	27 Jan 2017
Mrs Usha Mathur	Independent Director	✓	✓	✓	✓	✓
Mrs Kusum Singh	Government Director	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence
Dr R K shevgaonkar	Independent Director	✓	✓	✓	✓	✓
Dr Bhaskar Ramamurthi	Independent Director	✓	✓	✓	✓	Leave of Absence

Nomination and Remuneration Committee

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

The Composition of the Committee during the year 2016-17 and details of the Members participation at the Meeting of said committee are as under :

Name of the Member	Category	Attendance at the Nomination and Remuneration Committee Meeting held on 27 January 2017
Mrs Usha Mathur, Chairman	Independent Director	✓
Mrs Kusum Singh	Government director	Leave of Absence
Mr Sharad Sanghi	Independent Director	✓
Mr M V Gowtama	Chairman & Managing Director	✓

Some of the important functions performed by the Committee include :

- Recommending policy to the board in line with the provisions of 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) below Board level.

Remuneration Policy/Performance Evaluation

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

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

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

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

The Independent Directors reviewed the performance of Chairman & Managing Director, Functional Whole-time Directors, Non-Independent Directors and the Board as a whole in a separate meeting of Independent Directors held on 08 November 2016. An exercise was carried out to evaluate the performance of the individual directors including CMD on basis of certain important parameters like level of engagement and contribution, exercising independence of judgement, achievement of objectives and targets, Protection of interest of various stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed satisfaction with the evaluation process.

Remuneration paid to Directors during the financial year 2016-17

(Amount in ₹)

Name of Director	Salary	Perquisites	Company contribution to PF & Incremental Gratuity /leave/BERECHS	Incentive	Lease rental + Maintenance	Total
Mr S K Sharma (till 30.09.2016)	1,581,867	659,924	279,206	1,603,049	375,000	4,499,046
Mr M V Gowtama (from 8.11.2016)	1,223,397	15,730	1,423,715	430,734	0	3,093,576
Mr M L Shanmukh (till 31.10.2016)	2,271,118	382,846	354,076	1,402,235	350,000	4,760,275
Mr Amol Newaskar (till 30.04.2016)	24,0241	2,700	1,006,214	1,153,633	50,000	1,547,195
Dr Ajit T Kalghatgi	2,651,154	48,634	1,356,686	1,144,461	600,000	5,800,935
Mr P C Jain (till 31.07.2016)	1,121,681	148,757	196,264	1,111,090	0	2,577,792
Mr P R Acharya (till 19.08.2016)	1,168,433	51,043	102,562	0	0	1,322,038
Mr Manmohan Handa (till 30.04.2016)	279,886	311,475	98,630	1,084,627	50,000	1,824,618
Mr Girish kumar (from 01.05.2016)	2,367,661	30,660	1,360,558	458,556	150,000	4,367,435
Mr Nataraj Krishnappa (from 01.05.2016)	2,187,450	73,444	1,420,036	418,368	550,000	4,649,298
Mrs Anandi Ramalingam (from 16.09.2016)	1,304,250	18,880	1,690,148	395,445	275,000	3,683,723
Mr R N Bagdalkar (from 23.01.2017)	511,029	6,184	1,312,138	401,415	0	2,230,766

Part-time Government (Non-executive) Directors are not paid any remuneration or sitting fees for attending Board/ Committee meetings. Part-time Independent (Non-executive) Directors are paid sitting fees of ₹ 20,000 per meeting of the Board/Board Committee attended. Details of sitting fees paid to the Independent Directors during the year 2016-17 are given below :

(Amount in ₹)

Name	Sitting Fees paid for Board & Committee Meetings
Dr Bhaskar Ramamurthi	200,000
Dr R K Shevgaonkar	400,000
Mrs Usha Mathur	360,000
Mr Sharad Shanghi	120,000

The Company does not pay any commission to its Directors. The Company has not issued any stock options to its Directors. None of the Non-executive Directors had any pecuniary relationship or transactions with the Company during the year 2016-17.

Stakeholders' Relationship Committee

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

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

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

The Committee met once during the year on 27 January 2017. Chairman and all members of the Committee attended the said meeting.

Transfer requests and complaints from the shareholders are attended to promptly as and when they are received. Grievances from shareholders, mainly relating to dividend payment and Annual Report, were received and resolved during the year. No grievance was pending as on 31 March 2017. Following are the details of investors' complaints during 2016-17 :

No. complaints received	No. complaints resolved	No. complaints pending
07	06	01*

* The pending complaint was resolved on 03 April 2017.

Compliance Officer

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

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

Corporate Social Responsibility Committee

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

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

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

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

The composition of the Corporate Social Responsibility Committee as at 31 March 2017 and the details of Members' participation at the Meetings of the said Committee are as under :

Name of the Member	Category	Attendance at the CSR Committee Meeting held on	
		16 May 2016	27 October 2016
S K Sharma, Chairman (Retired on 30.09.2016)	Chairman and Managing Director	✓	NA
M V Gowtama, Chairman (Appointed on 08.11.2016)	Chairman and Managing Director	NA	NA
Mr M L Shanmukh (Retired on 31.10.2016)	Executive Director	LA	LA
Mr P R Acharya (Ceased to be Director w.e.f 19.08.2016)	Executive Director	✓	NA
Mr Nataraj Krishnappa (Appointed on 01.05.2016)	Executive Director	✓	✓
Dr R K Shevgaonkar	Independent Director	LA	✓

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

Risk Management Committee

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

The composition of the Risk Management Committee as at 31 March 2017 and the details of Members' participation at the Meetings of the said Committee are as under :

Name of the Member	Category	Attendance at the RMC Meeting held on		
		22 Dec 2016	28 Feb 2016	20 March 2017
Mr Girish Kumar, Chairman	Executive Director	✓	✓	✓
Mr Nataraj Krishnappa	Executive Director	✓	✓	✓
Mrs Anandi Ramalingam	Executive Director	✓	✓	LA
Mr Koshy Alexander	GM (Finance)/ CO & CFO	LA	✓	✓
Mrs Shika Gupta	GM (Strategic Planning)	✓	✓	✓

Other Non-Mandatory Committees

The following Sub Committees of the Board have been constituted :

R&D Committee

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

Capital Investment Committee

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

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

Investment Committee

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

Selection Committee

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

Independent Directors' Meeting

During the year under review, the Independent Directors met on 08 November 2016, inter alia, to review :

i. The performance of Whole Time Directors and Chairman and Managing Director.

ii. The performance of Non-executive Director.

iii. Quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to perform it duties effectively.

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

Code of Conduct

Board of Directors of the Company has laid down a Code of Conduct for all Board members, KMPs and senior management of the Company under regulation 17(5) of SEBI (LODR) Regulations 2015 and DPE Guidelines. The Code of Conduct has been posted on the Company's website, www.bel-india.com. All Board members, KMPs and senior management personnel have affirmed compliance with the Code of Conduct as on 31 March 2017. A declaration to this effect signed by the Chairman & Managing Director is attached to this Report.

Whistle Blower Policy

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

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

Related Party Transactions

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

Code for Prevention of Insider Trading and Fair Disclosure

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

Subsidiary Companies

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

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

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

General Body Meetings

Details of last three Annual General Meetings are as follows :

Year	Location	Date & Time
2013-14	Rashtrakavi Kuvempu Kalakshetra Near BEL Hospital & BEL Factory Jalahalli, Bengaluru – 560 013	25 Sept 2014 at 2:00 pm
2014-15	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	03 Sept 2015 at 10:30 am
2015-16	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Bengaluru - 560 001	22 Sept 2016 at 02:00 pm

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

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

Following resolutions were put through postal ballot during last financial year :

- Special Resolution passed through Postal Ballot for Buyback of equity shares and the Postal Ballot results were published on 14 September 2016.
- Ordinary Resolutions passed through Postal Ballot for Sub-division of one equity share of ₹ 10/- each into 10 equity shares of ₹ 1/- each and alteration of capital clause in Memorandum of Association and the Postal Ballot results were published on 06 March 2017.

  The Company had appointed Mr G Thirupal, Practising Company Secretary as scrutinizer for conducting the Postal Ballot process, in relation to the aforesaid proposals, in a fair and transparent manner. Accordingly, the Postal Ballot was conducted by the Scrutinizer and the report was submitted to the Chairman and the results of the Postal Ballot were subsequently declared by the Chairman as stated above and the resolutions, accordingly, were passed with requisite majority. In respect of Special Resolution for Buy Back of Shares, 960 members (representing 99.9976% of valid votes cast) voted in favour of the resolution, 66 members (representing 00.0024% of valid votes cast) voted against the resolution and voting by 2 members (votes cast 530) was invalid.

Disclosures

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

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

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

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

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

Administrative and office expenses were 4.32% of the total expenses for the year 2016-17 as against 4.65% in the previous year. The decrease is nominal.

Presidential Directives and Guidelines

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

BEL has implemented the Presidential Directives issued by the Government of India regarding implementation of Executives Pay revision from 01 January 2007.

Means of Communication

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

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

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

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

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

The Company discloses to the Stock Exchange, all information required to be disclosed under Regulation 30 read 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. All information is filed electronically on BSE's on-line Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the on-line portal of National Stock Exchange of India Limited.

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

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

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

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

Reconciliation of Share Capital Audit

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

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

Listing on Stock Exchanges

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

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

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

The Company has paid listing fees for the financial years 2016-17 and 2017-18 to both the Stock Exchanges.

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

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

Custody Fees to Depositories

The Company has paid annual custody fees for the financial years 2016-17 & 2017-18 to both the Depositories, viz, NSDL and CDSL.

Details of Non-Compliances

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and independent director. The Company had appointed adequate number of Independent Directors as per the Companies Act, 2013. However the Company is yet to appoint the adequate number of Independent Directors as per the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is informed that the appointment of Directors is done by Govt. of India and filling up of vacancies of the said Independent Directors is also pending with the appointing authority namely Government of India. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Compliance with Non-Mandatory Provisions

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

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

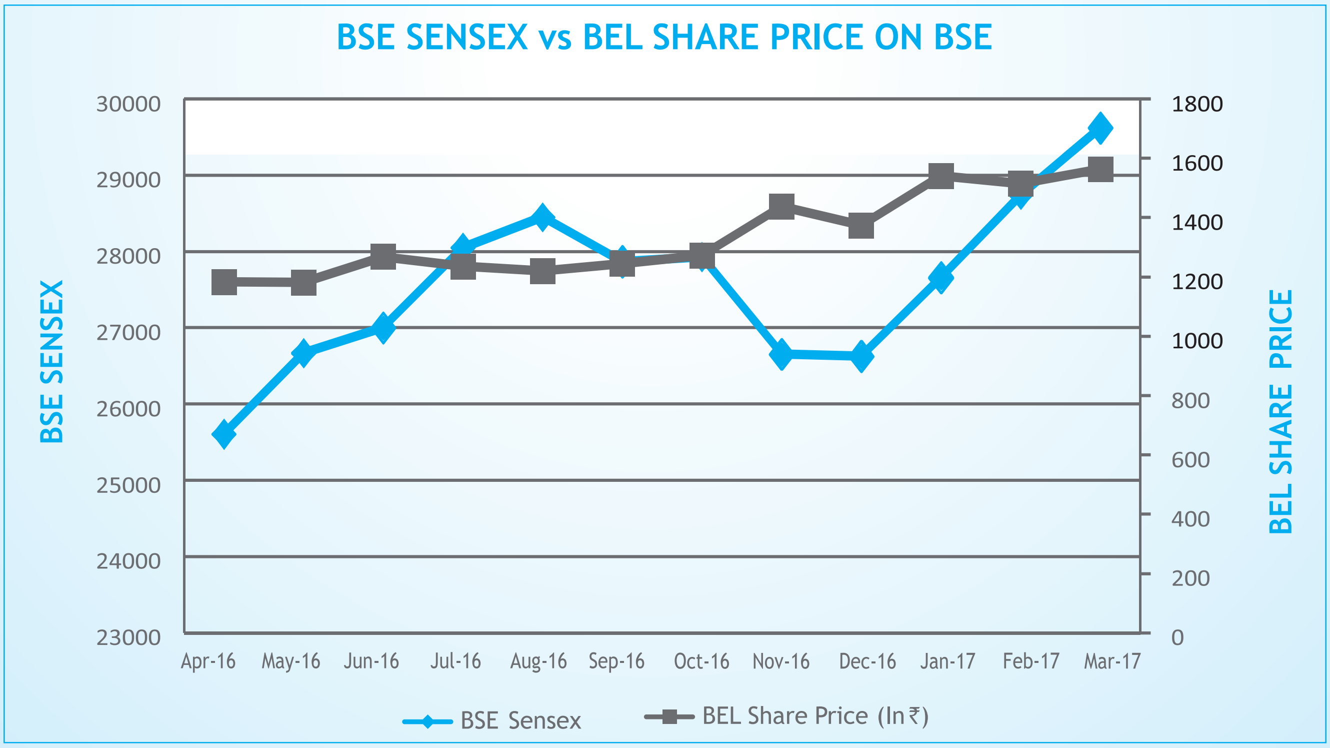
Market Price Data

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

BEL Share Price on BSE vis-a-vis BSE sensex from April 2016 to March 2017.

Month	BSE Sensex Close	BEL Share Price			No of Shares Traded	Turnover (₹ in lakhs)
		High (In ₹)	Low (In ₹)	Close (In ₹)		
April 2016	25607	1232.00	1133.55	1182.75	411751	4890.51
May 2016	26668	1204.60	1083.70	1181.70	503995	5797.72
June 2016	27000	1314.70	1137.35	1267.80	922924	11560.68
July 2016	28052	1291.25	1212.25	1236.05	602542	7543.64
August 2016	28452	1265.00	1200.00	1219.65	488331	6026.93
September 2016	27866	1295.00	1190.50	1245.40	678161	8438.30
October 2016	27930	1337.10	1240.15	1328.30	733928	9361.00
November 2016	26653	1446.50	1204.65	1437.90	613388	8236.66
December 2016	26626	1540.00	1329.65	1374.30	705193	10157.99
January 2017	27656	1624.30	1354.05	1540.05	1468919	22174.85
February 2017	28743	1587.45	1498.50	1514.95	1044382	15992.76
March 2017	29621	1665.00	1488.00	1563.50	1003469	15760.30

A comparison of closing quotation of the Company's share price on BSE with the closing position of BSE SENSEX during the year 2016-17 is presented in the following graph :

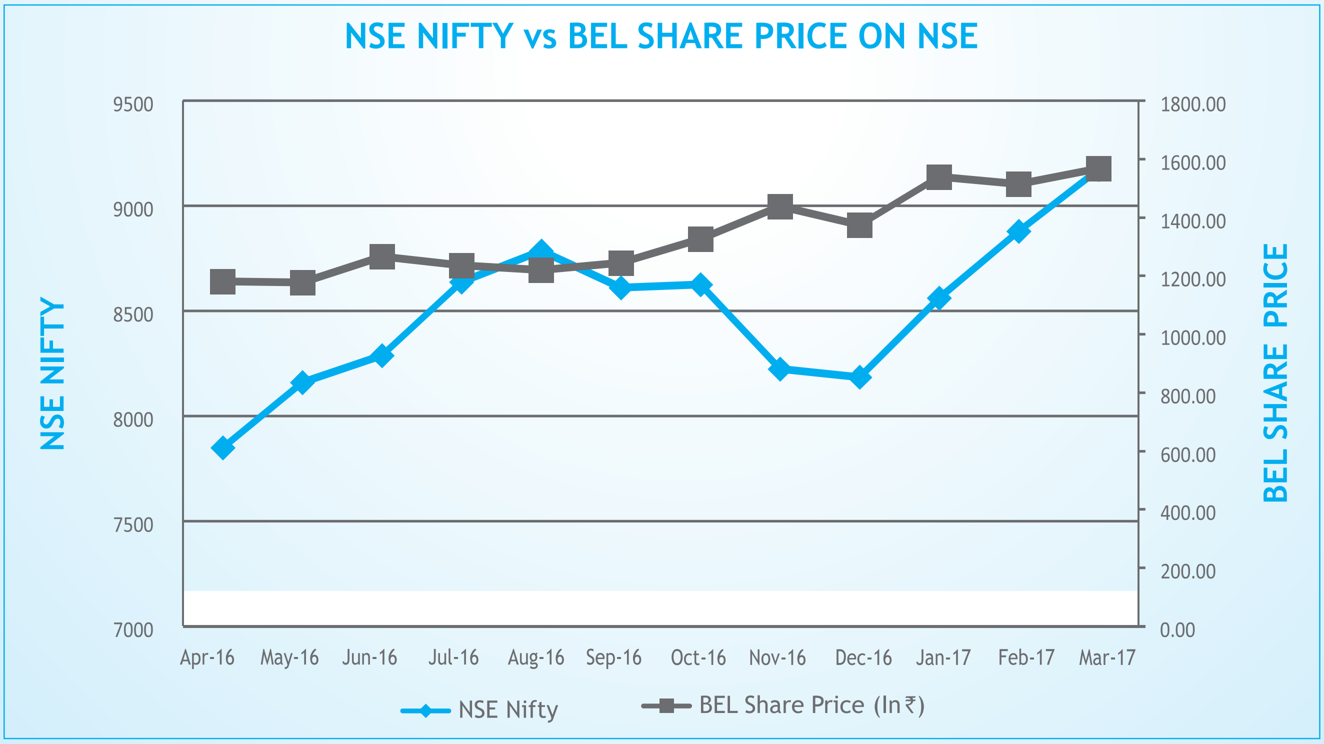


Note* : During the year Company had completed Sub-division of one equity share of ₹ 10/- each fully paid-up into 10 equity shares of ₹ 1/- each fully paid-up w.e.f. 16 March 2017. For the purpose of presenting above chart, w.e.f 16 March 2017 the market value of equity share were multiplied by 10 and the number of shares traded were divided by 10.

BEL Share Price on NSE vis-a-vis NSE Nifty from April 2016 to March 2017.

Month	NSE Nifty Close	BEL Share Price High (In ₹)	BEL Share Price Low (In ₹)	BEL Share Price Close (In ₹)	No of Shares Traded	Turnover (₹ in lakhs)
April 2016	7850	1232.50	1132.55	1181.85	4355470	51682.17
May 2016	8160	1205.00	1082.00	1178.25	5231203	59944.52
June 2016	8288	1313.95	1140.00	1267.10	8007389	100397.28
July, 2016	8639	1291.75	1211.10	1235.90	4809627	60271.42
August 2016	8786	1267.00	1201.00	1220.45	4203613	51933.07
September 2016	8611	1299.00	1181.10	1244.75	8639978	107646.37
October 2016	8626	1336.00	1240.05	1327.45	5205371	66597.84
November 2016	8225	1445.00	1204.20	1439.05	7088048	94873.84
December 2016	8186	1525.00	1330.20	1375.05	7539346	108278.25
January 2017	8561	1625.00	1353.00	1540.00	13147548	199028.31
February 2017	8880	1588.05	1498.20	1515.60	12177321	186490.21
March 2017	9174	1665.00	1486.30	1567.50	10687743	167198.44

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2016-17 is presented in the following graph :



Note* : During the year Company had completed Sub-division of one equity share of ₹ 10/- each fully paid-up into 10 equity shares of ₹ 1/- each fully paid-up w.e.f. 16 March 2017. For the purpose of presenting above chart, w.e.f 16 March 2017 the market value of equity share were multiplied by 10 and the number of shares traded were divided by 10.

Liquidity

The Company's shares are very liquid and are actively traded on the Indian stock exchanges. Relevant data of turnover for the financial year 2016-17 is given below :

Particulars	BSE	NSE	Total
No. of shares traded	9176983	91092657	100269640
Value (₹ in lakhs)	125941	1254342	1380283

Share Transfer

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

Integrated Registry Management Services Pvt. Ltd.

No. 30, Ramana Residency, 4th Cross

Sampige Road, Malleswaram

Bengaluru – 560 003

Telephone : 080 23460815 to 818 Fax : 080 23460819

E-mail : irg@integratedindia.in

Share Transfer System

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

Shareholding Pattern as on 31 March 2017

Sr.	Category	No. of share holders	No. of shares	% holding
1	Central Government	2	1,523,042,911	68.19
2	Mutual Funds/UTI	173	270,079,639	12.09
3	Financial Institutions/Banks	10	3,431,166	0.15
4	Alternative Investments Funds	1	105,890	0.00
5	Insurance Companies	21	122,316,640	5.48
6	Foreign Institutional Investors	172	148,635,753	6.65
7	Bodies Corporate	1,043	79,522,958	3.56
8	Individuals	78,304	73,296,086	3.28
9	Trusts	23	2,736,801	0.12
10	NRIs	1,995	4,200,485	0.19
11	Clearing Members	416	6,259,451	0.28
12	LLP	1	150	0.00
	Total	**82,161**	**2,233,627,930**	**100.00**

Top 10 Shareholders as on 31 March 2017

Sr.	Name of the shareholder	No. of Shares	% Holding
1	Life Insurance Corporation of India	104,839,030	4.69
2	CPSE ETF	24,841,067	1.11
3	SBI Blue Chip Fund	21,917,070	0.98
4	HDFC Trustee Company Ltd - A/C HDFC Mid – Cap opportunities Fund	15,926,500	0.71
5	HDFC Trustee Company Limited - HDFC Tax Saver fund	13,923,370	0.62
6	Kotak Select Focus Fund	13,500,000	0.60
7	ICICI Prudential Value Discovery Fund	12,000,000	0.54
8	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Frontline Equity Fund	10,873,040	0.49
9	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index	10,642,263	0.48
10	Parvest Equity India	10,620,000	0.48

Distribution of Shareholding as on 31 March 2017

No. of Equity Shares held	No. of Share holders	%	No. of Shares	%
Upto 500	60,384	73.49	9,797,161	0.44
501 - 1000	9,542	11.61	7,586,756	0.34
1001 - 2000	5,518	6.72	8,174,885	0.37
2001 - 3000	2,409	2.93	6,521,079	0.29
3001 - 4000	711	0.87	2,553,754	0.11
4001 - 5000	631	0.77	2,942,939	0.13
5001 - 10,000	1,416	1.72	10,288,858	0.46
10001 and Above	1,550	1.89	2,185,762,498	97.86
Total	**82,161**	**100.00**	**2,233,627,930**	**100.00**

Dematerialisation of Shares

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

Outstanding GDRs/ADRs/Warrants : Not Applicable

Transfer to IEPF Account

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

During the year 2016-17, the Company transferred to the Fund an amount of ₹ 1,76,920 from the Unpaid Dividend Account (₹ 1,13,614 belongs to final dividend 2008-09 and ₹ 63,306 belongs to interim dividend 2009-10). The unclaimed/unpaid final dividend for the year 2009-10 and interim dividend for the year 2010-11 are due for transfer to the Fund in 2017-18. The Company has posted on its website www.bel-india.com in a separate page titled "Information for Investors" the details of dividend payment since 2007-08 onwards and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided there to claim unpaid/unclaimed dividend.

Credit Rating

ICRA has reaffirmed the following credit ratings of the Company for 2017-18 :

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

(ii) Short-term rating of [ICRA] A1+ (pronounced ICRA A one plus) to ₹ 2700 Crores non-fund based line of credit.

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

The outlook on the long-term rating is 'stable'. These ratings indicate the highest credit quality in the long- and short-term. The instruments rated in these categories carry the lowest credit risk in the long- and short-term. These ratings (i), (ii) & (iii) are valid till 28 Feb 2018.

CEO/CFO Certification

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

Compliance

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

DPE Grading

The DPE guidelines on Corporate Governance for CPSEs provide that the CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for the year 2015-16.

Additional/General Information for Shareholders

Annual General Meeting

Date	:	20 September 2017
Time	:	03:30 p.m.
Venue	:	The Kalinga Hall, Hotel Lalit Ashok, Kumara Krupa High Grounds, Next to CM Guest House, Bengaluru, Karnataka 560 001.

Financial Calendar 2017-18

Financial Year	: 1 April 2017 to 31 March 2018
First quarter results	: By end of July 2017
Second quarter results	: By end of Oct 2017
Third quarter results	: By end of Jan 2018
Annual Audited results	: By end of May 2018
Annual General Meeting	: Sept 2018

Book Closure

17 August 2017 to 21 August 2017 (both days inclusive).

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

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

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

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

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

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

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

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

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

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

Registered Office/Address for Correspondence

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

AUDITOR’S CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Bharat Electronics Limited,

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited, for the year ended on 31 March 2017, as per the relevant provision of SEBI (Listing Obligations and Disclosure Requirements) 2015 (‘Listing Regulations’) as referred to in Regulation 15(2) and Schedule-V of the Listing Regulations and Department of Public Enterprises (DPE) guidelines on Corporate Governance for Central Public Sector Enterprises.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the guidance note on certification of corporate governance, issued by Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations and DPE guidelines. However the Company is yet to appoint the adequate number of Independent Directors as per the requirements of the listing regulations. It is informed that the appointment of Directors is done by Govt. of India and filling up of vacancies of the said independent directors is also pending with the appointing authority namely Government of India.

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

We further state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
FRN : 005389S

Bengaluru
10 August 2017

N K Madhusudhan
Partner
Membership Number : 020378

Declaration of Compliance with the Code of Conduct

Pursuant to the relevant provisions under SEBI (LODR) Regulations, 2015 and the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 22 June 2007, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members, KMPs & Senior Management of Bharat Electronics Ltd., for the year ended 31 March 2017.

For Bharat Electronics Ltd

Bengaluru
11 August 2017

M V Gowtama
Chairman & Managing Director

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

To
The Board of Directors
Bharat Electronics Limited

We hereby certify that :

(a) We have reviewed the Financial Statements for the year ended 31 March 2017 and that to the best of our knowledge and belief :

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 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 year;

  (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

  (iii) Any instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Koshy Alexander
Chief Financial Officer

M V Gowtama
Chairman & Managing Director

Annexure 7

Sustainability Report

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

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

Cleaner Technology

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

BEL understands that pollution prevention begins at the source. Keeping that in mind, several improvements and modifications have been done in the existing processes. Many of the RoHS compliant processes have been introduced in PCB manufacturing and metal finishing processes, low smoke halogen cables, low VOC metal finishing operation (Poly urethane) and using alternative chemical in place of trichloroethylene in the degreasing process have been implemented. Cyanide free silver and copper plating in Naval systems electroplating shop, introduction of "Clean safe 585" compound in place of TCE for degreasing in Central Fabrication Facility division, replacing Dry Hydrogen Gas to Mixed Gasin brazing process in EM SBU, introduction of Piped Natural Gas (PNG) in Bangalore Complex and Brij Vihar Colony Ghaziabad

Emission to Air

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

Water Pollution

Wastewater generated during the manufacturing process is treated to meet Pollution Control Board norms. BEL has gone one step ahead to treat the wastewater to meet reusable standards and is recycled for purposes of production again. Likewise, domestic effluents generated are treated and recycled for horticulture purposes. In addition to reuse of treated wastewater BEL BG-CX is procuring 1MLD tertiary treated sewage from Bengaluru Water Supply and Sewerage Board (BWSSB) for horticulture application by which 1 MLD fresh water usage has been avoided.

Hazardous Waste Management System

Reduce, Reuse and Recycle principles is followed in handling of hazardous waste. The generation of hazardous waste has been reduced at the process level itself by the introduction of appropriate chemicals that generate less hazardous sludge in the process of detoxification of wastewater and by adopting cleaner technology. Besides, introduction of cyanide-free zinc and copper plating processes, use of sodium hydrides, sodium hypochlorite and sodium metabisulphate in place of lime, bleaching powder and ferrous sulphate, help in reduction of large volume of hazardous sludge. IPA recovery system also has been introduced by which generation hazardous waste has been reduced. The Process change in photo resist lamination to achieve reduction of photo resist material by 5-10%. Hazardous wastes generated are handled in a scientific way. Bharat Electronics has established a system for safe-keeping/ handling of hazardous waste by constructing an exclusive, well-protected place for the safe-keeping of the hazardous waste. BEL has tied up with the State Pollution Control Board, "Treatment, Storage & Disposal Facility" operators for disposal of landfillable solid hazardous waste. Recyclable wastes are handed over to Pollution Control Board authorised agencies for scientific processing and recycling. This system effectively prevents pollution caused by hazardous wastes.

E- Waste Management

E-waste generated during the manufacturing of products are handed over to Pollution Control Board authorised agencies for scientific processing and recycling as a manufacturer. End of life E-wastes like computer and other electronics items are handed over to Pollution Control Board authorised agencies for scientific processing and recycling. End of life E-wastes product like Electronic Voting Machines are collected back and after dismantling the product, E-wastes are channelised to Pollution Control Board authorised agencies for scientific processing and recycling as a Extended Producer responsibility. Users of Electronics Products are provided with handling and disposal guidelines for safe disposal of E-wastes after end of use.

Biomedical Waste

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

Solid Waste Management

Waste Segregation at source introduced in BEL Bangalore Complex by SBU's. BEL has established a system to segregate waste generated at the source itself for facilitating scientific disposal of municipal solid waste. Organic waste converter has been introduced for treating municipal solid waste in to manure in addition to use of Bio-methanisation plan. Land fillable wastes are being sent for processing at a well-established solid waste treatment facility in Bengaluru. There is a concerted effort to reduce, recycle and reuse waste so that paper and plastic can be recycled and reused rather than sending to landfills. BEL has been participating in recycling of paper and plastic waste with M/s ITC Wealth out of Waste scheme (WOW). This has resulted in recycling of 350470 Kg paper, in turn saving of 7710 trees, 157712 units of energy and 9112 KL water, 315 MT of CO_2, 386 m^3 land fill area. And also Environmental friendly honey comb based paper packing material has been introduced to eliminate EPS packaging (thermo cole) at PVD.

Conservation of natural resources:

Effluent neutralization from Chemical blackening in CFF division modified to reduce 25% water and 40% chemical consumption. Control of DM water using Solenoid Valves in Automated Black oxide coating plant reduced consumption by 50% in PCB. Reduction of false roof height by 5ft in PCB division resulted in air conditioners power consumption by 20%. Savings in energy, water consumption by control & monitoring by Automation of central AC plant through Building Management System in BEL-Ghaziabad. Two semi automatic plating plants (Electrolytic Gold plating plant and Electroless Nickel plating plant) at CFF division for 20% reduction in consumption of rinse water. Water recovery plant for 90% recovery of raw reject in BEL-Ghaziabad.

On Site Emergency Plan and Systems

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

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

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

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

Water Management

Water conservation measures are achieved through the outcome of water audit. Several water conservation projects like automation of desmearing process for demand based water supply, automation of bore well water drawing system, level controller for water tanks, efficient dish washing system and the use of swill water with air agitation are implemented for conserving water. Implementation of these water conservation projects have led to a consistent reduction of water consumption each year. Rainwater harvesting and innovative recharging of bore wells enable us to collect the runoff water and recharge the ground water table. The large-scale rainwater harvesting reservoir at Bengaluru unit has a capacity of 170 million litres with expected an annual yield of around 234 million liters. Roof top rainwater harvesting had collected 760 m^3 of rainwater in the last year which was directly used for the generation of RO water. In addition, the Reverse Osmosis (RO) waste recovery system installed recovered about 7200 m^3/annum.

Sustainable development Initiatives

BEL has taken up sustainable development projects in the areas of air conditioning, air compressor, lighting management system, natural day light harvesting, carbon footprint and water footprint. Incorporation of Green building concept have been introduced in all new buildings and, all future buildings are going to meet Green Rating for Integrated Habitat Assessment (GRIHA) rating compliance.

BEL has established a systematic approach for conservation of natural resources. Major focus revolves around saving power, water and enhancing greenery and other several initiatives have been taken in this regard. As on date BEL has got 13.9 MW wind power plant and Grid interactive Roof Top solar PV power plant Plant 1030 KWP. CO_2 emission avoided due to above initiative is about 30167 Mt. Total green energy generated during 2016-17 is 243 Lakhs of units. In addition to other energy conservation measures like HVAC automation, LED street lighting, solar PV plant, Dali based lighting management system, star rated split AC's and energy efficient transformers.

Swachh Bharath Initiatives:

Natural Composting (Conversion of dry leaves into manure) in Ghaziabad, Kotdwara, Navi Mumbai is completed in March 2017 and the expenditure will be ₹ 4.2 lakhs, ₹ 0.30 lakhs and ₹ 0.25 lakhs respectively. The Three composting pits in factory, One composting pits in Chander Nagar colony, One composting pits in Brij Vihar colony.

Accelerated Composting :

(Using of mechanical equipment for reduction in volume of waste and reduction in composting time) in Chennai and Machilipatnam. The Chennai has completed the project in January 2017 and the Machilipatnam is completed the project in March 2017. The expenditure of both the projects is ₹ 0.75 lakhs and ₹ 8.5 lakhs respectively. In Chennai the Leaf Shredding unit installed. Shredded material is subjected to Natural Composting and in Machilipatnam Organic Waste Converter has been installed. The composting time will be reduced from 60 days (Natural Composting) to 15 days.

Company has taken a decision to incorporate Dual pipelines system for all new buildings. Dual Pipelines system for new buildings in Ghaziabad and Bengaluru has been introduced in new building. Modification of MCG/CADDS building in Ghaziabad, Training Centre and Product Development & Innovation centre (PDIC) in Bengaluru are provided with Dual Pipelines system.

Rain Water Harvesting :

created for new buildings in Pune and Bengaluru of year 2016-2017. The Roof top harvesting for Fuze Project completed on 31 December 2016 in Pune. In the Training Centre Roof area of 2700 Sqm, 95% Work is completed. The Product Development & Innovation centre (PDIC) Roof area of 5400 Sqm and the Project is in advanced stage in Bengaluru.

Ecological Sustainability

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

BEL BG-CX has taken the novel step of transplanting as many as 208 trees that would otherwise have been cut till date. These transplanted trees are growing very well. BEL has planted around 4000 trees against its afforestation programme during 2016-17. We are nurturing lawn area of 3,74,000 Square Meter and 23,000 meters hedges and more than 1,30,000 trees in our 685 acres of green campus. Mass plantation drive of about 50,000 trees planned for DSIC-Palasamudram. Future plantation will be High oxygen yielding tree as well as native species which nurture local bio diversity.

OHSAS 18001(2007)

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

Annexure 8

Business Responsibility Report

Section A : General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	:	L32309KA1954GOI000787
2.	Name of the Company	:	Bharat Electronics Limited
3.	Registered address	:	Outer Ring Road, Nagavara, Bengaluru - 560 045
4.	Website	:	www.bel-india.com
5.	E-mail ID	:	secretary@bel.co.in
6.	Financial Year reported	:	2016-17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Radar & Communication Equipment Electro-Optic Equipment Electronic Components

8. List three key products/services that the Company manufactures/provides (as in balance sheet) :

   i. Radars
   ii. Communication Transmitters-cum-Receivers
   iii. Electro-Optic Products

9. Total number of locations where business activity is undertaken by the Company :

   i. Number of International Locations (Provide details of major 5) :

      Overseas Offices at : 02 i.e. New York (USA) and Singapore

   ii. Number of National Locations :

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

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

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

    National and International

Section B : Financial Details of the Company

1.	Paid up Capital (INR)	:	₹ 22,336 lakhs
2.	Total Turnover (INR)	:	₹ 882,470 lakhs
3.	Total Profit After Taxes (INR)	:	₹ 154,762 lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%)	:	2% of average Net profits of the Company made during the three immediately preceding financial years. Refer to Annexure - 2 on CSR activities and note - 30(18) of notes to Accounts.
5.	List of activities in which expenditure in 4 above has been incurred	:	(Refer to the Annexure - 2 on CSR activities)

Section C : Other Details

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

   Yes.

   i. BEL Optronic Devices Ltd, Pune

   ii. BEL-THALES Systems Ltd, Bengaluru

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

   No

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

   Outsourcing activity in the company is governed by well established procedure. As Quality, Delivery and Cost are of prime importance, extreme care is taken in the selection and establishment of blemish free vendors. There is a Vendor Evaluation Committee in place and the broad activities of the committee include Assessment of Capabilities & Infrastructure, Quality Accreditations, Environmental Certifications, Vendors Client List and their registration with the Vendor, Bankers' details, vendors' credentials etc. The vendors fulfilling these conditions will only be included in the Approved Vendor Directory (AVD) of the company.

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

Section D : BR Information

1. Details of Director / Directors responsible for BR

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

DIN	:	00058949
Name	:	Mr R N Bagdalkar
Designation	:	Director (Human Resources)

b) Details of the BR head

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

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

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

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

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

3. Governance related to BR

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

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

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

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

Section E : Principle - wise performance

Principle 1

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

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

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

   Details of complaint handling data are appended in the table below. In Bharat Electronics, there is constant effort to enhance customer satisfaction level. Accordingly, many initiatives have been taken to address product support issues effectively. Product Support Monitoring Groups have been established across the Company to address all supportability issues. Dedicated senior officers at the level of Additional General Managers/Sr Dy General Managers are appointed for Army, Navy and Air Force for monitoring progress on Complaint Handling. Customer Co-ordination Cell has been set up at Bengaluru for registration of complaints. The facility is armed with Toll Free BSNL/MTNL number along with CRM module of SAP connected through internet. Our customers can log-in to the Customer Coordination Cell and register complaints. Also, the CRM module helps the customer to track progress on complaint online by getting Unique Identification Number for the registered complaint. The cell generates monthly report on summary of complaints for management.

   Summary of Complaints for the Financial year 2016-17 :

No. of Complaints Registered	No. of Complaints Resolved	No. of Complaints Pending
7030	6427 (91.40%)	603 (8.60%)

Principle 2

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

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

   i. VVPAT (Voter Verifiable Paper Audit Trail)-MK2
   ii. POS for FPS Automation
   iii. RF Tuner

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

   i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
   ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

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

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

   Yes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Principle 3

1. Please indicate the Total number of employees : 9,716
2. Please indicate the Total number of employees hired on Contractual/temporary/casual basis : 4,600
3. Please indicate the Number of permanent women employees : 2,028
4. Please indicate the Number of permanent employees with disabilities : 237
5. Do you have an employee association that is recognized by management? : Yes
6. What percentage of your permanent employees is members of this recognized employee association? : 91.12%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	02	01
3.	Discriminatory employment	Nil	Nil

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

Sl. No.	Category	% of Persons trained on Safety Aspects	% of Persons trained for skill up-gradation
1.	Permanent Employees	19	39
2.	Permanent Women Employees	17	50
3.	Contract Employees	29	05
4.	Employees with Disability	21	27

Principle 4

1. Has the Company mapped its internal and external stakeholders? : Yes

2.	Out of the above, has the Company identified the disadvantaged, & marginalized stakeholders?	Yes (i) SC/ST employees (ii) Employees with disabilities (iii) Women employees

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.

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

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

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

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

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

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

Principle 5

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

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

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

Principle 6

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

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

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

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

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

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

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

   Yes. Generation of wind energy (Green Energy) through 2.5 MW and 8.4 MW capacity wind mill at Davanagare and 3 MW capacity wind mill at Hassan in Karnataka State.

   Details of electrical energy wheeled from Wind power Plants at Davanagere and Hassan, Carbon credits earned, etc during the year 2016-17 and cumulative from inception of these are provided below :

   Davanagare 2.5 MW wing energy power plant (0.5 MW X 5 Nos)

   a. Total Generation during 2016-17 : 3,674,250 KWhrs
   b. Total wheeled energy during 2016-17 : 3,324,795 KWhrs
   c. Reduction in CO_2 emission : 3,335 tons of CO_2 equivalents
   d. Cumulative wheeled from inception : 32,985,249 KWhrs
   e. Cumulative CO_2 emission reduction : 35,816 tons of CO_2 equivalents

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

   a. Total Generation during 2016-17 : 6,202,500 KWhrs
   b. Total wheeled energy during 2016-17 : 5,623,115 KWhrs
   c. Reduction in CO_2 emission : 5,639 tons of CO_2 equivalents
   e. Cumulative wheeled from inception : 43,201,763 KWhrs
   f. Cumulative CO_2 emission reduction : 52,485 tons of CO_2 equivalents

   Davanagere 8.4 MW wind energy power plant (2.1MW X 2 Nos)

   a. Total Generation during 2016-17 : 21,004,200 KWhrs
   b. Total wheeled energy during 2016-17 : 14,911,010 KWhrs
   c. Reduction in CO_2 emission : 21,193 tons of CO_2 equivalents
   d. Cumulative wheeled from inception : 14,911,010 KWhrs
   e. Cumulative CO_2 emission reduction : 21,193 tons of CO_2 equivalents

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

   Yes.

   BEL has got 13.9 MW wind power plant and Grid interactive Roof Top solar PV Power plant Plant 1030 KWP. CO_2 emission avoided due to above initiative is about 30167 Mt. Total green energy generated during 2016-17 is 243 lakhs of units. In addition to other energy conservation measures like HVAC automation, LED street lighting, solar PV plant, Dali based lighting management system, star rated split AC's and energy efficient transformers.

   Many of the RoHS compliant processes have been introduced in PCB manufacturing and metal finishing processes, low smoke halogen cables, low VOC metal finishing operation (Poly urethane) and using alternative chemical in place of trichloroethylene in the degreasing process have been implemented. Cyanide free silver and copper plating in Naval systems electroplating shop. Introduction of "Clean safe 585" compound in place of TCE for degreasing in Central Fabrication Facility division. Replacing Dry Hydrogen Gas to Mixed Gas in brazing process in EM SBU in progress. Introduction of Piped

Natural Gas (PNG) in Bangalore Complex and Brij Vihar Colony Ghaziabad.

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

BEL has planted around 4000 trees against its afforestation programme during 2016-17.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes. This is being closely monitored and reported.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year - Nil

   Company has good record of environment management and compliance.

Principle 7

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

   a. Federation of Indian Chambers of Commerce & Industry (FICCI)
   b. Standing Conference of Public Enterprises (SCOPE)
   c. Confederation of Indian Industry (CII)
   d. Associated Chambers of Commerce and Industry of India (ASSOCHAM)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box : Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

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

Principle 8

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

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

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

   Tier-1 :

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

   Tier-2 :

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

   Tier-3 :

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

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

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

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

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

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

The programmes/projects are generally chosen in the neighbourhood of the Company's Units. These programmes/projects are implemented by the in-house teams of the Company. During the year 2013-14 as per the DPE guidelines, then extant, BEL adopted 3 Gram Panchayats (viz., Malhar, Madhwar & Kadechur) of Yadgir District of Karnataka State (most backward district of Karnataka State as identified by the Planning Commission, Govt of India) for implementing various programmes/projects under its CSR initiatives. A Baseline Survey was initially carried out by the 'Institute of Social & Economic Change (ISEC), Bengaluru on behalf of BEL. After handing over the CSR projects to the district administration at Yadgir, BEL conducted "Impact Assessment" study of its initiatives at Yadgir by the same institution during 2016-17. The findings indicate that the CSR programmes have been well received by the 21 villages in three adopted Gram Panchayats.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the year 2016-17, an amount of ₹ 2,986 Lakhs was set aside by the Company on various CSR programmes/projects. Some of the key programmes undertaken during the year are given in the Annexure-2 report on CSR activities.

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

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

(ii) BEL is implementing "Swachh Vidyalaya Abhiyaan", an initiative of the Govt. of India by constructing toilets for boys & girls in 114 schools across 8 states. The aim of this initiative is to create awareness about sanitation and inculcate hygienic habits in school children of all ages. It is envisaged that this initiative will have a cascading effect - the children becoming agents of change for healthier habits in their schools, homes and communities as well.

(iii) BEL has whole-heartedly participated in "Swachh Bharat Abhiyan" by adopting 8 villages in the vicinity of our Units in eight states across India and contributing to their holistic development. The initiatives undertaken are in the areas of Health, sanitation & providing safe drinking water, Education and Rural development. Development activities taken up include Provision of borewells, Overhead tanks, water distribution pipelines, solar water pumps, Water Filteration Plant & RO drinking water facility to provide safe drinking water to the villages, de-silting of existing water bodies, cleaning of over-head tanks etc. providing sanitation facilities like Public Toilets, Sewage & drainage system, Community Toilets, garbage collection, disposal & awareness programmes on waste management & hygiene, providing required medical equipments for the primary health centers etc. It is envisaged that this initiative will enable our country to have "Smart Villages", which go a long way towards further economic growth.

(iv) BEL has adopted six Government Industrial Training Institutes in six states across India under Government of India's "Skill India" drive. Being a technology driven company, BEL proposes to enhance the skills of the youth by upgrading infrastructure and provide tools, equipments & required machinery. Performance parameters like pass percentage, percentage attendance, employability have been identified for improvement.

Principle 9

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

   There are a total of 603 complaints pending as on 31 March 2017. This amounts to 8.60% percent of total complaints registered. Handling customer complaint is ongoing process. The company will attend defects in such a way that the down time of the equipment is minimal. Our product support teams are located very close to the location of the products and will be able to reach out in short span of time. There are no legal cases pending as on 31 March 2017.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information)

   BEL being a Defence Public Sector Undertaking, the product information is sensitive and classified. Hence, there is no display of product information.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

   There is no case pending against the Company filed by stakeholder in this financial year i.e. 2016-17 and for the past five years.

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

   Yes. The Company carried out Customer satisfaction Survey (CSS) for the year 2016-17 through an external agency M/s Market Insight Consultants. Based on the survey, the overall Customer Service satisfaction Index (CSI) obtained for the year 2016-17 is 83.8% as compared to previous year i.e. 2015-16 was 82.9%. This indicates a marginally improving trend in CSI during 2016-17 over the year 2015-16.

Annexure 9

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

A. Conservation of Energy

(i) Energy conservation measures taken during the year 2016-17.

a) Installation of energy efficient screw chillers in AC plants for meeting variable cooling load demand.

b) Implementation of VRV based Air conditioning for new buildings and infrastructure facilities

c) Improvement in operational efficiency of HVAC facilities and scheduling based on the ambient conditions to optimize energy consumption of air conditioning areas

d) Energy efficient motors for pumps, blowers with Variable Frequency Drives (VFD) for motors and centrifugal fans of cooling towers.

e) Conversion of DX plants into ductable split AC units for improving energy efficiency

f) Usage of inverter technology based energy efficient split air conditioners and 5 star rated packaged units.

g) Comprehensive energy audit of all Units through external agency M/s CII-GBC.

h) DALI based Lighting Management System with occupancy based lighting controls and daylight harvesting at new buildings.

i) Retrofitting of 6,000 nos. of conventional fittings with LED lights and installation of LED Street lighting, Area lighting for energy saving.

j) Installation of sky pipe lighting system for day light harvesting.

k) Installation of 1030 KWP capacity grid connect rooftop solar power plants for captive consumption.

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

a) Wind energy power plant of 8.4 MW commissioned during March 2016 at Davanagere, Karnataka state for captive consumption. Expected wheeling of electrical energy about 170 lakh units per annum from the plant.

b) Grid connect roof top solar PV power plant of 1030 KWP capacity installed across various Units of BEL. Expected generation of electrical energy about ₹ 14.75 lakhs units per annum from the plants.

(iii) The capital investment on energy conservation equipments:

a) Capital investments on energy conservation equipments made during the year for implementing the measures was around ₹ 223 Lakhs.

b) Capital investment for utilizing alternate (renewable) energy resources as stated at (e) 2 is about ₹ 850 Lakhs.

B. Technology Absorption, Adaptation and Innovation :

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

BEL has always laid emphasis on development of Technology through in-house R&D efforts through its 3-Tier R&D structure. To augment the development efforts, Collaborative R&D with Indian & Foreign OEMs are being taken up to achieve indigenization and self-reliance.

Over the years several Technologies have been developed by jointly working with various DRDO Laboratories, National Laboratories, in the areas of Radar, Sonar, EW, Communication, EO etc, which has immensely contributed to the self-reliance of the country.

In projects involving ToT from Foreign OEMs, BEL makes all efforts to absorb the Technologies and indigenize critical subsystems.

During 2016-17, BEL has achieved critical milestones in the development of the following products/ systems :

a) Completion of First-off Production Model WLR, Ship borne EW System and HHTI with LRF.

b) CIDSS Build 2 software has been completed.

c) Build 3 under progress.

d) Demonstration of S Band SoTM to customer completed.

e) Internal Evaluation on Critical subsystems of Troposcatter have been completed.

f) Internal Evaluation on Critical subsystems of Air Defence Fire Control Radar (ADFCR) have been developed and tested internally.

g) BEL indigenous SoC architecture design was reviewed by ARM, UK.

h) Alpha and Beta testing of Plain and Desert version of BSS has been completed and FAT commenced by Board of Officers.

i) Beta version of IACCS Software demonstration to user has been completed.

(ii) Benefits derived as a result of the above efforts

BEL Engineers are able to absorb the indigenous technologies as a result of close interactions with DRDO and other National Labs. These efforts help BEL to commercialize the products and provide product support to the customers. BEL Engineers try to bring out updates of the existing technologies and apply the technologies acquired in different applications. All these efforts help to commercialize state-of-art technologies for the customers, develop further business, saves foreign exchange and promotes self reliance.

(iii) Information regarding technology imported during the last 5 years

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

(iv) Expenditure on R&D

During 2016-17, BEL has spent a sum of ₹ 777 Crores on R&D. The expenditure on Revenue account was ₹ 707 Crores on Capital account was ₹ 70 Crores. The total expenditure as percentage of turnover during the year was 8.81%.

C. Foreign Exchange Earnings and Outgo

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

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

(ii) Total foreign exchange used and earned :

Foreign Exchange Earnings on account of export (FOB) was ₹ 43,247 lakhs as against ₹ 55,873 lakhs in the previous year. Foreign Exchange Outgo was ₹ 317,052 lakhs as against ₹ 227,933 lakhs in the previous year.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **BHARAT ELECTRONICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income) and, the Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam.

Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the

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

a) in the case of the balance sheet, of the state of affairs (financial position) of the Company as at 31 March 2017,

b) in the case of the statement of profit and loss, of the profit (financial performance including other comprehensive income), for the year ended on that date; and

c) in the case of the cash flow statement and statement of changes in equity, of the cash flows and the changes in equity, for the year ended on that date.

Other Matters

a) The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended 31 March 2016 and 31 March 2015 dated 15 July 2016 and 29 May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

b) We did not audit the Ind AS financial statements of six branches included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 393,636 lakhs as at 31 March 2017 and total income of ₹ 337,985 lakhs for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of these branches have been audited by the branch auditors, appointed by Comptroller & Audit General of India, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these Units, is based solely on the report of such branch auditors.

c) We draw attention to Note No. 30(15) regarding disclosure of segment information as required under Ind AS 108.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section 11 of section 143 of the Companies Act,2013 and based on the comments in the auditors' report of the respective branches, we give in the annexure a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable (Annexure I).

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. The audit of the accounts of Bengaluru, Hyderabad and Chennai branches and Corporate Office has been carried out by us. In the case of New York and Singapore Offices and other offices not visited by us, and in respect of which the accounts are maintained at Corporate Office, the returns / records received from the said offices have been verified and found to be adequate for the purpose of our audit.

   c) The reports on the accounts of the Unit's offices of the Company audited under Section 143 (8) of the Act by Branch auditors (in respect of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam Units) have been sent to us and have been properly dealt with, by us, in preparing this report.

   d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account of the Company.

   e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

f) In accordance with Notification No. G.S.R 463(E), dated June 5th, 2015, the requirement of Section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company's financial statements and the operating effectiveness of such controls, a separate report is annexed (Annexure II).

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements as at 31 March 2017– Refer Note 30(10) to the standalone Ind AS financial statements.

   ii. The Company has made requisite provisions for material foreseeable losses, for long-term contracts, including derivative contracts, if any, in the standalone Ind AS financial statements as required under the applicable laws or accounting standards - Refer Note 21 to the standalone Ind AS financial statements.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

3. As required under Section 143 (5) of the Act, which is applicable to the Company, findings on the directions issued by Comptroller and Auditor General of India is annexed (Annexure III).

4. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 30(19) to the standalone Ind AS financial statements.

For **BADARI, MADHUSUDHAN & SRINIVASAN**
Chartered Accountants
Firm Registration No. 005389S

(S. RAJENDIRAN)
Partner
Membership No. 021883

Bengaluru
29 May 2017

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report of even date to the members of the company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us and based on our examination of records, the Management has generally carried out the physical verification of a portion of the Fixed Assets in accordance with their phased programme of physical verification, which is considered reasonable, having regard to the size of the Company and nature of its fixed assets. In accordance with the programme, certain fixed assets were verified during the year and discrepancies, if any, were properly dealt with on such verification during the year. As informed to us, no material discrepancies have been noticed on such verification during the year.

(c) As explained to us and based on our examination of records, the title deeds of immovable properties are held in the name of the company. We draw your attention to Note No. 1 & 3 to the standalone Ind AS financial statements.

(ii) The raw materials, stores and spare parts, tools, work-in-progress, semi-finished goods and finished goods inventory (excluding stock with third parties and material in transit) have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and the nature of its business.

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

In respect of materials with sub-contractors, confirmations have been received generally and reconciled with the book records. However, in case of such items for which no confirmations have been received, which are not significant, the company has dealt with the same by making adequate provision in the books of account.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to one subsidiary company covered in the register maintained under section 189 of the Companies Act 2013 ("Act"). The Company has not granted loans to firms or other parties covered in the register maintained under Section 189 of the Act.

(a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of loans granted by the company to it's subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 are not, prima facie, prejudicial to the company's interest.

(b) In case of the loans granted to the Company listed in the register maintained under section 189 of the Act, the borrower has been regular in the payment of interest and repayment of principal as stipulated.

(c) There are no overdue amounts in respect of the loan granted to the subsidiary company listed in the register maintained under section 189 of the Act.

(iv) The provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from public in the current year as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

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.

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

(vi) The Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 for the maintenance and audit of cost records prescribed by the Central Government has maintained cost records. We are of the opinion that, prima facie, the prescribed cost accounts and cost records have been made and maintained. However, we have not carried out any detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in remittance of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues. According to the information and explanation given to us, no undisputed statutory dues are outstanding as at 31 March 2017, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no disputed amounts that remain unpaid as at 31 March 2017 for a period of more than six months from the date they became payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues with the exception of the following:

(₹ in lakhs)

Name of statute	Nature of dues	Financial year to which amount relates	Amount	Forum where dispute is pending
Sales Tax Act, Bihar	Disputed Tax under Bihar Sales Tax	1995-96 to 1997-98	66.44	Commissioner of Commercial Taxes(Appeals), Chirkunda, Bihar
CST Act 1956/Karnataka VAT Act, 2003	Sales Tax	2008-09 to 2015-16	*89,812.85	Various levels of Appellate Authorities
Andhra Pradesh State VAT Act	Sales Tax	2005-06 to 2007-08, 2009-10	68.24	Various levels of Appellate Authorities
Finance Act, 1994-Service Tax	Service Tax	2007-08 to 2009-10	147.97	Various levels of Appellate Authorities
Central Excise Act	MODVAT Credit, Excise Duty, Excise Duty Interest	1991-92, 2016-17	290.8	Various levels of Appellate Authorities
Customs Act	Customs Duty	2012-13, 2015-16	148.68	Various levels of Appellate Authorities
Income Tax Act	Income Tax	2007-08 to 2016-17	134.41	TDS Circle, LTU, Bengaluru
CST	CST	2005-06 to 2007-08	1,346.14	Sales Tax Appellate Tribunal
Sales Tax Act	Sales Tax	1980-81, 2007-08 to 2009-10, 2013-14	424.07	Various levels of Appellate Authorities
Vacant Land Tax	Vacant Land Tax	1998-99 to 2003-04	10.35	Director, Directorate of Town Panchayat, Chennai
Urban Land Tax	Urban Land Tax	1984-85 to 2002-03	41.44	Principal Commissioner and Commissioner of Land Reforms, Chennai
Commercial Tax	Sales Tax	1989-90, 1991-92	4.19	Various levels of Appellate Authorities
ESI Act, 1948	Interest & damages towards late deposits, contribution	1992-93, 1998-2001	33.95	Punjab & Haryana High Court (Chandigarh) and Andhra Pradesh High Court

(₹ in lakhs)

Name of statute	Nature of dues	Financial year to which amount relates	Amount	Forum where dispute is pending
Income Tax Act, 1961	Disallowances as per Assessment Orders	2008-09, 2009-10, 2011-12 to 2013-14	2,398.66	Various levels of Appellate Authorities, Bengaluru
Labour Act	Dispute on Payment of Compensation	2010-11	2	Delhi High Court
Trade Tax	Rates of Taxes	2000-01, 2001-02	361.15	Uttarakhand High Court, Nainital
Total disputed amount			**95,291.34**	
Total amount paid under protest pending final orders			**11,223.97**	

* The rectified demand value is considered for the year 2008-09 and 2010-11 as per Karnataka High Court Order, however, rectified order is yet to be received from the Karnataka Commercial Tax Department.

(viii) On the basis of examination of records of the Company and information and explanations given to us, the Company has not defaulted in repayment of dues to a bank, financial institution or others.

(ix) The requirement relating to application of moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans for the purposes for which they were raised are not applicable to the Company.

(x) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company or by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the Management, that causes the standalone Ind AS financial statements to be materially misstated.

(xi) The provisions in relation to disbursement of managerial remuneration as mandated by section 197 read with Schedule V to the Companies Act, 2013 is not applicable.

(xii) The provisions in relation to compliance of Nidhi Company with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability maintenance of ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability is not applicable to the Company.

(xiii) On the basis of examination of records of the Company and information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone Ind AS Financial Statements vide Note No. 31 as required by the applicable Indian accounting standards.

(xiv) The provisions in relation to preferential allotment or private placement of shares or fully or partly convertible debentures during the year under pursuant to the requirement of section 42 of the Companies Act, 2013 are not applicable, since no such issues have been made by the Company.

(xv) According to the information and explanations given to us and on the basis of examination of records, the Company has not entered into any non-cash transactions with directors or persons connected with him and therefore, the provisions of section 192 of Companies Act, 2013 are not applicable.

(xvi) The requirement of registration under section 45-IA of the Reserve Bank of India Act, 1934 is not applicable to the Company.

For **BADARI, MADHUSUDHAN & SRINIVASAN**
Chartered Accountants
Firm Registration No. 005389S

(S. RAJENDIRAN)
Partner
Membership No. 021883

Bengaluru
29 May 2017

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

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

We have audited the internal financial controls over financial reporting of Bharat Electronics Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the"Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **BADARI, MADHUSUDHAN & SRINIVASAN**
Chartered Accountants
Firm Registration No. 005389S

(S. RAJENDIRAN)
Partner
Membership No. 021883

Bengaluru
29 May 2017

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

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

Sl. No.	Directions/Sub-directions	Action Taken	Impact on Financial Statement
1.	Whether the company has clear title/lease for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	Yes, the Company holds clear title/lease for freehold and leasehold lands. However, 1) In case of Freehold land measuring 1036.81 acres, (Bangalore Complex and Hyderabad Units), sale deeds are pending finalization. 2) Title deeds of land measuring 14.02 acres (Bengaluru Complex, Panchkula and Kotdwara Units) are under litigation. 3) Disputed Demand of ₹ 5.12 crores for additional compensation from TSIIC towards land aggregating to 22.375 acres included in Contingent Liabilities.	Nil
2.	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	The total write off during the year aggregating to ₹ 7899.77 lakhs as detailed in the annexure.	Annexure A
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	Yes, proper records are maintained for the inventories lying with third parties and there is no such case of gift received from Govt. or other authorities.	Nil

For **BADARI, MADHUSUDHAN & SRINIVASAN**
Chartered Accountants
Firm Registration No. 005389S

(S. RAJENDIRAN)
Partner
Membership No. 021883

Bengaluru
29 May 2017

Annexure – A

(₹ in lakhs)

Sl. No.	Particulars	Total Amount written off	Write off Against Provision/ Accumulated Depreciation	Impact in P/L
1.	Bad debts/LD/advances written off	7228.25	7224.41	3.84
2.	Write off of Raw materials, Stores & Components	669.88	638.93	30.95
3.	Fixed Assets / Capital Work in Progress write off	1.64	1.64	-
Total Write Off		**7899.77**	**7864.98**	**34.79**

सं./No. Insp./BEL Accs(2016-17)/2017-18/173

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

दिनांक / DATE. ~~20th July~~ 21 July 2017

To

Shri M V Gowtama,
Chairman and Managing Director,
M/s. Bharat Electronics Limited,
PO Nagavara, Outer Ring Road
Bengaluru – 560 045.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Standalone and Consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2017

I forward **"Nil Comments Certificates"** of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Standalone and Consolidated Financial Statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2017.

It may please be ensured that the comments are:

(i) Printed in toto without any editing;

(ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and

(iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication to the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,

21/7/2017

(N. Subramanian)
Director (Admin)

Encl: As above.

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

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

फैक्स / Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2017 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) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Prachi Pandey
20.7/XVII

(Prachi Pandey)
Pr. Director of Commercial Audit

Place: Bengaluru
Date: 20th July 2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. BHARAT ELECTRONICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2017

The preparation of Consolidated Financial Statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of **M/s. Bharat Electronics Limited, Bengaluru** for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of M/s. Bharat Electronics Limited, Bengaluru and M/s. BEL Optronic Devices Limited, Pune, but did not conduct supplementary audit of the financial statements of M/s. GE BE Private Limited, Bengaluru for the year ended on that date. **Further, section 139(5) and 143(6)(b) of the Act are not applicable to M/s. GE BE Private Limited, Bengaluru being private entity for appointment of their Statutory Auditor or for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Prachi Pandey
20.7/XVII

(Prachi Pandey)
Pr. Director of Commercial Audit

Place: Bengaluru

Date: 20th July 2017

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	1	125,476	97,578	78,572
(b) Capital work-in-progress	2	36,389	22,187	13,965
(c) Investment property	3	12	13	14
(d) Intangible assets	4	43	69	57
(e) Intangible assets under development	5	29,242	20,784	12
(f) Financial assets				
(i) Investments	6	45,970	31,911	1,911
(ii) Trade receivables	7	-	-	-
(iii) Loans	8	3,729	2,621	2,577
(iv) Other financial assets	9	3,151	2,986	3,216
(g) Deferred tax assets (net)	10	53,228	46,078	38,769
(h) Inventories	11	4,925	4,535	5,745
(i) Other non current assets	12	11,301	4,805	3,297
		313,466	**233,567**	**148,135**
(2) Current assets				
(a) Inventories	11	485,576	413,212	335,638
(b) Financial assets				
(i) Trade receivables	7	435,488	371,193	378,941
(ii) Cash & cash equivalents	13	268,596	247,008	202,170
(iii) Bank balances [other than (ii) above]	14	110,422	469,522	370,021
(iv) Loans	8	4,328	5,928	942
(v) Other financial assets	9	26,993	22,290	18,329
(c) Other current assets	12	60,753	49,682	72,317
(d) Current tax assets (net)	15	9,991	-	224
		1,402,147	**1,578,835**	**1,378,582**
TOTAL ASSETS		**1,715,613**	**1,812,402**	**1,526,717**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	16	22,336	24,000	8,000
(b) Other equity		728,518	874,360	793,199
		750,854	**898,360**	**801,199**

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
LIABILITIES				
(1) Non-Current Liabilities				
(a) Government grants - deferred	**17**	827	472	494
(b) Financial liabilities				
(i) Borrowings	**18**	1,667	-	-
(ii) Trade payables	**19**	-	57	2
(iii) Other financial liabilities	**20**	72	158	76
(c) Provisions	**21**	89,242	69,933	54,910
(d) Other non-current liabilities	**22**	1,469	1,876	1,670
		93,277	**72,496**	**57,152**
(2) Current Liabilities				
(a) Government grants - deferred	**17**	20	3	19
(b) Financial liabilities				
(i) Trade payables	**19**	134,659	116,144	111,887
(ii) Other financial liabilities	**20**	59,457	43,121	24,518
(c) Other current liabilities	**22**	636,558	653,815	517,544
(d) Provisions	**21**	40,788	21,789	14,398
(e) Current tax liability (net)	**15**	-	6,674	-
		871,482	**841,546**	**668,366**
TOTAL EQUITY AND LIABILITIES		**1,715,613**	**1,812,402**	**1,526,717**

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

Statement of Profit & Loss

(₹ in Lakhs)

	PARTICULARS	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
I	Revenue from operations	23	914,044	769,537
II	Other income	24	47,101	53,708
III	**Total income (I+II)**		**961,145**	**823,245**
IV	**EXPENSES**			
	(a) Cost of material consumed		429,653	369,214
	(b) Cost of stores & spares consumed		3,288	2,927
	(c) Purchases of stock in trade		50,281	33,936
	(d) Changes in inventories of finished goods, work in progress & scrap	25	(41,913)	(23,420)
	(e) Excise duty		52,856	36,751
	(f) Employee benefits expense	26	154,831	125,726
	(g) Finance costs	27	1,178	451
	(h) Depreciation and amortization expense	28	19,152	17,221
	(i) Other expenses	29	88,877	87,227
	TOTAL EXPENSES (a to i)		**758,203**	**650,033**
V	**Profit before exceptional items & tax (III - IV)**		**202,942**	**173,212**
VI	Exceptional items		-	-
VII	**Profit before tax (V+VI)**		**202,942**	**173,212**
VIII	**Tax Expense**	10		
	- Current Tax		51,500	48,600
	- Earlier years		(873)	1
	- Deferred taxes		(2,447)	(6,125)
	Total provision for taxation		**48,180**	**42,476**
IX	**Profit for the year (VII - VIII)**		**154,762**	**130,736**
X	**Other comprehensive income/(loss)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/asset		(13,890)	(3,420)
	- Equity instruments through other comprehensive income		1	1
	- Income tax relating to these items		4,704	1,183
	Total other comprehensive income/(loss) (Net of tax)		**(9,185)**	**(2,236)**
XI	**Total comprehensive income for the year (IX+X) [comprising profit and other comprehensive income for the year]**		**145,577**	**128,500**
XII	**Earnings per equity share :**	30(1)		
	(1) Basic [in Rupees]		**6.64**	**5.45**
	(2) Diluted [in Rupees]		**6.64**	**5.45**

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

Statement of changes in equity

(₹ in Lakhs)

A. Equity share capital

	Note No.	Amount
Balance as at 1 April 2015		8,000
Changes in equity capital during the year	16	
- Bonus shares issued during the year		16,000
Balance as at 31 March 2016		24,000

	Note No.	Amount
Balance as at 1 April 2016		24,000
Changes in equity capital during the year	16	
- Buyback of shares		(1,664)
Balance as at 31 March 2017		22,336

B. Other Equity

	Note No.	Reserves & Surplus				Other Reserve	Total Other Equity
		Capital Reserve *	Capital Redemption Reserve *	General Reserves	Retained Earnings	Equity Instruments through other comprehensive income *	
Balance as at 1 April 2015		**4,667**	**-**	**432,122**	**356,410**		**793,199**
Profit for the year					130,736		130,736
Other comprehensive income for the year					(2,237)	1	(2,236)
Total		4,667	-	432,122	484,909	1	921,699
Corporate social responsibility (CSR)	30(18)				(1,780)		(1,780)
Amount transfer to general reserve				40,000	(40,000)		-
Amount transfer to capital reserve		2			(2)		-
Transaction with Owners in their capacity as owner							
Dividends	16				(24,560)		(24,560)
Dividend distribution tax	16				(4,999)		(4,999)
Issue of bonus shares	16			(16,000)			(16,000)
Balance as at 31 March 2016		**4,669**	-	**456,122**	**413,568**	**1**	**874,360**

Statement of changes in equity

(₹ in Lakhs)

	Note No.	Reserves & Surplus				Other Reserve	Total Other Equity
		Capital Reserve *	Capital Redemption Reserve *	General Reserves	Retained Earnings	Equity Instruments through other comprehensive income *	
Balance as at 1 April 2016		**4,669**	**-**	**456,122**	**413,568**	**1**	**874,360**
Profit for the year					154,762		154,762
Other comprehensive income for the year					(9,186)	1	(9,185)
Total		4,669	-	456,122	559,144	2	1,019,937
Corporate social responsibility (CSR)	30(18)				(1,822)		(1,822)
Amount transfer to general reserve				40,000	(40,000)		-
Transaction with Owners in their capacity as owner							
Dividends	16				(61,604)		(61,604)
Dividend distribution tax	16				(12,541)		(12,541)
Buyback of shares	16		1,664	(217,116)			(215,452)
Balance as at 31 March 2017		**4,669**	**1,664**	**279,006**	**443,177**	**2**	**728,518**

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	For the year ended 31 March 2017	For the year ended 31 March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before exceptional items and tax	202,942	173,212
Adjustments for:		
Depreciation and amortization expense	19,152	17,221
Corporate social responsibility	1,164	789
Remeasurement of the net defined benefit liability/asset (net of tax)	(9,186)	(2,237)
Interest income	(34,027)	(45,851)
Dividend income	(5,200)	(390)
Interest paid	25	25
Profit on sale of property, plant & equipments	(192)	(31)
Operating Profit Before Working Capital Changes	**174,678**	**142,738**
Increase / (Decrease) in:		
Trade receivables	(64,295)	7,748
Loans	492	(5,030)
Other financial assets	(4,868)	(3,731)
Other assets	(17,567)	21,127
Inventories	(72,754)	(76,364)
Trade payables	18,458	4,312
Other financial liabilities	5,986	18,141
Other liabilities	(17,664)	136,477
Provisions	38,308	22,414
Government grants	372	(38)
Cash Generated from Operations	**61,146**	**267,794**
Income taxes paid	(71,995)	(42,887)
Cash Flow Before Exceptional Items	**(10,849)**	**224,907**
Exceptional items	-	-
Net Cash from /(used in) Operating Activities	**(10,849)**	**224,907**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant & equipments	(69,703)	(65,843)
Proceed from sale of property, plant & equipments	212	642
Increase / (Decrease) in term deposits & other bank balances	359,100	(99,502)
Equity investments in subsidiaries	(7,567)	(5,790)
Investment in others	(6,492)	(24,210)
Interest received	34,027	45,851
Dividend received	5,200	390
Net Cash from/(used in) Investing Activities	**314,777**	**(148,462)**

Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	For the year ended 31 March 2017	For the year ended 31 March 2016
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceed from borrowings	5,000	-
Purchase of shares under buyback scheme	(217,116)	-
Corporate social responsibility (CSR) expenditure	(2,455)	(2,022)
Dividend paid (including tax on dividend)	(67,744)	(29,560)
Interest paid	(25)	(25)
Net Cash from/(used in) Financing Activities	**(282,340)**	**(31,607)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**21,588**	**44,838**
Cash and Cash Equivalents at the beginning of the year	**247,008**	**202,170**
Cash and Cash Equivalents at the end of the year	**268,596**	**247,008**

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

Notes to Accounts

(₹ in Lakhs)

NOTE 1

Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2015 (Deemed Cost)	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31 March 2016	Accumulated Depreciation/ Amortisation as at 1 April 2015	Depreciation /Amortization for the year	Deductions/ Adjustments during the year	As at 31 March 2016	As at 31 March 2016
Freehold land	2,312	8,520	-	**10,832**	-	-	-	**-**	**10,832**
Leasehold land	500	-	-	**500**	-	7	-	**7**	**493**
Roads and culverts	273	180	-	**453**	-	26	-	**26**	**427**
Buildings	20,713	2,795	4	**23,504**	-	1,096	1	**1,095**	**22,409**
Installations	1,812	301	1	**2,112**	-	356	1	**355**	**1,757**
Plant and machinery	23,531	15,000	253	**38,278**	-	6,397	47	**6,350**	**31,928**
Electronic equipment	10,137	3,389	168	**13,358**	-	3,165	18	**3,147**	**10,211**
Equipment for R & D lab	8,424	2,858	189	**11,093**	-	3,277	116	**3,161**	**7,932**
Vehicles	141	69	-	**210**	-	56	-	**56**	**154**
Office equipment	7,293	2,881	174	**10,000**	-	2,135	8	**2,127**	**7,873**
Furniture, fixtures and other equipments	3,371	806	14	**4,163**	-	650	1	**649**	**3,514**
Assets acquired for sponsored research	65	-	-	**65**	-	17	-	**17**	**48**
Total	**78,572**	**36,799**	**803**	**114,568**	**-**	**17,182**	**192**	**16,990**	**97,578**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2016	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2017	Accumulated depreciation / amortisation as at 1 April 2016	Depreciation / amortization for the year	Deductions / adjustments during the year	As at 31 March 2017	As at 31 March 2017
Freehold land	10,832	808	-	**11,640**	-	-	-	**-**	**11,640**
Leasehold land	500	-	-	**500**	7	7	-	**14**	**486**
Roads and culverts	453	15	-	**468**	26	30	-	**56**	**412**
Buildings	23,504	4,942	13	**28,433**	1,095	1,257	1	**2,351**	**26,082**
Installations	2,112	1,122	-	**3,234**	355	378	-	**733**	**2,501**
Plant and machinery	38,278	18,265	7	**56,536**	6,350	7,626	7	**13,969**	**42,567**
Electronic equipment	13,358	10,366	1	**23,723**	3,147	3,116	1	**6,262**	**17,461**
Equipment for R & D lab	11,093	6,017	1	**17,109**	3,161	3,444	1	**6,604**	**10,505**
Vehicles	210	87	3	**294**	56	66	2	**120**	**174**
Office equipment	10,000	4,214	1	**14,213**	2,127	2,461	1	**4,587**	**9,626**
Furniture, fixtures and other equipments	4,163	1,187	7	**5,343**	649	706	-	**1,355**	**3,988**
Assets acquired for sponsored research	65	-	-	**65**	17	14	-	**31**	**34**
Total	**114,568**	**47,023**	**33**	**161,558**	**16,990**	**19,105**	**13**	**36,082**	**125,476**

Notes to Accounts

(₹ in Lakhs)

i. Freehold Land consists of 2063.89 acres (31.03.2016 : 2037.34 acres; 01.04.2015 : 1036.07 acres) and Leasehold Land consists of 290.26 acres (31.03.2016 : 290.26 acres; 01.04.2015 : 290.26 acres).

ii. Freehold Land includes 7.11 acres (31.03.2016 : 7.11 acres; 01.04.2015 : 7.07 acres) leased to commercial/religious organisations and in their possession.

iii. Leasehold land includes land taken on Lease at Kochi for 90 Years and capitalised in the year 2008-09.

iv. Additions during the year includes ₹ 1,089 (31.03.2016 : ₹ 1,147; 01.04.2015 ₹ 1,266) and ₹ 5 (31.03.2016 : ₹ 4; 01.04.2015 : Nil) in respect of the assets of Central Research Laboratories and Pune Unit respectively.

v. Addition of Buildings during the year includes Nil (31.03.2016 : Nil; 01.04.2015 : ₹ 1,199) in respect of Development & Engineering Buildings.

vi. Electronic Equipment value includes POS machines valuing ₹ 1,026 (31.03.2016: Nil; 01.04.2015 : Nil) which are under the control of Haryana Government (operating lease).

vii. Deductions include net carrying cost of Nil (31.03.2016 : ₹ 588; 01.04.2015 : Nil) in respect of assets affected due to flood at Chennai Unit.

viii. **Site Restoration Obligation**

Refer Note 21 for Site Restoration Obligation in respect of Wind Mill Generation Plant.

ix. Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 83 (31.03.2016 : ₹ 83; 01.04.2015 : ₹ 3) in respect of Wind Mill Plants.

x. **Contractual Commitment**

Refer Note 30(8) for outstanding Contractual Commitment.

xi. **Deemed Cost**

On transition to Ind AS, 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.

xii. **Estimation of Useful Life of Assets**

The management has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc.

The estimated useful lives of various categories of Tangible Assets is as follows:

Asset Class	Years
Buildings	20 / 40
Roads & Culverts	20 / 40
Installations	10
Plant & Machinery	5 / 6 / 7 / 10
Electronic Equipments	5 / 6 / 7
Vehicles	4 / 5
Office Equipments	7
Furniture & Fixtures	7 / 10
Equipments for R&D Labs	5

xiii. **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.

Notes to Accounts

(₹ in Lakhs)

xiv. **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 (31.03.2016 : Nil; 01.04.2015 : Nil).

xv. **Impairment of Assets**

Refer Note 30(6).

xvi. **Compensation from third parties**

Nil (31.03.2016 : Nil; 01.04.2015 : Nil).

xvii. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, Plant & Equipment.

xviii. Land acquired free of cost from the Government in some units has been accounted in line with provisions of Ind AS 101.

xix. **Details of Registration Pending Litigation etc.,**

a. Deeds containing the terms of transfer / grant of land from State Governments / State Undertakings have been registered during the FY 2014-15 in respect of 86.60 acres valuing ₹ 197 pertaining to Panchkula Unit. However, rectification of land area held by BEL for Township from 30.00 acres to 28.60 acres in records of HUDA and Registration Authority is in process. The title deed in respect of land measuring 0.30 acres (31.03.2016 : 0.30 acres; 01.04.2015 : 0.30 acres) is under litigation.

b. Pending execution of title/sale deeds and handing over of physical possession of land allotted to BEL Hyderabad Unit by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in respect of land measuring 5.60 acres (31.03.2016 : 5.60 acres; 01.04.2015 : 5.60 acres) in Mallapur, Hyderabad and the matter being under litigation, no provision towards registration and other cost has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65 (₹ 65) is included in Capital Advances.

c. Based on the Memorandum of Understanding reached with the Defence authorities, assets constructed on the land allotted to BEL and in possession of BEL are capitalised under the respective heads for setting up of the Hyderabad Unit. Pending finalisation of the terms and conditions by the appropriate authorities, the cost of land measuring 25.11 acres (31.03.2016 : 25.11 acres; 01.04.2015 : 25.11 acres) has not been accounted in the books of accounts.

d. Land admeasuring to 122.82 Acres at Ibrahipatnam alloted by APIIIC/TSIIC possession is given for which sale deed is pending wrt Hyderabad Unit.

e. A demand of ₹ 256 (31.03.2016 : ₹ 256; 01.04.2015 : Nil) (being 50% of the compensation amount decreed by City Civil Court, Hyderabad) has been received towards additional compensation from TSIIC Dated. 31.01.2015 for Land of 22.375 acres (31.03.2016 : 22.375 acres; 01.04.2015 : Nil) which is part of free hold land mentioned above. The demand is under dispute and hence, no provision in respect of the same has been made in the books of accounts.

f. Free hold Land to the extent of 1.22 acres (31.03.2016 : 1.22 acres; 01.04.2015 : 1.22 acres) which was allotted by Government Authorities in return for handing over of Land measuring 1.24 acres (31.03.2016 : 1.24 acres; 01.04.2015 : 1.24 acres) is under litigation (Bangalore Complex Unit) .

g. The Company has installed Windmill Generator at three locations. Windmill Generator-I capitalized in the year 2006-07 on Lease Land. Upfront Lease rent is Nil and Lease Agreement for the land is pending finalization.

Windmill Generator –II is capitalized in the year 2007-08 on the leased land by paying upfront lease rent of ₹ 36 which being an operating lease classified as Other assets. Lease Agreement for the land is pending finalization.

Windmill Generator –III is capitalized in the year 2015-16 on the leased land by paying upfront lease rent of ₹ 161 which being an operating lease classified as Other assets.

h. Title in respect of 12.50 acres (31.03.2016 : 12.50 acres; 01.04.2015 : 12.50 acres) of land acquired through land transfer certificate is under litigation (Kotdwara Unit).

Notes to Accounts

(₹ in Lakhs)

		As at 31 March 2017		As at 31 March 2016		As at 1 April 2015
NOTE 2						
Capital work-in-progress						
Civil Construction	23,642		10,413		4,051	
Plant & Machinery	6,304		7,216		8,303	
Others	4,742		3,176		1,210	
Capital Items in Transit	1,702		1,383		770	
		36,390		**22,188**		**14,334**
Less : Provision		(1)		(1)		(369)
		36,389		**22,187**		**13,965**

i. Civil Construction mainly comprises of Production related building, R&D building, Employee Quarters and Training Centre under construction.

ii. Borrowing costs of ₹ 1 (net of interest income) (31.03.2016 : Nil; 01.04.2015 : Nil) (capitalisation rate @ 8.15% p.a.) has been capitalised during the year 2016-17 in respect of employee quarter under construction.

iii. Refer Note 30(8) in respect of Contractual Commitment.

iv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property, Plant & Equipment.

NOTE 3

Investment property

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2015 (Deemed Cost)	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2016	Accumulated depreciation / Amortisation as at 1 April 2015	Depreciation/ amortization for the year	Deductions / adjustments during the year	As at 31 March 2016	As at 31 March 2016
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	-	1	-	1	13
Total	**14**	**-**	**-**	**14**	**-**	**1**	-	**1**	**13**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2016	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2017	Accumulated depreciation / amortisation as at 1 April 2016	Depreciation/ amortization for the year	Deductions / adjustments during the year	As at 31 March 2017	As at 31 March 2017
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	1	1	-	2	12
Total	**14**	**-**	**-**	**14**	**1**	**1**	**-**	**2**	**12**

Notes to Accounts

(₹ in Lakhs)

i. **Amount recognised in Statement of Profit & Loss**

	For the year ended 31 March 2017	For the year ended 31 March 2016
a. Rental Income	138	123
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	137	122

ii. Refer Note No. 30(8) for Contractual Commitment.

iii. **Fair Value of the investment properties**

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Land	1962	1962	1962
Building	836	836	836

iv. Land comprises of Free Hold Land of 1.36 Acres (31.03.2016 : 1.36 Acres; 01.04.2015 : 1.36 Acres) in Bengaluru.

v. **Estimation of Fair Value**

The company has estimated the fair value of the Investment Property based on the Government Guidance Value (municipal value) of the similar properties in the investment property's location. All resulting fair value estimates for the investment properties are included in Level 2.

vi. **Deemed Cost**

On transition to Ind AS, the company has elected to continue with the carrying value of all its Investment Property recognised as at 1 April 2015 (earlier treated as Property, Plant and Equipment) 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**

Asset Class	Years
Buildings	20 / 40

viii. **Depreciation**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets.

The amount of Depreciation has been recognised as expense in the Statement of Profit and Loss.

ix. **Method of Accounting Depreciation**

Depreciation has been calculated as per the Accounting Policy No. 8 of the Company and recognised as expenses in the Statement of Profit and Loss.

x. **Impairment of Assets**

As the fair value of the Investment Property is higher than its carrying value, there is no indication of impairment.

xi. **Restrictions on the reliability of Investment Property**

The lands are alloted by Government of India.

xii. **Related Party Transactions**

Investment Property includes Building and land measuring 0.31 Acres (31.03.2016 : 0.31 Acres; 01.04.2015 : 0.31 Acres) given under cancellable operating lease to Subsidiary Company BEL Thales System Ltd. Also Refer Note 31.

Notes to Accounts

(₹ in Lakhs)

NOTE 4
Intangible assets

PARTICULARS	GROSS CARRYING AMOUNT				AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2015 (Deemed Cost)	Additions / adjust-ments during the year	Deduc-tions / adjust-ments during the year	As at 31 March 2016	Accumu-lated amor-tisation as at 1 April 2015	Amortiza-tion for the year	Deduc-tions/ad-justments during the year	As at 31 March 2016	As at 31 March 2016
Intangible assets - others Software licenses / implementation Enterprise resource planning (ERP)	57	50	-	107	-	38	-	38	69
Total	**57**	**50**	**-**	**107**	**-**	**38**	**-**	**38**	**69**

PARTICULARS	GROSS CARRYING AMOUNT				AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2016	Additions/ adjust-ments during the year	Deduc-tions/ adjust-ments during the year	As at 31 March 2017	Accu-mulated amortisa-tion as at 1 April 2016	Amortiza-tion for the year	Deduc-tions / ad-justments during the year	As at 31 March 2017	As at 31 March 2017
Intangible assets - others Software licenses / implementation Enterprise resource planning (ERP)	107	20	-	127	38	46	-	84	43
Total	**107**	**20**	**-**	**127**	**38**	**46**	**-**	**84**	**43**

i. **Deemed Cost**

On transition to Ind AS, the company has elected to continue with the carrying value of all its Intangible assets recognised as at 1 April 2015 measured as per Previous GAAP and used that carrying value as the deemed cost of the Intangible assets.

ii. **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.

iii. **Method of Accounting Amortization**

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.

iv. Refer Note 30(8) for Contractual Commitment

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 5			
Intangible assets under development			
Internally developed	29,230	20,772	-
Others			
Software licenses / implementation Enterprise resource planning (ERP)	12	12	12
	29,242	**20,784**	**12**

i. Refer Note No. 30(8) for Contractual Commitment.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 6			
Investments			
Fair Valuation of Loan given to Subsidiary (BELOP)	156	115	-
(I) Investment in Equity Instruments (Unquoted)			
a) Subsidiary (at Cost)			
(i) BEL Optronic Devices Ltd., Pune			
5,922,635 (31.03.2016 : 3,783,678; 01.04.2015 : 1,700,223) equity shares of ₹ 100 each fully paid	10,581	5,662	936
(ii) BEL-Thales Systems Limited, Bengaluru			
4,263,538 (31.03.2016 : 1,657,600; 01.04.2015 : 710,400) equity shares of ₹ 100 each fully paid	4,264	1,658	710
Investment in Equity Instruments (Unquoted)			
b) Associate (at Cost)			
GE-BE Private Ltd., Bengaluru			
2,600,000 (31.03.2016 : 2,600,000; 01.04.2015 : 2,600,000) equity shares of ₹ 10 each fully paid	260	260	260
c) Others (at FVOCI) (Refer Note iv below)			
Mana Effluent Treatment Plant, Hyderabad			
500 (31.03.2016 : 500; 01.04.2015 : 500) equity shares of ₹ 1,000 each fully paid	7	6	5
(II) Other Investments (Unquoted)			
a) Investment in Co-operative Socities (at cost)*			
Cuffe Parade Persopolis Premises Co-operative Society, Mumbai			
40 (31.03.2016 : 40; 01.04.2015:40) Shares of ₹ 50 each fully paid	-	-	-
Sukh Sagar Premises Co-op. Society, Mumbai			
10 (31.03.2016 : 10; 01.04.2015 : 10) Shares of ₹ 50 each fully paid			
Shri.Sapta Ratna Co-op. Society Ltd., Mumbai			
10 (31.03.2016 : 10; 01.04.2015 : 10) Shares of ₹ 50 each fully paid	-	-	-
Dalamal Park Co-op. Society Ltd., Mumbai			
5 (31.03.2016 : 5; 01.04.2015 : 5) Shares of ₹ 50 each fully paid			
Chandralok Co-op. Housing Society Ltd.,Pune			
30 (31.03.2016 : 30; 01.04.2015 : 30) Shares of ₹ 50 each fully paid	-	-	-
b) Others (at FVTPL)			
Life Insurance Corporation of India (Towards Leave Encashment) (Refer Note ii)	30,702	24,210	-
	45,970	**31,911**	**1,911**

* INR 5000 which is rounded off. The same also represents value of share acquired in Housing Societies as per their by-law regulation.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ia. Aggregate value of quoted investments and market value thereof	-	-	-
ib. Aggregate value of unquoted investments	45,970	31,911	1,911
ic. Aggregate amount of impairment in value of investments	-	-	-

ii. The company has invested its Leave Encashment liabilities in New Group Leave Encashment Plan of LIC (Refer Note 21).

iii. Refer Note 33 for classification of financial instruments.

iv. a. The Company has designated investment in equity shares of Mana Effluent treatment plant 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 2017	Dividend income recog-nised during 2016-17	Fair value as at 31 March 2016	Dividend income recog-nised during 2015-16	Fair value as at 1 April 2015
Investment in Mana Effluent Treatment Plant Ltd.	7	-	6	-	5

b. Company has not received any dividend so far on these Investments.

c. No strategic investments were disposed of during 2016-17, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

v. **Related party disclosure**

For Related Party Disclosures refer Note 31.

NOTE 7
Trade receivables

Non Current			
Unsecured, Considered Doubtful			
Trade receivables	126,610	119,481	103,204
Less : Provision	(126,610)	(119,481)	(103,204)
Sub Total (A)	-	-	-
Current			
Secured, considered good	26	25	48
Unsecured, considered good	435,462	371,168	378,893
Sub Total (B)	**435,488**	**371,193**	**378,941**
Total (A+B)	**435,488**	**371,193**	**378,941**

i. **Financial instruments**

Refer Note 33 for classification of financial instruments.

ii. **Impairment of financial assets**

Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iii. **Related party disclosure**

For Related Party Disclosures refer Note 31.

iv. **Security, Hypothecation etc.**

Refer Note No. 35.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 8			
Loans			
Non Current			
Unsecured, Considered Good			
Security deposits	1,807	1,866	1,740
Loans to employees	671	755	837
Loans to related parties* (including accrued interest)	1,251	-	-
	3,729	**2,621**	**2,577**
Unsecured, Considered Doubtful			
Security deposits	99	112	103
Less : Provisions	(99)	(112)	(103)
	-	-	-
Others			
Loans to employees	1	1	1
Less : Provisions	(1)	(1)	(1)
	-	-	-
Loans to others	132	132	132
Less : Provisions	(132)	(132)	(132)
	-	-	-
Sub Total (A)	**3,729**	**2,621**	**2,577**
Current			
Unsecured, Considered Good			
Security deposits	1,054	759	762
Loans to related parties* (including accrued interest)	3,124	5,013	-
Others			
Loans to employees	150	155	179
Loans to others	-	1	1
Sub Total (B)	**4,328**	**5,928**	**942**
Total (A+B)	**8,057**	**8,549**	**3,519**

* Maximum amount outstanding at any time during the year is ₹ 5,000 (31.03.2016 : ₹ 5,142; 01.04.2015 : Nil)

i. **Financial instruments**

Refer Note 33 for classification of financial instruments.

ii. **Impairment of financial assets**

Provisions for impairment has been made in line with Accounting Policy No. 30 of the company.

iii. **Related party disclosure**

For Related Party Disclosures refer Note 31.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 9			
Other financial assets			
Non Current			
Unsecured, Considered Good			
Advance to others	1	-	-
Receivables other than trade receivables	21	2	8
Other assets	3,129	2,984	3,208
	3,151	**2,986**	**3,216**
Unsecured, Considered Doubtful			
Advance to others	1	1	1
Less : Provisions	(1)	(1)	(1)
	-	-	-
Accrued income	240	115	-
Less : Provisions	(240)	(115)	-
	-	-	-
Receivables other than trade receivables	30	38	25
Less : Provisions	(30)	(38)	(25)
	-	-	-
Other claims receivables	-	8	17
Less : Provisions	-	(8)	(17)
	-	-	-
Other assets	81	73	73
Less : Provisions	(81)	(73)	(73)
	-	-	-
Sub Total (A)	**3,151**	**2,986**	**3,216**
Current			
Unsecured, Considered good			
Advance to employees	189	254	153
Advance to others	3	4	3
Accrued income	20,792	2,912	1,559
Interest accrued on term deposits	5,346	16,664	15,963
Receivables other than trade receivables	191	87	24
Other claims receivables	-	1	16
Other assets	472	2,368	611
Sub Total (B)	**26,993**	**22,290**	**18,329**
Total (A+B)	**30,144**	**25,276**	**21,545**

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 ₹ 12 has been added in Other assets with respect to Property, Plant and Equipment not in active use and pending disposal.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 10			
Deferred tax assets (net)			
Deferred tax assets	65,553	56,520	46,462
Deferred tax liabilities	12,325	10,442	7,693
	53,228	**46,078**	**38,769**

i. **Income Tax Recognised in Statement of Profit and Loss**

Particulars	As at 31 March 2017	As at 31 March 2016
Income Tax Expenses:		
- Current period	51,500	48,600
- Changes in estimates related to prior years	(873)	1
Deferred tax:		
- Origination and reversal of temporary differences	(2,447)	(6,125)
Total deferred tax expense/(benefit)	(2,447)	(6,125)
Income tax expenses	48,180	42,476

ii. **Income Tax recognised in other comprehensive income**

Particulars	As at 31 March 2017			As at 31 March 2016		
	Before Tax	Tax (expense) benefit	Net of Tax	Before Tax	Tax (expense) benefit	Net of Tax
Remeasurement of the net defined benefit liability / (asset)	(13,890)	(4,704)	(9,186)	(3,420)	(1,183)	(2,237)
Equity instruments through other comprehensive income	1	-	1	1	-	1
Total	**(13,889)**	**(4,704)**	**(9,185)**	**(3,419)**	**(1,183)**	**(2,236)**

iii. **Income Tax recognised directly in Equity**

There are no income tax recognised directly in equity for the year ended 31 March 2017 & 31 March 2016.

iv. **Reconciliation of Effective Tax Rates**

Particulars	As at 31 March 2017		As at 31 March 2016	
	Rate	Amount	Rate	Amount
Profit Before Tax		202,942		173,212
Tax using the company's Domestic Tax Rate	34.61%	70,235	34.61%	59,946
Effect of				
Additional deduction on Research & Development Expenses	-9.07%	(18,404)	-9.59%	(16,606)
Tax Exempt Income	-0.89%	(1,800)	-0.08%	(135)
Tax Incentives	-0.84%	(1,700)	-0.62%	(1,067)
Changes in estimates related to previous years	-0.43%	(873)	0.00%	1
Non-deductable Expenses	0.19%	389	0.24%	411
Others	0.16%	333	-0.04%	(74)
Effective Tax rate	23.74%	48,180	24.52%	42,476

Notes to Accounts

(₹ in Lakhs)

v. **Deferred Tax (Assets) and Liabilities are attributable to the following :**

Particulars	Deferred Tax (Assets)			Deferred Tax Liability			Net Deferred Tax (Assets)/ Liability		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade Receivables	(11,637)	(12,219)	(12,524)	-	-	113	(11,637)	(12,219)	(12,411)
Inventory	(10,708)	(10,814)	(8,559)	-	3	154	(10,708)	(10,811)	(8,405)
Provision others	(14,015)	(12,126)	(7,289)	-	-	-	(14,015)	(12,126)	(7,289)
Employee Benefits	(28,414)	(20,585)	(17,144)	-	605	-	(28,414)	(19,980)	(17,144)
Intangible Assets	(261)	(332)	(299)	-	-	-	(261)	(332)	(299)
Trade Payables	-	-	-	-	-	-	-	-	-
Deferred Revenue	(440)	(444)	(647)	-	-	-	(440)	(444)	(647)
Other Liabilities	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	4	1,121	539	4	1,121	539
Plant Property and Equipment	-	-	-	12,269	8,600	6,612	12,269	8,600	6,612
ICDS Adjustment	(78)	-	-	-	62	-	(78)	62	-
Equity Investments	-	-	-	1	-	-	1	-	-
Other Financial Liabilities	-	-	-	51	51	275	51	51	275
Total	**(65,553)**	**(56,520)**	**(46,462)**	**12,325**	**10,442**	**7,693**	**(53,228)**	**(46,078)**	**(38,769)**
Set off of (Asset)/Liability	12,325	10,442	7,693	(12,325)	(10,442)	(7,693)	-	-	-
Net Deferred Tax (Asset)/Liability	**(53,228)**	**(46,078)**	**(38,769)**	**-**	**-**	**-**	**(53,228)**	**(46,078)**	**(38,769)**

vi. **Movement of Deferred Tax (Assets) & Liabilities**

Particulars	Balance as on 1 April 2015	Recognised in P&L during 2015-16	Recognised in OCI during 2015-16	Balance as on 31 March 2016	Recognised in P&L during 2016-17	Recognised in OCI during 2016-17	Balance as on 31 March 2017
Trade Receivables	(12,411)	192	-	(12,219)	582	-	(11,637)
Inventory	(8,405)	(2,406)	-	(10,811)	103	-	(10,708)
Provision others	(7,290)	(4,835)	-	(12,125)	(1,891)	-	(14,016)
Employee Benefits	(17,144)	(1,652)	(1,183)	(19,980)	(3,730)	(4,704)	(28,414)
Intangible Assets	(299)	(33)	-	(332)	71	-	(261)
Trade Payables	-	-	-	-	-	-	-
Deferred Revenue	(647)	203	-	(444)	4	-	(440)
Other Liabilities	-	-	-	-	-	-	-
Other Assets	539	582	-	1,121	(1,117)	-	4
Plant Property and Equipment	6,613	1,986	-	8,599	3,671	-	12,270
ICDS Adjustment	-	62	-	62	(140)	-	(78)
Equity Investments	-	-	-	-	-	-	-
Other Financial Liabilities	275	(224)	-	51	-	-	51
Total	**(38,769)**	**(6,125)**	**(1,183)**	**(46,078)**	**(2,447)**	**(4,704)**	**(53,228)**

vii. **Unrecognised Deferred Tax (Assets) / Liabilities**

There are no temporary differences on which Deferred Tax (Assets)/Liability have not been recognised for the year ended 31 March 2017 & 31 March 2016.

viii. **Tax Losses carried forward**

There are no Tax Losses on which Deferred Tax Asset has been recognised for the year ended 31 March 2017 & 31 March 2016.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 11			
Inventories			
Non Current			
Raw Materials & Components	35,056	31,124	27,921
Add : Raw Materials & Components in Transit	244	240	249
Less : Provisions	(30,621)	(27,003)	(22,644)
	4,679	**4,361**	**5,526**
Work In Progress	208	124	175
Less : Provisions	-	-	-
	208	**124**	**175**
Stock in Trade	55	118	162
Add : Stock in Trade in Transit	2	-	-
Less : Provisions	(57)	(118)	(162)
	-	-	-
Stores & Spares	133	68	85
Add : Stores & Spares in Transit	-	2	1
Less : Provisions	(112)	(54)	(55)
	21	**16**	**31**
Loose Tools	85	96	72
Add : Loose Tools in Transit	5	-	-
Less : Provisions	(73)	(62)	(59)
	17	**34**	**13**
Sub Total (A)	**4,925**	**4,535**	**5,745**
Current			
Raw Materials & Components	246,931	218,803	172,123
Add : Raw Materials & Components in Transit	19,394	20,849	11,399
Less : Provisions	(78)	(64)	(63)
	266,247	**239,588**	**183,459**
Work in Progress	167,461	149,183	122,691
Finished Goods	17,815	7,982	8,875
Add : Finished Goods in Transit	19,720	5,857	7,995
	37,535	**13,839**	**16,870**
Stock in Trade	10,329	6,375	6,415
Add : Stock in Trade in Transit	537	442	2,886
	10,866	**6,817**	**9,301**
Stores & Spares	2,358	2,093	1,803
Add : Stores & Spares in Transit	14	324	368
	2,372	**2,417**	**2,171**
Loose Tools	892	1,047	835
Add : Loose Tools in Transit	30	3	3
	922	**1,050**	**838**
Disposable Scrap	173	318	308
	173	**318**	**308**
Sub Total (B)	**485,576**	**413,212**	**335,638**
Total (A+B)	**490,501**	**417,747**	**341,383**

Notes to Accounts

(₹ in Lakhs)

i. Raw Materials and Components include ₹ 13,023 (₹ 5,502) being materials with sub-contractors, out of which ₹ 169 (₹ 68) of materials is subject to confirmation and reconciliation. Against ₹ 169 (₹ 68), an amount of ₹ 169 (₹ 68) has been provided for.

ii. Stock verification discrepancies for the year are as follows :
Shortages of ₹ 1,583 (₹ 247) and surplus of ₹ 1,256 (₹ 284). Pending reconciliation, an amount of ₹ 370 (₹ 80) has been provided for.

iii. Valuation of inventories has been made as per Company's Accounting Policy No. 18

iv. a. The United Nations Climate Change Secretariat has granted 15856 (15856) TON CO2EQ Carbon Credit during earlier years, for the 2.5MW BEL Grid Connected Wind Power Project at Davangere District , Karnataka for the verification period from 05 November 2007 to 31 March 2012 (05 November 2007 to 31 March 2009). 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 :

	2016-17	**2015-16**
i. Depreciation	269	15
ii. Operation Cost of Emission Reduction Equipments	102	84
Total	**371**	**99**

v. **Security, Hypothecation etc**

Refer Note 35.

vi. **Amount recognised in Profit & Loss**

Write-down of inventories to net realisable value amounted to ₹ 2,662 (₹ 1,402) has been recognised in the statement of profit and loss.

vii. No Reversal of write down of inventories has been made during the year, which were recognised as an expenses in the previous year.

viii. **Impairment of Assets**

Provisions for inventory has been made in line with Accounting Policy No. 18 of the Company.

	As at 31 March 2017	**As at 31 March 2016**	**As at 1 April 2015**
NOTE 12			
Other assets			
Non Current			
Capital advances	10,926	4,239	2,862
Less : Provisions	-	(8)	(8)
	10,926	**4,231**	**2,854**
Advances other than Capital advances			
Advances to employees	-	38	1
Advances for purchase	446	627	681
Less : Provisions	(349)	(384)	(431)
	97	**243**	**250**
Others			
Balances with customs, port trust and other government authorities	1,481	1,461	1,756
Less : Provisions	(1,380)	(1,366)	(1,648)
	101	**95**	**108**
Prepaid expenses	6	1	4
Claims receivable purchases	1,553	1,056	1,009
Less : Provisions	(1,553)	(1,056)	(963)
	-	**-**	**46**
Others - Assets	171	205	44
Less : Provisions	-	(8)	(10)
	171	**197**	**34**
Sub Total (A)	**11,301**	**4,805**	**3,297**

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Capital advances	502	-	-
Advances other than Capital advances			
Advances to employees	-	608	411
Advances for purchase	21,651	26,565	55,157
Others			
Balances with customs, port trust and other government authorities	24,544	11,583	7,419
Less : Provisions	-	-	(5)
	24,544	**11,583**	**7,414**
Prepaid expenses	3,832	2,744	1,811
Claims receivable purchases	4,483	3,737	5,745
Others - Assets	5,744	4,445	1,779
Less : Provisions	(3)	-	-
	5,741	**4,445**	**1,779**
Sub Total (B)	**60,753**	**49,682**	**72,317**
Total (A+B)	**72,054**	**54,487**	**75,614**

i. **Impairment of Assets**
Provisions for impairment of non financial assets has been made in line with accounting policy No. 13 of the company.

ii. **Related Party Disclosure**
For related party disclosures refer note 31.

iii. Refer Note 1 & 2 for Unadjusted Capital Advance wrt Property, Plant and Equipment.

NOTE 13
Cash & cash equivalents

Balance with banks	47,588	46,489	42,152
Cash on hand	8	19	18
Term deposits	221,000	200,500	160,000
	268,596	**247,008**	**202,170**

i. Cash and cash equivalents includes Term Deposits with original maturity period up to three months. Term Deposits with original maturity period beyond three months have been included in Bank balances. Refer Note 14.

ii. Refer Note No. 33 for classification of financial instruments.

iii. There are no repatriation restrictions with regard to cash and cash equivalents.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 14			
Bank balances [other than (ii) above]			
Term deposits*	104,000	469,500	370,000
Margin money held with banks	-	1	1
Unpaid dividend account	6,422	21	20
	110,422	**469,522**	**370,021**

i. Refer Note No. 33 for classification of financial instruments.
ii. Company does not have any Term Deposits with original maturity period of more than twelve months.
iii. There are no repatriation restrictions with regard to bank balances.
iv. *Term deposits include amounts earmarked for purposes given below:

BERECHS	40,804	29,704	23,817
CSR Expenses	3,123	2,592	2,044

NOTE 15

Current tax assets (Net)

Advance payment of income tax	9,992	1	224
Less : Provisions	(1)	(1)	-
	9,991	**-**	**224**
Current tax liability (Net)			
Provision for taxation	-	6,674	-
	-	**6,674**	**-**

NOTE 16

a. Equity share capital

i. **Authorised capital**

2,500,000,000 (31.03.2016 : 250,000,000 ; 01.04.2015 : 100,000,000) Equity Shares of ₹ 1 (31.03.2016 : ₹ 10 each; 01.04.2015 : ₹ 10 each)	25,000	25,000	10,000

ii. **Issued, subscribed & fully paid-up capital**

2,233,627,930 (31.03.2016 : 240,000,000; 01.04.2015 : 80,000,000) Equity Shares of ₹ 1 (31.03.2016 : ₹ 10 each; 01.04.2015 : ₹ 10 each)	22,336	24,000	8,000

Notes to Accounts

(₹ in Lakhs)

iii. **Reconciliation of the number of shares outstanding at the beginning and at the end of the period**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	240,000,000	24,000	80,000,000	8,000	80,000,000	8,000
Add : Shares issued during the year (Bonus Shares)	-	-	160,000,000	16,000	-	-
Less : Shares Bought Back during the year	16,637,207	1,664	-	-	-	-
Sub division of Shares (from ₹ 10 to ₹ 1 per equity share) during the year	2,010,265,137	-	-	-	-	-
Shares outstanding at the end of the reporting period	2,233,627,930	22,336	240,000,000	24,000	80,000,000	8,000

iv. **Shares in the company held by each shareholder holding more than 5%**

Name of Shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,523,039,911	68.19%	180,042,330	75.02%	60,015,859	75.02%
Life Insurance Corporation of India	117,231,380	5.25%	12,741,544	5.31%	4,476,641	5.60%

v. **Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years**

	As at 31 March 2017	As at 31 March 2016
	No. of Shares	No. of Shares
Equity shares allotted as fully paid up by way of bonus shares	-	160,000,000

There was no allotment of bonus shares during the Financial Year 2011-12 to 2014-15.

vi. **Aggregate number and class of shares bought back during the previous 5 years**

	As at 31 March 2017	As at 31 March 2016
	No. of Shares	No. of Shares
Equity shares bought back	16,637,207	-

a. There was no buy back of shares during the Financial Year 2011-12 to 2014-15.

b. 16637207 numbers of equity shares with face value ₹ 10 was bought back for ₹ 1,305 per share at a premium of ₹ 1,295 per share, resulting into a total cash outflow of ₹ 2,17,116 during the FY 2016-17.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
vii **Terms, Rights, preferences and restrictions attaching to each class of shares**			
a. Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.	Nil	Nil	Nil
b. The aggregate value of calls unpaid (including Directors and Officers of Company)	Nil	Nil	Nil

c. The Company has only one class of shares viz, Equity Shares.

d. 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.

e. Each Shareholder has a right to receive the dividend declared by the Company.

f. 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.

viii **Interim Dividend, Final Dividend**

	For the year ended 31 March 17	For the year ended 31 March 16
Final dividend for FY 2015-16 and FY 2014-15 respectively	34,800	18,560
Interim dividend for FY 2016-17 and FY 2015-16 respectively	26,804	6,000
Dividend Distribution Tax	12,541	4,999

b. Nature and purpose of Reserves

i. **Capital Reserve**

Capital Reserve is created by transfer from Retained earnings an amount equal to capital profit earned by the company. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii. **Capital Redemption Reserve**

Capital Redemption Reserve is created by transfer from General Reserve an amount equal to face value of the Shares bought back. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

iii. **Equity Investment through Other Comprehensive Income (OCI)**

The company has elected to recognise changes in fair value of certain equity investments in other comprehensive income. The change in fair value is accumulated in this reserve. If and when the investment is de recognised the accumulated amount will be transferred to Retained earnings.

NOTE 17
Government grants - deferred

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non Current			
Government grants - deferred	827	472	494
Sub Total (A)	**827**	**472**	**494**
Current			
Government grants - deferred	20	3	19
Sub Total (B)	**20**	**3**	**19**
Total (A+B)	**847**	**475**	**513**

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 18			
Borrowings			
Secured			
Term loan from banks	1,667	-	-
	1,667	**-**	**-**

i

Term Loan from Banks	
Total liability as on Balance Sheet Date	5,000
Less : Current Maturities of Long Term Debt *	3,333
Less : Interest accrued and due on Term Loans	-
Non Current Borrowing	1,667

* Shown under Note 20

ii. **Nature of security:**
Refer Note 35.

iii. **Terms of repayment.**
Repayable in 12 quarterly installments commencing from Quarter ending June 2017 and ends on the Quarter ending March 2020.

iv. **Rate of Interest**
8.15% p.a. subject to revision based on RBI / SBI guideline and risk rating of the company.

v. **Period and amount of default as on Balance Sheet Date**
Nil

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 19			
Trade payables			
Non Current			
- Others	-	57	2
Sub Total (A)	**-**	**57**	**2**
Current			
- Dues to micro & small enterprises	1,558	644	406
- Others	133,101	115,500	111,481
Sub Total (B)	**134,659**	**116,144**	**111,887**
Total (A+B)	**134,659**	**116,201**	**111,889**

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 2017 is furnished below:

Particulars	2016-17	2015-16
a. The principal and the interest due thereon remaining unpaid as at 31 March:		
Principal *	1,643	648
Interest	5	10
b. The interest paid by the Company along with the amount of the payment made beyond the appointed day during the year ending 31 March:		
Principal	43	6
Interest**	-	6
c. Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	-	-
d. Interest accrued and remaining unpaid at the end of the year ending 31 March.	9	14
e. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	3	10

* Includes amount shown under Note No. 20

** Interest includes INR 3278 wrt current year which is rounded off.

ii. During the period ₹ 8 of provisions made in Previous year has been reversed, since on subsequent verification, the amount was found to be not payable.

iii. The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the Company and have been relied upon by the Auditors.

iv. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

v. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

vi. The company's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 20			
Other financial liabilities			
Non Current			
Security deposits	72	158	76
Sub Total (A)	**72**	**158**	**76**
Current			
Security deposits	3,145	2,173	2,008
Current maturities of long term debt [1]	3,333	-	-
Interest accrued but not due - term loan [1]	1	-	-
Interest accrued and due on trade payables [2]	8	14	9
Other trade payables	5,507	2,920	2,088
Unpaid matured deposits	37	37	37
Unpaid dividend	6,422	21	20
Non trade payables dues to MSME [2]	85	4	-
Outstanding expenses	39,842	36,108	19,216
Other liabilities	1,077	1,844	1,140
Sub Total (B)	**59,457**	**43,121**	**24,518**
Total (A+B)	**59,529**	**43,279**	**24,594**
Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	Nil	Nil	Nil

[1] (Refer Note 18)

[2] (Refer Note 19)

i. **Financial instruments**

Refer Note No. 33 for classification of financial instruments.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 21			
Provisions			
Non Current			
Employee Benefits			
Long-term compensated absences	33,380	23,784	21,300
BEL retired employees' contributory health scheme (BERECHS)	37,701	27,554	22,029
Others			
Provision for onerous contracts	5,679	11,242	7,510
Provision for performance warranty	12,347	7,218	4,016
Provision for Site restoration obligation	135	135	55
Sub Total (A)	**89,242**	**69,933**	**54,910**

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Employee Benefits			
Gratuity *	1,504	(1,072)	448
Long-term compensated absences	2,825	2,439	2,807
BEL retired employees' contributory health scheme (BERECHS)	3,103	2,150	1,788
Management Contribution to BEL superannuation (Pension) scheme	-	4,999	3,228
Provision for Employee Wage Revision	14,513	-	-
Others			
Provision for onerous contracts	2,906	2,847	2,427
Provision for performance warranty	15,937	10,426	3,700
Sub Total (B)	**40,788**	**21,789**	**14,398**
Total (A+B)	**130,030**	**91,722**	**69,308**

i. **Movement of provisions for the year 2016-17**

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	17,644	14,089	135
Additional provision recognised during the year	19,613	1,207	-
Amount used during the year (Refer note v below)	109	-	-
Amount reversed during the year	8,864	6,711	-
As at 31 March	**28,284**	**8,585**	**135**

Movement of provisions for the year 2015-16

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	7,716	9,937	55
Additional provision recognised during the year	13,228	5,464	80
Amount used during the year (Refer note v below)	-	722	-
Unused amount reversed during the year	3,300	590	-
As at 31 March	**17,644**	**14,089**	**135**

ii. **Provision for Warranties - as per Accounting Policy No. 20 of the Company.**

Provision for warranties is made in respect of products whose normal warranty period is outstanding. As the warranty provision period varies from product to product, provision is made at Strategic Business Unit (SBU) level based on average period of warranty period. Provision is made based on trend based estimate of the likely expenses to be incurred. The provision is measured at the present value of the estimated cost of Warranty.

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.

Notes to Accounts

(₹ in Lakhs)

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 ₹ 8,065 (₹ 8,592) 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.
An amount of ₹ 1,974 (₹ 2,498) has been debited against Natural Code Heads wrt Onerous Contract.

vii. * Represents excess of plan asset over obligation as on 31 March 2016.

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) Gratuity :

The Company provides gratuity to employees in India as per payment of Gratuity Act, 1971. 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	2016-17	2015-16
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	35664	37316
	Current Service Cost	672	602
	Interest Cost	2749	2741
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gains) / Losses recognised in other comprehensive income		
	changes in financial assumptions	3375	(671)
	experience adjustments	187	(427)
	Benefits paid	(3452)	(3897)
	Present Value of Obligation as at the end of the period	**39195**	**35664**
ii)	**Change in Fair Value of plan assets:**		
	Fair value of plan assets at the beginning of the year	36736	35369
	Expected return on plan assets	2897	2665
	Contributions	1500	1948
	Benefit paid	(3452)	(3897)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	10	651
	Fair value of plan assets as at the end of the period	**37691**	**36736**
	Net defined benefit (asset)/liability	**1504**	**(1072)**
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Current Service cost	672	602
	Net Interest on Net Defined Benefit Obligations	(148)	75
	Expenses recognized in the statement of profit and loss	524	678

Notes to Accounts

(₹ in Lakhs)

	Particulars	2016-17	2015-16
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain)/loss on Plan Obligations	3562	(1098)
	Difference between Actual Return and Interest Income on Plan Assets - (gain)/ loss	(10)	(651)
	Amounts recognised in the statement of Other Comprehensive Income :	3552	(1749)
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	39195	35664
	Fair Value of Plan Assets at the end of the period	37691	36736
	Funded Status	**(1504)**	**1072**
	Liability / (Asset) recognised for the year	**1504**	**(1072)**
	Liability / (Asset) for the year as on 31 March as per Balance Sheet	**1504**	**(1072)**
vi)	**Plan Assets**		
	Categories of Plan Assets are as follows :		
	State Govt. Securities	4.70%	6.98%
	Govt. of India Securities	2.33%	2.51%
	High Quality Corporate Bonds	5.00%	6.50%
	Investment with Insurer	87.97%	84.01%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.20%	8.10%
	Salary escalation rate	7.50%	7.50%
	Expected rate of Return on Plan Assets	7.20%	8.10%
	Estimated Average Future working life	15.20	15.60
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 ₹ 1504 (Nil).		
ix)	**Sensitivity Analysis :**		
	Discounting Rate (0.50% movement)increase	7.70%	8.60%
	Increase/(decrease) in defined benefit Obligation as at the end of the period	(1618)	(1399)
	Discounting Rate (0.50% movement)decrease	6.70%	7.60%
	Increase/(decrease) defined benefit Obligation as at the end of the period	1748	1507
	Salary Escalation Rate (0.50% movement)increase	8.00%	8.00%
	Increase/(decrease) defined benefit Obligation as at the end of the period	239	226
	Salary Escalation Rate (0.50% movement) decrease	7.00%	7.00%
	Increase/(decrease) defined benefit Obligation as at the end of the period	(252)	(244)

(ii) BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS):

The Company has a contributory health scheme for its retired employees “BEL Retired Employees’ Contributory Health Scheme” (BERECHS), which is non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only. The company takes insurance cover for inpatient treatment. In addition to the annual insurance premium, the Company bears 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the insurance coverage.

Notes to Accounts

(₹ in Lakhs)

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	2016-17	2015-16
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	29705	23817
	Current Service Cost	1553	1246
	Interest Cost	2282	1757
	Actuarial (gains) / Losses recognised in other comprehensive income		
	changes in financial assumptions	3933	(1097)
	experience adjustments	6406	6267
	Benefits paid	(3075)	(2285)
	Present Value of Obligation as at the end of the period	**40804**	**29705**
ii)	**Change in Fair Value of plan assets:**		
	Fair value of plan assets at the beginning of the year	-	-
	Expected return on plan assets	-	-
	Contributions	3075	2285
	Benefit paid	(3075)	(2285)
	Actuarial gain / (loss) on Plan Assets recognised in other comprehensive income	-	-
	Fair value of plan assets at the end of the period	-	-
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Opening Net Liability	-	-
	Current Service cost	1553	1246
	Interest on Defined benefit obligation	2282	1757
	Expected return on Plan Assets	-	-
	Net Expenses Recognised in the Statement of Profit & Loss	**3835**	**3003**
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain)/loss on Plan Obligations	10338	5170
	Amounts recognised in the statement of Other Comprehensive Income :	10338	5170
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	40804	29705
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(40804)	(29705)
	Liability recognised in Balance Sheet (as per actuarial valuation)	**40804**	**29705**
	Expected to be payable within next twelve months	**3103**	**2150**
		37701	**27555**
vi)	**Actuarial Assumptions :**		
	Discounting Rate	7.20%	8.10%
	Health care costs escalation rate	3.90%	3.90%
	Attrition Rate	1.30%	1.00%
vii)	**Effect of 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	684	462
	Effect on the defined benefit obligation	5504	3469
	Effect of 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	(558)	(384)
	Effect on the defined benefit obligation	(4488)	(2882)

Notes to Accounts

(₹ in Lakhs)

	Particulars	2016-17	2015-16
viii)	Sensitivity Analysis :		
	Discounting Rate (0.50% movement)increase	7.70%	8.60%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	**(2276)**	**(1443)**
	Discounting Rate (0.50% movement)decrease	6.70%	7.60%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	**2536**	**1592**
	Medical Inflation Rate (0.50% movement)increase	4.40%	4.40%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	**2607**	**1651**
	Medical Inflation Rate (0.50% movement)decrease	3.40%	3.40%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	**(2355)**	**(1506)**

(iii) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL]

Employees Provident Fund is managed by Provident Fund Trust of the company. The Company contributes Managements' contributions payable towards Employee Provident Fund to the Trust. During the year the Company has recognised an amount of ₹ 8,033 (₹ 7,498) towards contribution to Employees Provident Fund in the Statement of Profit and Loss.

Company has determined on the basis of Actuarial Valuation carried out as at 31 March 2017, 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	2016-17	2015-16
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	177013	156326
	Current Service Cost	28590	25084
	Interest Cost	13683	11649
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gain) / Loss	(1134)	(2075)
	Benefits paid	(16184)	(13971)
	PVO transferred	-	-
	Present Value of Obligation as at the end of the period	**201968**	**177013**
ii)	**Change in Fair Value of plan assets:**		
	Fair value of plan assets at the beginning of the year	180950	160226
	Expected return on plan assets	16675	15026
	Contributions	24841	20343
	Benefit paid	(16184)	(13971)
	Actuarial gain / (loss) on Plan Assets	(321)	(674)
	Fair value of Plan Assets transferred	-	-
	Fair value of plan assets at the end of the period	**205961**	**180950**

Notes to Accounts

(₹ in Lakhs)

	Particulars	2016-17	2015-16
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Opening Net Liability	-	-
	Current Service cost	28590	25084
	Interest Cost	13683	11649
	Expected return on Plan Assets	(16675)	(15026)
	Net Actuarial (gain) / loss recognised in the period	(813)	(1401)
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Expenses Recognised in the Statement of Profit & Loss	**24785**	**20306**
iv)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	201968	177013
	Fair Value of Plan Assets at the end of the period	205961	180950
	Difference	**(3993)**	**(3937)**
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet	-	-
v)	**Amount for the Current Period :**		
	Present Value of Obligation	201968	177013
	Plan Assets	205961	180950
	Surplus/ (Deficit)	3993	3937
	Experience Adjustments on Plan liabilities - (Loss)/ Gain	1173	2070
	Experience Adjustments on Plan Assets - (Loss)/ Gain	(321)	(674)
vi)	**Category of Assets as at 31 March 2017 :**		
	Government of India Securities & State Government Securities	39.78%/51.42%	44.30%/46.64%
	High Quality Corporate Bonds	47.38%/43.63%	44.54%/44.89%
	Equity shares of listed companies	4.60%/1.78%	1.70%/5.18%
	Others	8.24%/3.17%	0%/3.29%
	Special Deposit Scheme	0.00%/0.00%	9.46%/0.00%
	Total	100%/100%	100%/100%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.20%	8.10%
	Salary escalation rate	7.50%	7.50%
	Expected rate of Return on Plan Assets	8.75%	9.00%

Notes to Accounts

(₹ in Lakhs)

B. Long Term Compensated Absence

The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences : Annual Leave (AL) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives. The Scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS, or death. AL can also be encashed during service or at the time resignation.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

	Particulars	2016-17	2015-16
i)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Net Expenses Recognised in the Statement of Profit & Loss	10987	4883
	[2016-17 Leave Encashed : ₹ 1,004, Provisions : ₹ 9,983]		
	[2015-16 Leave Encashed : ₹ 2,767, Provisions : ₹ 2,116]		
ii)	Amouts to be recognised in Balance Sheet :		
	Liability recognised in Balance Sheet [As per Actuarial Valuation]	**36205**	**26223**
iii)	**Actuarial Assumptions :**		
	Discounting Rate	7.20%	8.10%
	Rate of increase in compensation level	7.50%	7.50%
iv)	Based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months/ beyond 12 months.		
	Current leave obligations expected to be settled within the next 12 months	**2825**	**2439**
	Leave obligations expected to be settled beyond 12 months	**33380**	**23784**
		36205	**26223**

C. Pension Scheme

Company has got a defined contribution pension benefit plan for the benefit of its employees in respect of which contribution is made on an annual basis to a Trust setup for this purpose.

The benefit under the scheme are available for the employees as per the rules laid down in this regard.

A narrative description of the specific or unusual risks arising from a defined benefit plan (i.e. Gratuity and BERECHS)

The specific risk relating to defined benefit plans are as follows : -

Movement in long term government bond rate between two reporting periods which will impact discount rate and consequently the present value of obligations.

Risk of higher/lower salary escalation/benefit as considered for valuation vis-a-vis the actual experience through the Financial Year.

However, both the risks are mitigated on a regular basis i.e. yearly as valuations are done after every year based on updated assumptions.

A narrative description of any asset-liability matching strategies.

The gratuity plan of the company is a funded plan. The assets backing this plan are predominantly insurer-managed funds. Hence the company has limited flexibility in terms of implementing asset-liability matching strategies for this plan.

The post retirement medical plan of the company is an unfunded plan. Hence asset-liability matching strategies are not relevant for this plan.

A description of the funding arrangements and funding policy.

The Gratuity plan of the company is a funded plan. 87.97% of the plan assets backing this plan are insurer managed assets and 7.03% of the plan assets are invested in Central and State Government Securities. The annual contribution to the fund is typically set equal to the deficit as disclosed by the preceding actuarial valuation of the benefit obligations.

The post-retirement medical plan [BERECHS] is an unfunded plan.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 22			
Other Liabilities			
Non Current			
Deferred revenue - customer grants	1,469	1,876	1,670
Sub Total (A)	**1,469**	**1,876**	**1,670**
Current			
Deferred revenue - customer grants	231	262	334
Advances/Progress payment received from customers	608,312	631,137	496,584
Statutory liabilities	22,437	18,064	16,002
Deferred revenue	2,182	1,288	1,868
Others	3,396	3,064	2,756
Sub Total (B)	**636,558**	**653,815**	**517,544**
Total (A+B)	**638,027**	**655,691**	**519,214**

i. Related party disclosure

For Related Party Disclosures refer Note 31.

	For the year ended 31 March 2017		For the year ended 31 March 2016	
NOTE 23				
Revenue from operations				
Sale of products (gross including excise duty) [1]	800,065		672,027	
Income from services	82,405		82,090	
		882,470		**754,117**

[1] Includes revenue recognised in respect of construction contract. Also refer note 30(5).

	For the year ended 31 March 2017		For the year ended 31 March 2016	
Other operating revenue				
Sale of scrap		882		583
Transport receipts		321		351
Rent receipts		615		528
Canteen receipts		810		753
Electricity charges collected		148		129
Water charges collected		59		55
Provisions withdrawn				
- Onerous contracts	5,504		-	
- Doubtful debts, Liquidated damages	11,297		1,558	
- Inventory	2,737		1,204	
- Loans & advances	186		217	
- Others	168		1,139	
		19,892		4,118
Govt Grants / Assistance		1,378		1,491
Customer grants		437		562
Miscellaneous		7,032		6,850
		914,044		**769,537**

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
NOTE 24		
Other Income		
Interest income on term deposits	34,027	45,851
Interest income from long term investments (Dividend) #	5,200	390
Interest income from staff/IT refund/others *	847	1,170
Profit on sale of PPE	192	31
Foreign exchange gain	6,406	5,042
Rental income - Investment property	138	123
Miscellaneous (Net of expenses)	291	1,101
	47,101	**53,708**

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

Represents Income from Associate carried at Cost.

* For related party disclosures refer Note 31.

NOTE 25

Changes in inventories of Finished Goods, Work in Progress & Scrap

	For the year ended 31 March 2017		For the year ended 31 March 2016	
Work-in-progress :				
Closing inventory	167,669		149,307	
Opening inventory	149,307		122,866	
		(18,362)		**(26,441)**
Finished goods :				
Closing inventory	37,535		13,839	
Opening inventory	13,839		16,870	
		(23,696)		**3,031**
Scrap :				
Closing inventory	173		318	
Opening inventory	318		308	
		145		**(10)**
		(41,913)		**(23,420)**

Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2017		For the year ended 31 March 2016
NOTE 26				
Employee benefits expense				
Salaries, wages and bonus/ex-gratia		128,316		99,662
Retirement benefit expenses				
Gratuity	524		678	
Contribution to Provident and Pension Funds	8,033		7,498	
Management contribution to BEL superannuation (Pension) scheme	3,599		4,639	
Provision for BEL retired employees' contributory health scheme	761		718	
		12,917		13,533
Welfare expenses [including salaries ₹ 854 (₹ 904) PF contribution ₹ 79 (₹ 70)]		13,598		12,531
		154,831		**125,726**

Refer Note No. 31 for Remuneration to Key Managerial Personnel.
"Provision has been made in respect of Pay Revision for the period 1 January 2017 to 31 March 2017".

NOTE 27				
Finance costs				
Interest expenses				
Interest on dues to Micro & Small Enterprises	3		10	
Interest on income tax	-		394	
Other interest expenses	1,150		22	
		1,153		426
Other borrowing cost				
Loan processing charges		25		25
		1,178		**451**

NOTE 28		
Depreciation and amortization expense		
Depreciation / amortization on property, plant & equipments	19,105	17,182
Depreciation / amortization on investment property	1	1
Amortization on intangible assets	46	38
	19,152	**17,221**

Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2017		For the year ended 31 March 2016
NOTE 29				
Other expenses				
Power and fuel #		3,156		4,012
Water charges		370		245
Royalty & technical assistance		407		547
Rent		2,691		2,593
Rates & taxes		1,263		457
Insurance		819		759
Auditors remuneration				
Audit fees	12		12	
Cost audit fee	4		4	
Tax audit fees	2		2	
Other services (Certification fees)	2		2	
Reimbursement of expenses	6		8	
		26		28
Repairs & maintenance :				
Buildings	2,309		1,792	
Plant & machinery	1,189		1,198	
Others	10,183		9,085	
		13,681		12,075
Bank charges		433		350
Printing and stationery		510		430
Advertisement & publicity		1,341		1,205
Travelling expenses		8,455		7,829
Hiring charges for van & taxis		1,332		1,110
Excise duty - others		1,195		2,303
Packing & forwarding		1,416		1,493
Bad debts & advances written off	7,228		5,462	
Less : Charged to provisions	(7,224)		(5,438)	
		4		24
Provision for obsolete/redundant materials		7,071		6,004
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances		25,558		22,531
Provision for doubtful advances, claims		806		571
Provision for performance warranty		10,749		9,929
Provision for onerous contract		-		4,153
Write off of raw materials, stores & components due to obsolescence and redundancy	670		571	
Less : Charged to provisions	(639)		(570)	
		31		1
Corporate social responsibility		1,035		667

Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2017		For the year ended 31 March 2016
Others :				
Other Misc Direct Expenditure	1,228		1,340	
After Sales Service	391		359	
Telephones	707		696	
Expenditure on Seminars & Courses	1,015		889	
Other Selling Expenses	370		728	
Miscellaneous	4,231		4,657	
		7,942		8,669
		90,291		**87,985**
Less : Expenditure allocated to capital jobs		1,414		758
		88,877		**87,227**

\# Wind Energy Generated netted off

i. The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

ii. Refer Note 30(14) for Excise Duty.

NOTE 30
General Notes to Accounts

1 Earnings per Equity Share

		31 March 2017	31 March 2016
a.	**From continuing operations**		
	Basic earnings per share (INR)	6.64	5.45
	Diluted earnings per share (INR)	6.64	5.45
b.	Amounts used as the numerators in calculating basic and diluted earnings per share	154762	130736
c.	Weighted average number of equity shares used in computing basic and diluted earnings per share	2,332,083,730	2,400,000,000

2 Impact of Changes in Accounting Policies

The Company has amended its R&D Policy (Accounting Policy No. 10) for enabling carrying forward of expenditure relating to Joint Developmental Projects. The impact due to above change in policy is increase in WIP by ₹ 4,312 and increase in Profit by ₹ 4,312.

3 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.], 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.

As these are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 37.

Notes to Accounts

(₹ in Lakhs)

4 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.

5 Construction Contracts

	PARTICULARS	For the year ended 31 March 2017	For the year ended 31 March 2016
a)	Contract revenue recognised during the year	17,338	2,793
b)	Contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto the year end to the estimated total cost of the contracts, was used to determine the stage of completion.		
c)	Aggregate amount of cost incurred	17,681	4,933
d)	Recognised profit upto 31 March (net of provision for contingency)	1,773	(1,866)
e)	Amount of advances received and Outstanding as at 31 March	127,643	124,748
f)	The amount of retention	-	-

6 Impairment of Assets

The Company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Unit has found indications of Impairment of its Assets and hence no provision is considered necessary.

7 Short Term Borrowings

a. The Company has been sanctioned working capital limit of ₹ 290,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).

b. The interest rate payable on fund based limit is linked to SBI Base Rate plus 0.25%. (Interest rate payable as on 31 March 2017 is 8.25% p.a.).

c. The amount utilised is repayable on demand. Utilisation as on 31 March 2017 is Nil (Nil).

d. The above sanction limit is secured by hypothecation of Current Assets of the Company.

8 Contractual Commitments

	PARTICULARS	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A.	Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March			
	Property, Plant & Equipments	36,578	34,030	15,481
	Investment Property	-	-	-
	Intangible Assets	7,278	10,983	-
B.	Contractual Commitment for Repair and Maintenance or enhancement of Investment Property	-	-	-
C.	Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March	-	-	-

Notes to Accounts

(₹ in Lakhs)

9 **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 2017	As at 31 March 2016
EXPENDITURE		
Materials	24,879	20,388
Employees Remuneration & Benefits	34,375	28,538
Depreciation	4,308	4,250
Others	11,508	13,245
Gross Expenditure	**75,070**	**66,421**
INCOME		
Sales	6,717	742
Others	3,438	4,657
Gross Income	**10,155**	**5,399**
Net Expenditure	**64,915**	**61,022**

10 **Contingent Liabilities :**

PARTICULARS	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims not acknowledged as debts	118,231	21,155	17,681
Outstanding Letters of Credit	30,281	39,383	31,648
Others	2,864	562	523
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	16,053	16,505	10,955

MTNL has made a claim of ₹ 80,670 on the company in respect of convergent billing project. Against this the company has made a counter claim of ₹ 31,900.

11 **Contingent Assets :**

PARTICULARS	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NIL	-	-	-

12 **Confirmation of Balances**

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments are made wherever considered necessary.

13 **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.

Notes to Accounts

(₹ in Lakhs)

14 Excise Duty

a. "Excise Duty – Others" which is included in Note No. 29 - "Other Expenses" represents incremental provision of Excise Duty on Finished Goods, Excise Duty paid on Sale of Scrap and Others.

b. "Excise Duty" was leviable on certain category of Defence Sales only from 1 June 2015 in respect of FY 2015-16 as against full year in respect of FY 2016-17.

15 Segment Reporting

Ministry of Corporate Affairs has vide Notification no. 463 (E) dated 5 June 2015 exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

16 Retention Sales

The Value of Retention Sales (i.e., Goods retained with the Company at the Customers' request and at their risk) included in Gross Turnover during the year is ₹ 11,394 (₹ 52,147).

The Value of Ex-work Sales included in Gross Turnover during the year is ₹ 1,60,145 (₹ 2,01,585).

17 Foreign Exchange Exposure

Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2017 is given below. (Previous year figures are shown in brackets)

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
USD	867	56,415	266	17,006	384	25,153
	(731)	(48,571)	(199)	(13,057)	(483)	(32,309)
EURO	216	15,491	12	828	163	11,498
	(158)	(12,024)	(13)	(964)	(134)	(10,143)
GBP	17	1,400	-	-	7	558
	(30)	(2,867)	(1)	(52)	(4)	(406)
JYEN	31	18	-	-	18	11
	(51)	(31)	-	-	-	-
SGD	1	33	-	-	-	-
	-	(12)	-	-	-	(4)
CHF	59	3,880	-	-	2	101
	(149)	(10,367)	-	-	(2)	(107)
CANADIAN DOLLAR	-	-	-	-	-	-
	-	-	-	-	-	(6)
OTHERS	-	590	-	358	-	3
	-	(922)	-	(292)	-	-
Total (₹)		**77,827**		**18,192**		**37,324**
		(74,793)		**(14,365)**		**(42,974)**
Amount covered by Exchange Rate variation clause from Customers out of the above		**33,835**		**-**		**17,886**
		(21,075)		**-**		**(6,267)**

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

During the FY 2016-17, the Company has not entered Forward Contracts to cover Foreign Currency fluctuations in respect of Firm Commitments. There are no outstanding Forward Contracts as on 31 March 2017.

Notes to Accounts

(₹ in Lakhs)

18 Disclosure relating to CSR Expenditure

a. Gross amount required to be spent by the Company during the FY 2016-17 is ₹ 2,972 (₹ 2,523).

b. **Amount spent during the FY 2016-17:**

Sl No.	Particulars	In Cash	Yet to be paid in Cash	Total	Appropriation for unspent amount	CSR Grant Total
i.	Construction / Acquisition on any asset	-	-	-	-	-
		-	-	-	-	-
ii.	Purposes other than (i) above	1,106	58	1,164	1,822	2,986
		(755)	(34)	(789)	(1,780)	(2,569)

19 The details of specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 is as follows :

Sl No.	Particulars	SBNs	Other denomination notes	Total
a	Closing cash in hand as on 08 November 2016	13	2	15
b	Add : Withdrawal from Banks	-	431	431
	: Permitted receipts	5	89	94
c	Less : Permitted payments	-	453	453
	: Amount deposited in Banks	18	34	52
d	Closing cash in hand as on 30 December 2016	-	35	35

20 Non Cancellable Operating Lease Disclosure:

a. **As a Lessor:**

The future minimum Lease Rent Receivable:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year;*	352	-	-
Later than one year and not later than five years;**	1,319	-	-
Later than five years.	1	1	1

* represent INR 3,012 and ** represents INR 12,048 which is rounded off.

The company has Leased out Point of Sales machines to Government of Haryana for a period of five years from 2016-17 to 2021-22.

The company has Leased out few portions of Land to different organizations 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 recognized any income as contingent rent.

Notes to Accounts

(₹ in Lakhs)

b. **As a Lessee:**

During the year 2016-17, Bangalore Complex has taken 356.73 Acres of Land on Lease for a period of 25 years from Ordnance Factory Board at various locations for setting up Solar Power Plant by paying a nominal Value of INR 1 as Annual Lease Rent for each Locations.

The future minimum Lease Rent Payable

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year;	-	-	-
Later than one year and not later than five years;	-	-	-
Later than five years.	-	-	-

21 Chennai Unit was affected by floods during December 2015. Insurance policy taken by the company with United India Insurance Company Limited covers flood related losses. An amount of ₹ 1,000 (₹ 1,000) was received as part of Insurance claim settlement and has been recognised under "Other Income". In addition, an amount of ₹ 32 was received towards claim settlement wrt scrap items.

22 Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 1.05 (INR 14.50) per share.

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

23 Figures in brackets relate to Previous years.

24 All figures in financial statement are rounded off to nearest lakhs unless otherwise mentioned.

25 The standalone financial statements were approved for issue on 29 May 2017 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 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	
BEL Optronic Devices Ltd. (BELOP) - Subsidiary	India	100%	100%	92.79%	-	-	7.21%	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd. - Subsidiary	India	74%	74%	74%	26%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.
GE-BE Private Limited - Associate	India	26%	26%	26%	74%	74%	74%	Manufacturing of Medical Equipments.

Notes to Accounts

(₹ in Lakhs)

b. Key Management Personnel's Details

i. Name of Key Management Personnel's

Shri S K Sharma, CMD (upto 30.09.2016)	Shri M V Gowtama, CMD (wef 08.11.2016)
Shri M L Shanmukh, Dir (HR) (upto 31.10.2016)	Shri Nataraj Krishnappa, Dir (Other Units) (wef 01.05.2016)
Shri P C Jain, Dir (Mktg) (upto 31.07.2016)	Shri R N Bagdalkar, Dir (HR) (wef 23.01.2017)
Shri Amol Newaskar, Dir (Other Units) (upto 30.04.2016)	Smt Anandi Ramalingam, Dir (Mktg) (wef 16.09.2016)
Shri M M Handa, Dir (BG-CX) (upto 30.04.2016)	Shri Girish Kumar, Dir (BG-CX) (wef 01.05.2016)
Shri P R Acharya, Dir (Finance) (upto 19.08.2016)	Shri Koshy Alexander, CFO (wef 27.10.2016)
Dr Ajit T Kalghatgi, Dir (R&D)	Shri S Sreenivas, Company Secretary

ii. Compensation to Key Management Personnel's

Particulars	As at 31 March 2017	As at 31 March 2016
Short term employee benefits	352	345
Post employment benefits	37	13
Long term employee benefits	59	8
Termination benefits	-	-
Share based payment	-	-
Total	**448**	**366**

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) : -

Particulars	Subsidiaries		Associate	Grand Total
	BEL Optronic Devices Ltd (BELOP)	BEL-THALES Systems Ltd	GE-BE Pvt Ltd	
Purchase of Goods	6,001	-	-	**6,001**
	(6,924)	-	-	**(6,924)**
Sale of Goods	0*	-	3,197	**3,197**
	-	-	(2,726)	**(2,726)**
Rendering Services	-	104	-	**104**
	-	-	-	**-**
Services Received	-	109	-	**109**
	-	-	-	**-**
Rent Received (Lease)	-	36	-	**36**
	-	(39)	-	**(39)**
Interest Income	273	-	-	**273**
	(248)	-	-	**(248)**
Dividend Income on Investments	-	-	5,200	**5,200**
	-	-	(390)	**(390)**
Loan Outstanding (including Interest) as on 31.03.2017 **	4,445	-	-	**4,445**
	(5,096)	-	-	**(5,096)**

Notes to Accounts

(₹ in Lakhs)

Particulars	Subsidiaries		Associate	Grand Total
	BEL Optronic Devices Ltd (BE-LOP)	BEL-THALES Systems Ltd	GE-BE Pvt Ltd	
Trade Payables Outstanding as on 31 March 2017	4,709	107	-	**4,816**
	(630)	-	-	**(630)**
Trade Receivables Outstanding as on 31 March 2017	-	123	766	**889**
	-	(7)	(470)	**(477)**
Investment in Equity as on 31 March 2017	10,737	4,264	260	**15,261**
	(5,777)	(1,658)	(260)	**(7,695)**
Advances for Purchase Outstanding as on 31 March 2017	-	-	-	**-**
	(552)	-	-	**(552)**

* Represents amount of INR 7,763 (Nil) which is rounded off.

d. All transactions dealt with related parties are on arm's length basis. In respect of loan to subsidiary (BELOP) refer note "h" 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 "h" 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 March 2017, an amount of ₹ 9,503 (₹ 9,357) has been paid to BELOP, out of which an amount of ₹ 6,401 (₹ 6,401) has been received from MoD. The balance amount of ₹ 3,102 (₹ 2,956) has been shown under Other Non-Current Assets. (Refer Note 12).

As per the Agreement, an amount of ₹ 273 (₹ 304) has been recovered during the financial year from BELOP towards the cost of funds.

g. Consequent to acquisition of 1,32,000 equity share held by Specified Undertaking of Unit Trust of India on 30 July 2015, BELOP has become 100 % Subsidiary of the BEL.

h. Loans to Related Parties

1. The Company has entered into an agreement with BELOP in July 2015 to temporarily fund its Working Capital requirement to the maximum extent of ₹ 5,000 which was fully disbursed by 31 March 2016 and an amount of ₹ 3,381 is outstanding as on 31 March 2017. As per the terms and conditions :

   i) The balance amount will be repaid in quarterly installments with effects from July 2016.
   ii) Interest will be charged on the outstanding loan amount, on monthly basis, at BEL's rate of yield on its deposits.

2. The Company has entered into an agreement with BELOP in August 2016 to fund a Term Loan of ₹ 4,600 out of which ₹ 1,039 has been disbursed as on 31 March 2017. As per the terms and conditions :

   i) The principal amount will be repaid in 36 equal installments with effects from June, 2018.
   ii) Interest will be charged on the outstanding loan amount, on monthly basis, at BEL's rate of yield on its deposits or the interest rate yield on a five year Government of India Bond, whichever is higher.

3. ** Loan outstanding does not include ₹ 70 (₹ 83) adjusted on account of loan given to subsidiary (BELOP) at below market rate.

Notes to Accounts

(₹ in Lakhs)

i. Management Contracts including deputation of Employees :

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

j. Transaction with Government and Government Related Entities :

As BEL is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions :

1. Buyback of 13828771 number of Shares for ₹ 1,80,465 during FY 2016-17.
2. 120028420 number of Bonus Shares were Issued in the FY 2015-16.
3. An amount of ₹ 44,735 was Paid as Dividend during the year.

In addition to the above, around 90% of the Company's Turnover, around 76% of Trade Receivables and around 70% of Customer's Advance is with respect to government and government related entities.

k. Investment in Equity with respect to BELOP includes fair valuation of loan.

NOTE 32

Interest in Associates : -

Name of the entity	Place of Business / Place of Incorporation	% of ownership interest	Relationship	Carrying Amount		
				As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
GE-BE Private Limited	India	26%	Associate	18,387	22,017	19,173

Fair Value of the investment in Associate is not disclosed as the equity of GE-BE Pvt Ltd is unquoted.

GE-BE Private Ltd is a manufacturer of medical instruments and its products complement the Business segment of Components SBU of BEL Bengaluru and BEL Pune Unit.

Notes to Accounts

(₹ in Lakhs)

Carrying amount of the Company's interest in GE-BE Private Ltd.

Summarised Balance Sheet	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non - Current assets	16,165	14,381	14,547
Current assets : -			
Cash and Cash equivalents	1,941	1,242	3,462
Other assets	63,063	80,141	64,653
Total Current assets	**65,004**	**81,383**	**68,115**
Total assets	**81,169**	**95,764**	**82,662**
Non - Current liabilities : -			
Financial liabilities other than trade payables	33	98	133
Other liabilities.	852	163	141
Total Non - Current liabilities	**885**	**261**	**274**
Current liabilities : -			
Financial liabilities other than trade payables	156	259	76
Other liabilities.	9,410	10,564	8,569
Total Current liabilities	**9,566**	**10,823**	**8,645**
Total liabilities	**10,451**	**11,084**	**8,919**
Net assets	**70,718**	**84,680**	**73,743**
Company's share of Net assets	**18,387**	**22,017**	**19,173**

Summarised Statement of Profit & Loss	As at 31 March 2017	As at 31 March 2016
Revenue	81,348	80,740
Interest Income	3,476	4,300
Depreciation and amortisation	1,795	1,722
Interest expense	26	63
Income tax expense	5,191	6,811
Profit for the year	10,130	12,750
Other comprehensive income	(20)	(9)
Total comprehensive income	10,110	12,741
Company's share of Profit	2,634	3,315
Company's share of OCI	(5)	(2)
Company's share of total comprehensive income	2,629	3,313

The Company has received Dividend of ₹ 5,200 (₹ 390) from its Associate.

Notes to Accounts

(₹ in Lakhs)

Reconciliation of carrying amounts

Particulars	As at 31 March 2017	As at 31 March 2016
Opening net assets	**22,017**	**19,173**
Profit for the year	2,634	3,315
Other comprehensive income	(5)	(2)
Dividend paid	6,259	469
Closing net assets	**18,387**	**22,017**

Commitments and Contingent Liabilities in respect of Associates : -

Particulars	GE-BE Pvt. Ltd. (Audited)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital Commitments	271	119	133
Other Commitments	-	-	-
Other Contingent Liabilities	1,567	1,449	1,429

NOTE 33
Financial Instruments - Fair Value Measurements

1. Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities :

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets measured at fair value										
I	**Investments**									
i	Equity Instruments – Mana Effluent Pvt Ltd.	-	7	-	-	6	-	-	5	-
ii	Other Investments									
a	Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment)	30,702	-	-	24,210	-	-	-	-	-
	Sub Total	**30,702**	**7**	**-**	**24,210**	**6**	**-**	**-**	**5**	**-**
	Financial Assets not measured at fair value									
II	Trade Receivables	-	-	435,488	-	-	371,193	-	-	378,941

Notes to Accounts

(₹ in Lakhs)

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
III	Loans									
a	Security deposits	-	-	2,861	-	-	2,625	-	-	2,502
b	Loans to Related Parties	-	-	4,375	-	-	5,013	-	-	-
c	Loans to Employees	-	-	821	-	-	910	-	-	1,016
d	Loans to Others	-	-	-	-	-	1	-	-	1
IV	Cash and cash equivalents	-	-	268,596	-	-	247,008	-	-	202,170
V	Other Bank Balances	-	-	110,422	-	-	469,522	-	-	370,021
VI	Other Financial Assets									
a	Advance to Employees	-	-	189	-	-	254	-	-	153
b	Advance to Others	-	-	4	-	-	4	-	-	3
c	Non trade receivables	-	-	212	-	-	89	-	-	32
d	Other Claim Receivables	-	-	-	-	-	1	-	-	16
e	Accrued Income	-	-	20,792	-	-	2,912	-	-	1,559
f	Interest accrued on term deposits	-	-	5,346	-	-	16,664	-	-	15,963
VII	Other financial Assets	-	-	3,601	-	-	5,352	-	-	3,819
	Other Investments									
a	Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-	-	-	-
b	Investment in Subsidiaries	-	-	15,001	-	-	7,435	-	-	1,646
c	Investment in Associates	-	-	260	-	-	260	-	-	260
	Sub Total	**-**	**-**	**867,968**	**-**	**-**	**1,129,243**	-	-	**978,102**
	Total	**30,702**	**7**	**867,968**	**24210**	**6**	**1,129,243**	**-**	**5**	**978,102**

* represents INR 5000 which is rounded off.

Note : Investments in subsidiary companies (BEL Optronic Devices Ltd and BEL Thales Systems Limited) have been accounted at Cost in line with option available under Ind AS 101. Also, investment in Associate (GE-BE Private Limited) has been accounted at Cost in line with option available under Ind AS 101.

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Liabilities measured at fair value		-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-
Financial Liabilities not measured at fair value										
I	Borrowings	-	-	1,667	-	-	-	-	-	-
II	Trade Payables	-	-	134,659	-	-	116,201	-	-	111,889
III	Other Financial Liabilities									
a	Interest Accrued and due on Trade Payables	-	-	8	-	-	14	-	-	9
b	Current Maturities of Long Term Debt	-	-	3,333	-	-	-	-	-	-
c	Security Deposits	-	-	3,217	-	-	2,331	-	-	2,084
d	Unpaid Matured Deposits	-	-	37	-	-	37	-	-	37
e	Unpaid Dividend	-	-	6,422	-	-	21	-	-	20
f	Non Trade Payables Dues to MSME	-	-	85	-	-	4	-	-	-
g	Outstanding Expenses	-	-	39,842	-	-	36,108	-	-	19,216
h	Other Trade payables	-	-	5,507	-	-	2,920	-	-	2,088
i	Other Liabilities	-	-	1,077	-	-	1,844	-	-	1,140
	Total	-	-	**195,854**	**-**	**-**	**159,480**	**-**	**-**	**136,483**

Notes to Accounts

(₹ in Lakhs)

2. Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below:

		Note	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
			Level 1	Level 2	Level 3	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	-	30702	-	-	24210	-	-	-	-
ii	Financial Investments at FVOCI - Unquoted	6	-	-	7	-	-	6	-	-	5
II	**Financial Assets and Liabilities which are measured at Amortised Cost**		No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.								

Level 1 : Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2 : The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

3. Valuation technique used to determine Fair Value :

a. LIC Investment - (Level 2)
Based on valuation report of the Scheme provided by LIC.

b. M/s Mana Effluent Pvt Ltd - (Level 3)
BEL has invested in equity securities of M/s Mana Effluent Pvt Ltd. which is an unlisted company. The Company's cost of investment in M/s Mana Effluent Pvt Ltd is only ₹ 5 (out of Issued Share Capital of ₹ 161). 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 has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies. The Company has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization, treatment of various risks associated with different areas of finance and operations.

The company has a centralized Treasury function which is responsible to undertake appropriate measures to mitigate financial risk in accordance with the policies and procedures formulated by the Board. Hedging transactions are undertaken by a team with appropriate skills and experience in consultation with an external expert. The Company does not trade in derivatives for speculation.

Notes to Accounts

ii. Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

Currency Risk

BEL is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar, Euro, Great Britain Pound and Swiss Franc. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 50% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the external specialist consultant retained for this purpose.

The Company's export proceeds are realized mostly by remittance into an Export Earners Foreign Currency account (EEFC) which is then utilised for payments to be made in foreign currency, thereby mitigating the currency risk on exports. Imports to the extent of around 30% of annual foreign exchange outgo are not covered by the Exchange Rate Variation (ERV) clause in the related customer contract and hence are open to currency risk. These imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required.

As on 31 March 2017, there are no outstanding forwards contracts. The company has not entered into any forward contracts during the financial year 2016-17.

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31 March 2017				As at 31 March 2016				As at 1 April 2015			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Trade Payable	867	217	17	59	731	158	30	149	419	105	21	87
Trade Receivable	266	12	-	-	199	13	1	-	329	12	1	-
Net Exposure	601	205	17	59	532	145	29	149	90	93	20	87

Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below . This analysis assumes that all other variables remain constant.

	Impact on Profit	
	As at 31 March 2017	As at 31 March 2016
USD – Increase by 5%	(1,954)	(1,768)
USD – Decrease by 5%	1,954	1,768
EURO – Increase by 5%	(734)	(551)
EURO – Decrease by 5%	734	551
GBP – Increase by 5%	(71)	(141)
GBP – Decrease by 5%	71	141
CHF – Increase by 5%	(194)	(518)
CHF – Decrease by 5%	194	518

Notes to Accounts

(₹ in Lakhs)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

Variable Rate Borrowing:

The company has been sanctioned a Term loan of ₹ 10,000 on 31 March 2017 (Outstanding as on 31 March 2017 is ₹ 5,000). Interest payable on this loan is based on SBI's Minimum Commercial Lending Rate - MCLR. (SBI is eligible to reset the interest charged on yearly basis). There would be an additional outflow of cash of ₹ 50 if the interest rate goes up by 1% and saving of ₹ 50 in cashflow if interest rate goes down by 1%. There would however be no impact on profit as the interest component is capitalized since the borrowing is towards capital expenditure.

In addition the company has been sanctioned a working capital limit of ₹ 2,90,000 which has not been utilised in the year end (Outstanding as on 31 March 2017 is Nil (31 March 2016 is Nil) (1 April 2015 is Nil)) in respect of which interest payable is based on SBI's base rate. SBI is eligible to reset the interest charged on periodic basis. As the borrowing is Nil there is no impact on likely change in interest rates.

Equity Price Risk

The company's exposure to equity price risk is negligible as its equity investment (other than in subsidiaries and Associate) is negligible.

iii. Liquidity Risk

Liquidity Risk is the risk that a Company could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's exposure to liquidity risk is very minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The Company meets its liquidity requirement mainly through internally generated cash flows which is monitored centrally by treasury. There is an established process of rolling cash forecasts from various operating units which form the basis for mapping expected cash inflows, to meet the liabilities.

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual un discounted cash flows.

As at 31 March 2017

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	-	-	-	1,667	-	1,667
Trade Payables	131,919	691	2,049	-	-	134,659
Current Maturities of Long Term Debts	-	1,666	1,667	-	-	3,333
Interest accrued and due on Trade Payables	5	-	3	-	-	8
Other Financial Liabilities	55,787	69	259	46	26	56,187

Notes to Accounts

(₹ in Lakhs)

As at 31 March 2016

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Trade Payables	109,709	1,030	5,405	57	-	116,201
Interest accrued and due on Trade Payables	14	-	-	-	-	14
Other Financial Liabilities	42,837	57	249	110	12	43,265

As at 1 April 2015

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Trade Payables	109,285	407	2,195	2	-	111,889
Interest accrued and due on Trade Payables	9	-	-	-	-	9
Other Financial Liabilities	23,993	60	496	20	16	24,585

The company does not have any outstanding derivatives as on 31 March 2017.

iv. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government/Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc and other indicators.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department / parties.

Loan of ₹ 4,445 given is to 100% subsidiary company. The subsidiary company has been regular in repayment of its dues (Interest and Principal) and no credit risk is expected in terms of repayment of the loan amount.

Notes to Accounts

(₹ in Lakhs)

v. Capital Management

The Company's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Company has a conservative approach for raising capital through debt but reserves the right to leverage this alternative at an appropriate time to fuel growth and maintain optimal capital structure.

As part of this overall objective, the company has expanded capital base by issuing bonus shares in financial year 2015 and bought back shares in financial year 2016. 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 a nominal borrowing of ₹ 5,000 as on 31 March 2017. The Company has sanctioned borrowing limits with some banks to the tune of ₹ 2,90,000.

Gearing Ratio :

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Net Debt	5,000	-	-
Total Equity	750,854	898,360	801,199
Net Debt to Equity Ratio	0.01	-	-

NOTE 35

Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are :

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Inventories	485,576	413,212	335,638
Financial Assets			
(i) Trade Receivables	435,488	371,193	378,941
(ii) Cash & Cash Equivalents	268,596	247,008	202,170
(iii) Bank Balances [Other than (ii) above]	110,422	469,522	370,021
(iv) Loans	4,328	5,928	942
(v) Other Financial Assets	26,993	22,290	18,329
Other Current Assets	60,753	49,682	72,317
Total current assets pledged as security	**1,392,156**	**1,578,835**	**1,378,358**

Refer Note 18 & 20 for the details of borrowings.

Notes to Accounts

NOTE 36
Critical estimates and judgments

While preparing the financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements and Estimates that have a significant risk of resulting in a material adjustment are as under :

i. **Research and Development Expenditure - Accounting Policy No. 10 - (Refer Note No. 5)**
Developmental expenditure incurred with respect to No Cost No Commitment (NCNC) Projects and Joint developmental projects which are not fully compensated by the development partner are carried forward till the completion of project.

ii. **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note No. 21)**

iii. **Estimation of provision for warranty claims - (Refer Note No. 21)**
Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iv. **Pay Revision Provision - (Refer Note No. 21)**
Pay Revision in respect of Executive and Non executive is due with effect from 1 January 2017. Provision in respect of revised pay has been made based on a reasonable estimate of expected liability for the period 1 January 2017 to 31 March 2017.

v. **Recognition of Revenue - (Refer Note No. 23)**
Percentage-of-completion method involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

NOTE 37
First Time Adoption of Ind AS

Transition to Ind AS

These are the Company's first standalone financial statements prepared in accordance with Indian Accounting Standard (Ind AS).

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in the financial statements have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2015 as the transition date from the previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

Notes to Accounts

I Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A. Ind AS optional exemptions

Property, plant and equipment, Intangible assets and Investment Property-Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the previous financial statements as at the date of transition to Ind AS, and use that as its deemed cost on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets and investment property.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value as at the date of transition. The carrying values of property, plant and equipment, as aforesaid are after making adjustments relating to decommissioning liabilities.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments (other than equity investments in Subsidiaries, Associates) at Fair Value through Other Comprehensive Income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to designate its investment in equity instruments (other than equity investments in Subsidiaries, Associates) at FVOCI on the date of transition to Ind AS.

Investments in Subsidiaries and Associates

Ind AS 101 permits an entity to measure its investments in Subsidiaries, Associates at cost in accordance with Ind AS 27 (Separate Financial Statements). Accordingly, the Company has measured investments in subsidiaries and Associate at cost.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption.

The company has availed the following exemption :

B. Ind AS mandatory exceptions

De-recognition of financial assets and financial liabilities

As per Ind AS 101 a first time adopter shall apply the de-recognition principles requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and liabilities recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

As per Ind AS 101 an entity has to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition.

Accordingly, BEL has determined the classification of Financial assets based on facts and circumstances existing at the date of transition to Ind AS.

Notes to Accounts

(₹ in Lakhs)

II Reconciliation between Previous GAAP and Ind AS

A. Reconciliation of Equity

Previous GAAP (IGAAP) figures have been reclassified to conform to Ind AS and Schedule III presentation requirements.

i. Reconciliation of Equity as at date of transition 1 April 2015 and 31 March 2016.

Particulars		Note No.	As at 1 April 2015			As at 31 March 2016		
			IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
ASSETS								
(1)	Non-current assets							
(a)	Property, plant and equipment	F (i),(ii),(iii)	77,053	1,519	78,572	95,772	1,806	97,578
(b)	Capital work-in-progress	-	13,965	-	13,965	22,187	-	22,187
(c)	Investment property	F (ii)	-	14	14	-	13	13
(d)	Intangible assets	-	57	-	57	69	-	69
(e)	Intangible assets under development	-	12	-	12	20,784	-	20,784
(f)	Financial assets							
	(i) Investments	F (viii) & F(ix)	1,911	-	1,911	31,796	115	31,911
	(ii) Trade receivables	-	-	-	-	-	-	-
	(iii) Loans	-	2,577	-	2,577	2,621	-	2,621
	(iv) Other financial assets	-	3,216	-	3,216	2,986	-	2,986
(g)	Deferred tax assets (net)	F(x)	33,780	4,989	38,769	37,234	8,844	46,078
(h)	Inventories	-	5,745	-	5,745	4,535	-	4,535
(i)	Other non current assets	F (i), (iii)	3,273	24	3,297	4,609	196	4,805
			141,589	6,546	148,135	222,593	10,974	233,567
(2)	Current Assets							
(a)	Inventories	F(iv), (xii)	336,943	(1,305)	335,638	416,789	(3,577)	413,212
(b)	Financial assets							
	(i) Trade receivables	F(xi)	378,615	326	378,941	371,193	-	371,193
	(ii) Cash & cash equivalents	-	202,170	-	202,170	247,008	-	247,008
	(iii) Bank balances [other than (ii) above]	-	370,021	-	370,021	469,522	-	469,522
	(iv) Loans	F(ix)	942	-	942	6,011	(83)	5,928
	(v) Other financial assets	F(iv)	17,265	1,064	18,329	21,227	1,063	22,290
(c)	Other current assets	F (i), (iii)	72,316	1	72,317	49,463	219	49,682
(d)	Current tax assets (net)	-	224	-	224	-	-	-
			1,378,496	86	1,378,582	1,581,213	(2,378)	1,578,835
	TOTAL ASSETS		**1,520,085**	**6,632**	**1,526,717**	**1,803,806**	**8,596**	**1,812,402**

Notes to Accounts

(₹ in Lakhs)

Particulars		Note No.	As at 1 April 2015			As at 31 March 2016		
			IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES								
EQUITY								
(a)	Equity Share Capital	-	8,000	-	8,000	24,000	-	24,000
(b)	Other Equity	F(xvi), F(xix)	780,503	12,696	793,199	849,383	24,977	874,360
	Sub total Equity		788,503	12,696	801,199	873,383	24,977	898,360
LIABILITIES								
(1)	Non-Current Liabilities							
(a)	Government Grants	F(xiii)	664	(170)	494	594	(122)	472
(b)	Financial Liabilities							
	(i) Borrowings	-	-	-	-	-	-	-
	(ii) Trade Payables	-	2	-	2	57	-	57
	(iii) Other Financial Liabilities	-	76	-	76	158	-	158
(c)	Provisions	F(v)	45,265	9,645	54,910	54,812	15,121	69,933
(d)	Other Non-Current Liabilities	F (i) & (iv)	32	1,638	1,670	-	1,876	1,876
			46,039	11,113	57,152	55,621	16,875	72,496
(2)	Current Liabilities							
(a)	Government Grants	F(xiii)	247	(228)	19	31	(28)	3
(b)	Financial Liabilities							
	(i) Trade Payables	F(iv)	111,774	113	111,887	116,021	123	116,144
	(ii) Other Financial Liabilities	F(iv)	25,311	(793)	24,518	43,268	(147)	43,121
(c)	Other Current Liabilities	F(i) & (iv)	515,806	1,738	517,544	654,116	(301)	653,815
(d)	Provisions	F(v)	32,405	(18,007)	14,398	54,692	(32,903)	21,789
(e)	Current tax liability (Net)	-	-	-	-	6,674	-	6,674
			685,543	(17,177)	668,366	874,802	(33,256)	841,546
	TOTAL EQUITY AND LIABILITIES		**1,520,085**	**6,632**	**1,526,717**	**1,803,806**	**8,596**	**1,812,402**

Notes to Accounts

(₹ in Lakhs)

B. Reconciliation of total comprehensive income for the year ending 31 March 2016.

	Particulars	Note No.	Previous GAAP	Ind AS Adjust-ment	Ind AS
I	Revenue from operations	F (i) (iv)	767,241	2,296	769,537
II	Other income	F (ix), F (xiv)	53,339	369	53,708
III	**Total Income (I+II)**		**820,580**	**2,665**	**823,245**
IV	EXPENSES				
a	Cost of Material Consumed	F (iv) & F (xii)	368,258	956	369,214
b	Cost of Stores & Spares Consumed	-	2,927	-	2,927
c	Purchases of Stock in Trade	-	33,936	-	33,936
d	Changes in Inventories of Finished Goods, WIP & Scrap	F (iv)	(25,686)	2,266	(23,420)
e	Excise duty	-	36,751	-	36,751
f	Employee Benefits Expense	F (vii) & F (xiv)	130,186	(4,460)	125,726
g	Finance Costs	-	451	-	451
h	Depreciation and Amortization Expense	F (xiv)	16,888	333	17,221
i	Other Expenses	F (v) & (xiv)	75,954	11,273	87,227
TOTAL EXPENSES (a to i)			**639,665**	**10,368**	**650,033**
V	Profit before exceptional items & tax (III - IV)	-	180,915	(7,703)	173,212
VI	Exceptional Items	-	-	-	-
VII	Profit before tax (V+VI)	-	180,915	(7,703)	173,212
VIII	Tax Expense				
	- Current tax	-	48,600	-	48,600
	- Earlier years	-	1	-	1
	- Deferred taxes	F (x)	(3,453)	(2,672)	(6,125)
	Total provision for taxation	-	45,148	(2,672)	42,476
IX	Profit for the period (VII - VIII)	-	135,767	(5,031)	130,736
X	Other Comprehensive Income / (Loss)				
	Items that will not be reclassified subsequently to profit or loss				
a	Remeasurement of the net defined benefit liability/asset	F (vii)	-	(3,420)	(3,420)
b	Equity instruments through other comprehensive income	F (viii)	-	1	1
c	Income tax relating to these items	F (x)	-	1,183	1,183
	Other Comprehensive Income / (Loss)		-	(2,236)	(2,236)
XI	Total Comprehensive Income for the period (IX+X) [comprising Profit and Other Comprehensive Loss for the year]		135,767	(7,267)	128,500

Note : Previous GAAP figures have been reclassified for this note.

Notes to Accounts

(₹ in Lakhs)

C. Impact of Ind AS adoption on Cash Flow Statement for the year ended 31 March 2016

Particulars	Note No.	Previous GAAP	Ind AS Adjust-ment	Ind AS
Net Cash flow from Operating activities	F (xviii)	225,300	33	225,333
Net Cash flow from Investing activities		(147,212)	(1,250)	(148,462)
Net Cash flow from Financing activities		(32,030)	(3)	(32,033)
Net Increase / (Decrease) in cash and cash equivalents		46,058	(1,220)	44,838
Cash and cash equivalents as at 1 April 2015		202,281	(111)	202,170
Cash and cash equivalents as at 31 March 2016		248,339	(1,331)	247,008

D. Reconciliation of total equity as at 31 March 2016 and 1 April 2015

	Note No.	31 March 2016	1 April 2015
Total Equity (Shareholders funds) as per Previous GAAP		**873,383**	**788,503**
Adjustment for provisions	F (v)	(25,093)	(13,974)
Adjustment for revenue recognition (Net of Expenses)	F (iv)	(1,772)	(997)
Adjustment for dividend and tax thereon	F (xix)	41,884	22,338
Adjustment of Inventory	F (xii)	9	14
Prior period adjustments	F (xi)	-	326
Recognition of planned assets	F (vii)	1,072	-
Fair valuation of loan given to subsidiary	F (ix)	32	-
Tax adjustment on these changes	F (x)	8,845	4,989
Total Equity (Shareholders funds) as per Ind AS		**898,360**	**801,199**

E. Reconciliation of Total Comprehensive Income for the year ended 31 March 2016

	Note No.	31 March 2016
Profit After Tax as per previous GAAP		**135,767**
Adjustments for provisions	F (v)	(11,119)
Adjustment for revenue recognition (Net of Expenses)	F (iv)	(776)
Adjustment of Inventory	F (xii)	(5)
Unwinding of Related Party Loan	F (ix)	32
Prior Period Adjustments	F (xi)	(326)
Recognition of Planned Assets	F (vii)	1,072
Tax adjustment on these changes	F (x)	3,855
Total Comprehensive Income as per Ind AS		**128,500**

Notes to Accounts

(₹ in Lakhs)

F. Notes to first time adoption

i. Property, Plant and equipment

a) Under previous GAAP assets acquired out of customer grants were carried at Net value (Cost less grant value). Under Ind AS these assets have to be recognised at cost with Grant amount being credited to Deferred revenue (Customer Grant). Consequently, the amount of Property, plant and equipment has increased by ₹ 697 during FY 2015-16 (₹ 1,606 as on 1 April 2015) with corresponding credit to Deferred revenue (Customer Grant). There will be no impact on Total equity because of this adjustment.

b) Due to creation of provision towards Site restoration Obligation as required under Ind AS 37 an amount of ₹ 80 has been recognised as a part of Property, Plant and equipment during 2015-16 (₹ 55 as on 1 April 2015). This amount will be charged off over the Lease period.

ii. Investment Property

As required under Ind AS 40 on Investment Property, Land and building that are rented out have been reclassified as Investment property. In the previous GAAP these were classified as Property, plant and equipment. Accordingly the carrying value of ₹ 14 Lakhs of Building that has been rented out has been reclassified from property, plant and equipment to Investment property as on 1 April 2015. There is no impact on the total equity on account of this adjustment.

iii. Leasing Arrangement

As permitted under Ind AS 101 the company has assessed whether a contract or arrangement contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS. Based on the assessment some leasing agreements have been identified as Operating lease and consequently an amount of ₹ 180 has been decapitalised during FY 2015-16 (₹ 75 as on 1 April 2015) and the corresponding amount recognised as Non-Financial Assets. There is no impact on total equity on account of this adjustment.

iv. Adjustment to Revenue recognition and consequential adjustment to Inventories, unbilled revenue, etc

Adjustment to revenue recognized under previous GAAP has been made on account of change in timing of revenue recognition, fair value criteria,etc as per requirements of Ind AS. Due to this additional revenue of ₹ 1,962 has been recognised during FY 2015-16 with increase in corresponding expenses amounting to ₹ 3,222 primarily due to onerous nature of the contracts in respect of which revenue is recognised. The net impact due to above adjustments resulted in decrease in profit by ₹ 1,260 during FY 2015-16.

Retained earnings have gone down by ₹ 948 as on 1 April 2015 due to adjustment relating to Revenue recognition. Consequential adjustments have been made to Inventory and corresponding Assets and Liabilities.

v. Provisions

As per requirements of Ind AS 37 provision has been created in respect of Site restoration obligation, onerous contracts and warranty expenses. This has lead to increase in provision amount by ₹ 11,198 during FY 2015-16 (₹ 13,976 as on 1 April 2015). Consequently the total equity as on 31 March 2016 has reduced by ₹ 25,094 (₹ 13,976 as on 1 April 2015) and profit for the year ended 31 March 2016 by ₹ 11,118.

vi. Excise Duty

Under previous GAAP revenue from sale of products was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented in Statement of Profit and Loss as an expense. This change has resulted in an increase in revenue from operations and expenses for FY 2015-16 by ₹ 36,751. This change in presentation has no impact on profit.

Notes to Accounts

vii. Remeasurement of Post employment benefit obligations

Under Ind AS, remeasurements of Employee benefit obligations i.e., actuarial gains and losses are recognised in Other comprehensive income (OCI). Under previous GAAP these were recognised in Statement of profit and loss. Consequently an amount of ₹ 5,169 (before tax) has been reclassified from Employee benefit expenses to Other Comprehensive income during FY 2015-16. However, this has no impact on profit on 31 March 2016.

Additionally, an amount of ₹ 1,072 representing excess of Plan assets over net defined liability has been recognised as an Asset under Ind AS during FY 2015-16 with credit of ₹ 1,749 to Other Comprehensive Income and charge of ₹ 677 to employee cost. This has resulted in increase in Total Comprehensive income by ₹ 1,072 as on 31 March 2016.

viii. Fair value of Investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries and associates have been designated as Fair Value through Other Comprehensive Income (FVOCI) as permitted by Ind AS 109. Under previous GAAP, this investment was carried at cost. The resulting fair value changes of this investment has been recognized in Equity investment through OCI reserve as at the date of transition and subsequently in Other Comprehensive Income for the year ended 31 March 2016. This has increased "Other Comprehensive Income (OCI)" and "Total equity" by ₹ 1 as at 31 March 2016 (₹ Nil as on 1 April 2015).

ix. Fair valuation of Loan given to Subsidiary Company

Loan given to subsidiary company at below market rate of interest has been fair valued resulting in recognition of the differential amount of ₹ 115 as Investment in the subsidiary as on 31 March 2016 with corresponding reduction in the carrying value of the Loan. Interest Income of ₹ 32 has been recognised for the year 2015-16 with corresponding increase in the outstanding Loan amount on account of unwinding of discount value. This has resulted in increase in profit by ₹ 32 for the year ended 31 March 2016.

x. Deferred Tax

Deferred tax adjustment has been made in respect of temporary differences arising on account of adjustments made consequent to transition to Ind AS. This has resulted in increase in value of deferred tax asset by ₹ 3,855 as on 31 March 2016 and by ₹ 4,989 as on 1 April 2015 with increase in Total equity by ₹ 8,844 as on 31 March 2016 (₹ 4,989 on 1 April 2015) and Profit by ₹ 3,855 as on 31 March 2016.

xi. Prior period error and omissions

As required under Ind AS, if errors and omissions relating to prior period are material they have to be adjusted by restating the Opening balances of Assets, Liabilities and equity for the earliest prior period presented. Accordingly prior period income of ₹ 326 reported for the year 2015-16 under previous GAAP has been adjusted against Opening reserves as on 1 April 2015 with corresponding increase in Trade receivables. This has resulted in a decrease in Profit by ₹ 326 for the FY 2015-16.

xii. Interest charged on temporary financial assistance to subsidiary company BELOP has been grossed up in 2015-16 by crediting interest income by ₹ 304 and corresponding increase in material cost. This has no impact on retained earnings. In addition as on 1 April 2015 an amount of ₹ 14 (₹ 9 for the year 2015-16) has been credited to opening reserve with corresponding increase in Inventory in respect of unused inventory. This has increased profit and opening reserve by corresponding amount respectively.

xiii. Government Grant

As per requirements of Ind AS, amount given by Government in the capacity of a Customer should be treated as Customer grant. Accordingly, an amount of ₹ 398 has been reclassified from Government Grant to customer Grant as on 1 April 2015. This change in classification does not have any impact on profit or retained earnings.

Notes to Accounts

xiv. Other Adjustments

Depreciation of ₹ 333 has been charged to Property, Plant and equipment as on 31 March 2016 and an equivalent amount credited to Other Income (from Customer grant). An amount of ₹148 for the FY 2015-16 (₹ 102 as on 1 April 2015) has been charged to Profit and Loss statement and Retained earnings respectively towards other consequential adjustments due to changes explained above.

An amount of ₹ 33 has been treated as "Other Income" during FY 2015-16 with corresponding debit to employee cost due to Grossing up of amount adjusted against perks etc. This has no impact on profit for the year.

xv. Redesignation of Joint Venture as an Associate

Based on assessment of control criteria, on transition to Ind AS, Investment in Joint Venture has been identified as an associate. There is no impact on Financial Statements on account of this re-assessment.

xvi. Retained Earnings

Retained Earning as on 1 April 2015 and as on 31 March 2016 has been adjusted consequent to adjustments as explained.

xvii. Impact on Cash Flow

Cash flow has decreased by ₹ 1,331 for the FY 2015-16 on transition to Ind AS.

xviii. Proposed Dividend

Under previous GAAP dividends proposed by the Board of Directors after the balance sheet date before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS such dividends are recognized when it is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and the dividend distribution tax thereon amounting to ₹ 19,546 for the FY 2015-16 (₹ 22,338 as at 1 April 2015) has been reversed with corresponding adjustment to retained earnings. Consequently the total equity increased by an equivalent amount.

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

SIGNIFICANT ACCOUNTING POLICIES ON 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.], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

These are the Company's first annual financial statements prepared in accordance with Ind AS. The company has adopted all applicable Ind AS and adoptions were carried out in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 37.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability and contingent assets as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account of all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. Basis of Measurement

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments, if any
- Financial assets and liabilities that are qualified to be measured at fair value
- The defined benefit asset / liability is recognised as the present value of defined benefit obligation less fair value of plan assets.

4. Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company.

5. Revenue Recognition

(i) Sale of Goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. The timing of the transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

(ii) Ex- Works Contract

In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.

(iii) FOR Contracts

In the case of FOR contracts revenue is recognised, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the company at the request of the customer.

(iv) Bill and Hold Sales

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time when the revenue is recognised;
- the buyer specifically acknowledges the deferred delivery instructions;
- the usual payment terms apply.

(v) Construction Contracts

Contract revenue includes initial amount agreed in the contract and any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

When it is probable that total contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

(vi) Price Escalations and Exchange Rate Variation Claims

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

(vii) Bundled Contracts :

In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies the recognition criteria to separately identifiable components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their relative fair value.

(viii) Multiple Elements:

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their relative fair value.

(ix) Sales exclude Sales Tax / Value Added Tax (VAT) and include Excise Duty.

(x) Revenue from Services

Revenue relating to Maintenance contracts are recognised on accrual basis.

For other fixed-price contracts (including revenue from software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date.

Revenue in respect of other category of services is recognised on rendering of service.

(xi) Interest Income

Interest income is recognised using the effective interest rate method.

(xii) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established.

(xiii) Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increase in rentals are in line with expected inflation or otherwise justified.

(xiv) Duty Drawbacks

Duty drawback claims on exports are accounted on preferring the claims.

(xv) Other Income

Other income not specifically stated above is recognised on accrual basis.

6. Property, Plant and Equipment, Capital Work-in-Progress

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and cumulative impairment losses, if any. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

The cost of fixed assets not ready for their intended use as at each balance sheet date is disclosed as capital work-in-progress.

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

7. Intangible Assets, Intangible Asset under Development

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

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

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

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

8. Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The residual values, useful lives and amortisation methods, are reviewed periodically at each financial year end.

9. Disposal of Property, Plant and Equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

10. Research and Development Expenditure

(i) Expenditure on Research activity is recognised as an expense in the period when it is incurred.

(ii) Development expenditure (other than on specific development- cum sales contracts and Developmental projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development - cum - sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

Development expenditure incurred in respect of Joint development projects which are not fully compensated by the development partner are carried forward where the company is nominated as a production agency and future economic benefits are expected.

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

(iii) Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

(iv) Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on closure of project, the amount will be either capitalised if further economic benefit is expected from its use or charged off.

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.
Reversal of impairment provision is made when there is an increase in the estimated service potential of an asset or Cash Generating Unit (CGU), either from use or sale, on reassessment after the date when impairment loss for that asset was last recognised.

14. Leases

A lease is classified at the inception date as a finance lease or an operating lease.

(i) Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as finance costs in the statement of profit and loss. A leased asset is amortised over the estimated useful life of the asset or lease term whichever is lower.

Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance to general inflation or are otherwise justified.

(ii) Company as a Lessor

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a Finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

15. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

16. Government Grants

Grants from Government are measured at fair value and initially recognised as Deferred Income.

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

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

17. Investments in Joint Venture and Associates

The Company accounts for it's interests in associates and joint ventures in the separate financial statements at cost.

18. Inventories

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula.

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads. Finished goods at factories include applicable excise duty. Adequate provision is made for inventory which are more than five years old which may not be required for further use.

19. Income Taxes

Income tax comprises of current and deferred tax.

(i) Current Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of profit and loss.

(ii) Deferred Tax

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

20. Provision for Warranties

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend based estimates.

21. Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

22. Employee Benefits

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

(ii) Incremental liability for payment of long term compensated absences such as Annual Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

(iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

(vi) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) 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. Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts other than construction contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

24. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

25. Fair value Measurement

The Company measures certain financial instruments, such as derivatives and other items in it's financial statements at fair value at each balance sheet date.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

26. Financial Assets

(i) Initial Recognition and Measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

(ii) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments measured at amortised cost,
- Debt instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI),
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(iii) Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

(iv) Trade and Other Receivables

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

27. Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

28. Embedded Derivative

The embedded derivative, if required, is separated from host contract and measured at fair value.

29. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

30. Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies the Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

a. Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.

b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense / income in the statement of profit and loss.

31. Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

(ii) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below :

Financial Liabilities at fair value through Profit or Loss :

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

(iii) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised as profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

32. Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

33. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

34. Cash Dividend and Non-Cash distribution to Equity Holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

35. Errors and Estimates

The Company revises it's accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively.

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 **Badari, Madhusudhan & Srinivasan** Chartered Accountants Firm Regn. No. 005389S	**M V Gowtama** Chairman & Managing Director	**Koshy Alexander** Chief Financial Officer
S Rajendiran Partner Membership No. 021883	**Dr Ajit T Kalghatgi** Director (Research & Development)	**S Sreenivas** Company Secretary

29 May 2017
Bengaluru

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **BHARAT ELECTRONICS LIMITED** ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its share of profit of its Associate, comprising of the consolidated Balance Sheet as at 31 March, 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and Associate is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Group and 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 Associate company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design ,implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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

a) in the case of the consolidated balance sheet, of the state of affairs of the Group and its Associate as at 31 March 2017,

b) in the case of the consolidated statement of profit and loss, of the profit (financial performance including other comprehensive income) for the year ended on that date; and

c) in the case of the consolidated cash flow statement and statement of changes in equity, of the cash flows and the changes in equity, for the year ended on that date.

Other Matters

a) The comparative financial information of the Group and its Associate for the year ended 31 March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended 31 March 2016 and 31 March 2015 dated 15 July 2016 and 29 May 2015 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. (The comparative financial information for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 in respect of two Subsidiaries and one Associate included in these consolidated Ind AS financial statements, prepared in accordance with Ind AS have been audited by other auditors and have been relied upon by us).

b) We did not audit the Ind AS financial statements of two subsidiaries viz BEL Optronic Devices Limited & BEL Thales System Limited, and one Associate viz. GEBE Private Limited.

The financial statements of Subsidiaries reflect total assets of ₹ 51,607 lakhs as at 31 March, 2017, total income of ₹ 14,913 lakhs and net cash outflows of ₹ 1898 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements .The consolidated Ind AS financial statements also include the Subsidiaries' share of net profit (including Other Comprehensive Income) of ₹ 335 lakhsfor the year ended 31 March, 2017 after adjusting loss of ₹ 82 lakhs of the subsidiary BEL Thales Systems Limited, whose financial statements have not been audited by us.

The consolidated Ind AS financial statements reflects assets of the associate of ₹ 18,387 lakhs as "Investment under Equity Method" and includes Associate's share of net profit (including Other Comprehensive Income) of ₹ 2,634 lakhs, whose financial statements have not been audited by us. We draw attention to Note No. 30(20) regarding re-designation of GE BE Private Limited from a Jointly controlled entity to Associate.

These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and Associate, is based solely on the reports of the other auditors.

c) We draw attention to Note No. 30(15) regarding disclosure of segment information as required under Ind AS 108.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters based on our reliance on the work done and the reports of the other auditors and the Ind AS financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 is not applicable on consolidated financial statements.

2. As required by Section143(3) of the Act, we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income),the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with, by this Report is in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

e) In accordance with Notification No. G.S.R 463(E), dated 5 June 2015, the requirement of Section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and its Associate and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No 30(12) to the consolidated Ind AS financial statements.

ii. The Group has made requisite provisions for material foreseeable losses, for long-term contracts, including derivative contracts, if any, in the consolidated Ind AS financial statements as required under the applicable laws or accounting standards - Refer Note No 21 to the consolidated Ind AS financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group incorporated in India.

3. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management - Refer Note No 30 (16) to the consolidated Ind AS financial statements.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
FR No. : 005389S

(S. RAJENDIRAN)
Partner
Membership No. 021883

Bengaluru
29 May 2017

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF BHARAT ELECTRONICS LIMITED

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Bharat Electronics Limited ("the Holding Company")and its subsidiary companies and Associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Maters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance

with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and Associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies and one Associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
FR NO. 005389S

(S. RAJENDIRAN)
Partner
Membership No. 021883

Bengaluru
May 29, 2017

Consolidated Balance Sheet

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
(1) Non-Current Assets				
(a) Property, plant and equipment	1	134,128	105,937	87,555
(b) Capital work-in-progress	2	41,419	22,195	13,985
(c) Investment property	3	12	13	14
(d) Intangible assets	4	15,970	17,247	18,485
(e) Intangible assets under development	5	32,862	20,784	12
(f) Investment under equity method		18,387	22,017	19,173
(g) Financial assets				
(i) Investments	6	30,709	24,216	5
(ii) Trade receivables	7	-	-	-
(iii) Loans	8	2,512	2,649	2,597
(iv) Other financial assets	9	5,998	3,102	3,266
(h) Deferred tax assets (net)	10	52,894	45,860	38,724
(i) Inventories	11	4,925	4,535	5,745
(j) Other non current assets	12	12,908	8,610	4,173
Sub total non-current assets		**352,724**	**277,165**	**193,734**
(2) Current Assets				
(a) Inventories	11	488,167	415,701	338,821
(b) Financial assets				
(i) Trade receivables	7	436,826	372,191	379,706
(ii) Cash & cash equivalents	13	269,981	250,290	203,088
(iii) Bank balances [other than (ii) above]	14	112,737	471,321	370,762
(iv) Loans	8	1,204	915	942
(v) Other financial assets	9	27,075	22,363	18,360
(c) Other current assets	12	61,116	50,484	71,348
(d) Current tax assets (net)	15	9,801	-	163
Sub total Current Assets		**1,406,907**	**1,583,265**	**1,383,190**
TOTAL ASSETS		**1,759,631**	**1,860,430**	**1,576,924**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	16	22,336	24,000	8,000
(b) Other equity		751,241	900,616	816,380
Equity attributable to the owners of the company		**773,577**	**924,616**	**824,380**
Non controlling interest		**1,372**	**477**	**611**
Total equity		**774,949**	**925,093**	**824,991**
LIABILITIES				
(1) Non-Current Liabilities				
(a) Government grants - deferred	17	17,238	18,123	19,671
(b) Financial liabilities				
(i) Borrowings	18	1,667	-	-
(ii) Trade payables	19	-	57	2
(iii) Other financial liabilities	20	72	158	76
(c) Provisions	21	89,373	70,019	54,983
(d) Other non-current liabilities	22	1,469	1,877	1,670
Sub total Non-Current Liabilities		**109,819**	**90,234**	**76,402**

Consolidated Balance Sheet

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(2) Current Liabilities				
(a) Government grants - deferred	**17**	20	3	19
(b) Financial liabilities				
(i) Borrowings	**18**	1,358	2,839	2,473
(ii) Trade payables	**19**	131,335	116,226	115,709
(iii) Other financial liabilities	**20**	64,434	43,271	24,608
(c) Other current liabilities	**22**	636,232	653,525	517,600
(d) Provisions	**21**	41,484	22,573	15,122
(e) Current tax liability (net)	**15**	-	6,666	-
Sub total Current Liabilities		**874,863**	**845,103**	**675,531**
TOTAL EQUITY AND LIABILITIES		**1,759,631**	**1,860,430**	**1,576,924**

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

Bengaluru
29 May 2017

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	PARTICULARS	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
I	Revenue from operations	23	920,634	772,924
II	Other income	24	43,447	53,949
III	**Total income (I+II)**		**964,081**	**826,873**
IV	**EXPENSES**			
	(a) Cost of material consumed		430,788	367,994
	(b) Cost of stores & spares consumed		3,401	3,077
	(c) Purchases of stock in trade		50,281	33,936
	(d) Changes in inventories of finished goods, work in progress & scrap	25	(42,006)	(23,271)
	(e) Excise duty		55,236	37,547
	(f) Employee benefits expense	26	155,944	126,721
	(g) Finance costs	27	1,288	602
	(h) Depreciation and amortization expense	28	21,163	19,196
	(i) Other expenses	29	89,729	87,989
	TOTAL EXPENSES (a to i)		**765,824**	**653,791**
V	**Profit before exceptional items, share of net profit of associates accounted under equity method & tax (III - IV)**		**198,257**	**173,082**
VI	Share of net profit of associates accounted under equity method		2,634	3,315
VII	**Profit before exceptional items & tax (V + VI)**		**200,891**	**176,397**
VIII	Exceptional items		-	-
IX	**Profit before tax (VII + VIII)**		**200,891**	**176,397**
X	**Tax Expense**	10		
	- Current Tax		51,757	48,673
	- Earlier years		(873)	1
	- Deferred taxes		(2,330)	(5,952)
	Total provision for taxation		**48,554**	**42,722**
XI	**Profit for the year (IX - X)**		**152,337**	**133,675**
XII	**Other comprehensive income/(Loss)**			
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/asset		(13,955)	(3,423)
	- Equity instruments through other comprehensive income		1	1
	- Share of other comprehensive income of associates accounted under equity method		(5)	(2)
	- Income tax relating to these items		4,704	1,184
	Total Other Comprehensive income/(Loss) (net of tax)		**(9,255)**	**(2,240)**
XIII	**Total comprehensive income for the year (XI + XII) [comprising profit and other comprehensive income for the year]**		**143,082**	**131,435**

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

	PARTICULARS	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
XIV	**Net Profit/(Loss) attributable to**			
	(a) Owners of the Company		**152,358**	**133,739**
	(b) Non Controlling Interest		**(21)**	**(64)**
	Other Comprehensive Income attributable to			
	(a) Owners of the Company		**(9,255)**	**(2,240)**
	(b) Non Controlling Interest		**-**	**-**
	Total Comprehensive Income attributable to			
	(a) Owners of the Company		**143,103**	**131,499**
	(b) Non Controlling Interest		**(21)**	**(64)**
XV	**Earnings per equity share :**	**30(1)**		
	(1) Basic [in Rupees]		**6.53**	**5.57**
	(2) Diluted [in Rupees]		**6.53**	**5.57**

Significant Accounting Policies and accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

Bengaluru
29 May 2017

Consolidated Statement of changes in equity

(₹ in Lakhs)

A. Equity share capital

	Note No.	Amount
Balance as at 1 April 2015		8,000
Changes in equity capital during the year	16	
- Bonus shares issued during the year		16,000
Balance as at 31 March 2016		24,000

	Note No.	Amount
Balance as at 1 April 2016		24,000
Changes in equity capital during the year	16	
- Buyback of shares		(1,664)
Balance as at 31 March 2017		22,336

B. Other Equity

	Note No.	Reserves & Surplus					Other Reserve	Non controlling interest	Total Other Equity
		Capital Reserve *	Capital Reserve on consolida-tion of subsidi-ary *	Capital Redemp-tion Reserve *	General Reserves	Retained Earnings	Equity Instru-ments through other com-prehensive income *		
Balance as at 1 April 2015		4,667	207	-	432,122	379,384	-	611	816,991
Profit for the year		-	-	-	-	133,660	-	(64)	133,596
Addition during the year		-	-	-	-	-	-	333	333
Acquisition of non controlling interest		-	155	-	-	-	-	(403)	(248)
Other comprehensive income for the year		-	-	-	-	(2,241)	1	-	(2,240)
Total		**4,667**	**362**	**-**	**432,122**	**510,803**	**1**	**477**	**948,432**
Corporate social responsibility (CSR)		-	-	-	-	(1,780)	-	-	(1,780)
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-	-	-
Amount transfer to capital reserve		2	-	-	-	(2)	-	-	-
Transaction with Owners in their capacity as owner									
Dividends	16	-	-	-	-	(24,560)	-	-	(24,560)
Dividend distribution tax	16	-	-	-	-	(4,999)	-	-	(4,999)
Issue of bonus shares	16	-	-	-	(16,000)	-	-	-	(16,000)
Balance as at 31 March 2016		**4,669**	**362**	**-**	**456,122**	**439,462**	**1**	**477**	**901,093**

Consolidated Statement of changes in equity

(₹ in Lakhs)

	Note No.	Reserves & Surplus					Other Reserve	Non controlling interest	Total Other Equity
		Capital Reserve *	Capital Reserve on consolidation of subsidiary *	Capital Redemption Reserve *	General Reserves	Retained Earnings	Equity Instruments through other comprehensive income *		
Balance as at 1 April 2016		4,669	362	-	456,122	439,462	1	477	901,093
Profit for the year		-	-	-	-	151,299	-	(21)	151,278
Addition during the year		-	-	-	-	-	-	916	916
Other comprehensive income for the year		-	-	-	-	(9,256)	1	-	(9,255)
Total		4,669	362	-	456,122	581,505	2	1,372	1,044,032
Corporate social responsibility (CSR)		-	-	-	-	(1,822)	-	-	(1,822)
Amount transfer to general reserve		-	-	-	40,000	(40,000)	-	-	-
Transaction with Owners in their capacity as owner									
Dividends	16	-	-	-	-	(61,604)	-	-	(61,604)
Dividend distribution tax	16	-	-	-	-	(12,541)	-	-	(12,541)
Buyback of shares	16	-	-	1,664	(217,116)	-	-	-	(215,452)
Balance as at 31 March 2017		**4,669**	**362**	**1,664**	**279,006**	**465,538**	**2**	**1,372**	**752,613**

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

Bengaluru
29 May 2017

Consolidated Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	For the year ended 31 March 2017	For the year ended 31 March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before exceptional items and tax	200,891	176,397
Adjustments for :		
Depreciation and Amortization Expense	21,163	19,196
Acquisition of minority interest - BELOP	-	238
Corporate Social Responsibility	1,035	667
Remeasurement of the net defined benefit liability/asset (net of tax)	(9,255)	(2,240)
Interest Income	(34,348)	(46,025)
Finance Cost	1,288	602
Profit on Sale of property, plant & equipment	(192)	(31)
Operating Profit Before Working Capital Changes	**180,582**	**148,804**
Increase/(Decrease) in :		
Trade Receivables	(64,635)	7,515
Loans	(152)	(25)
Other Financial Assets	(7,608)	(3,839)
Other Assets	(14,930)	16,427
Inventories	(72,856)	(75,670)
Trade Payables	15,052	572
Other Financial Liabilities	10,832	18,196
Provisions	38,265	22,487
Other Liabilities	(17,701)	136,132
Government Grants	(868)	(1,564)
Cash Generated from Operations	**65,981**	**269,035**
Income Taxes Paid (Net)	(72,055)	(43,029)
Cash Flow Before Exceptional Items	**(6,074)**	**226,006**
Exceptional items	-	-
Net Cash from /(used in) Operating Activities	**(6,074)**	**226,006**
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Property, Plant & equipments	(79,399)	(65,933)
Equity Investment - BELOP	-	(238)
Minority interest	583	83
Proceed from sale of property, plant & equipment	192	643
Increase/(Decrease) in term Deposits & Other Bank Balances	358,584	(100,559)
Other Investments	(2,863)	(27,055)
Interest Received	34,348	46,025
Net Cash from/(used in) Investing Activities	**311,445**	**(147,034)**

Consolidated Cash Flow Statement

(₹ in Lakhs)

PARTICULARS	For the year ended 31 March 2017	For the year ended 31 March 2016
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Borrowings	3,519	366
Purchase of Shares under Buyback Scheme	(217,116)	-
Corporate Social Responsibility (CSR) Expenditure	(2,455)	(2,087)
Dividend Paid (including Tax on Dividend)	(68,340)	(29,447)
Finance Cost	(1,288)	(602)
Net Cash from/(used in) Financing Activities	**(285,680)**	**(31,770)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**19,691**	**47,202**
Cash and Cash Equivalents at the beginning of the Year	**250,290**	**203,088**
Cash and Cash Equivalents at the end of the Year	**269,981**	**250,290**

The Significant Accounting Policies and accompanying notes form an integral part of the financial statements

As per our report of even date attached.

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 1
Property, plant and equipment

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2015 (Deemed Cost)	Additions / adjustments during the year	Deductions/ adjustments during the year	As at 31 March 2016	Accumulated depreciation/ amortisation as at 1 April 2015	Depreciation/ amortization for the year	Deductions/ adjustments during the year	As at 31 March 2016	As at 31 March 2016
Freehold land	2,312	8,520	-	**10,832**	-	-	-	**-**	**10,832**
Leasehold land	518	-	-	**518**	-	7	-	**7**	**511**
Roads and culverts	273	180	-	**453**	-	26	-	**26**	**427**
Buildings	21,089	2,795	4	**23,880**	-	1,123	1	**1,122**	**22,758**
Installations	1,812	301	1	**2,112**	-	356	1	**355**	**1,757**
Plant and machinery	31,994	15,078	253	**46,819**	-	7,070	47	**7,023**	**39,796**
Electronic equipment	10,220	3,393	169	**13,444**	-	3,181	18	**3,163**	**10,281**
Equipment for R & D lab	8,424	2,858	189	**11,093**	-	3,277	116	**3,161**	**7,932**
Vehicles	141	69	-	**210**	-	56	-	**56**	**154**
Office equipment	7,299	2,895	174	**10,020**	-	2,138	8	**2,130**	**7,890**
Furniture, fixtures and other equipments	3,408	812	14	**4,206**	-	656	1	**655**	**3,551**
Assets acquired for sponsored research	65	-	-	**65**	-	17	-	**17**	**48**
Total	**87,555**	**36,901**	**804**	**123,652**	**-**	**17,907**	**192**	**17,715**	**105,937**

PARTICULARS	GROSS CARRYING AMOUNT				DEPRECIATION/AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2016	Additions / adjustments during the year	Deductions/ adjustments during the year	as at 31 March 2017	Accumulated depreciation/ amortisation as at 1 April 2016	Depreciation/ amortization for the year	Deductions/ adjustments during the year	As at 31 March 2017	As at 31 March 2017
Freehold land	10,832	808	-	**11,640**	-	-	-	**-**	**11,640**
Leasehold land	518	-	-	**518**	7	7	-	**14**	**504**
Roads and culverts	453	15	-	**468**	26	30	-	**56**	**412**
Buildings	23,880	4,955	13	**28,822**	1,122	1,284	1	**2,405**	**26,417**
Installations	2,112	1,122	-	**3,234**	355	378	-	**733**	**2,501**
Plant and machinery	46,819	19,258	14	**66,063**	7,023	8,330	14	**15,339**	**50,724**
Electronic equipment	13,444	10,398	2	**23,840**	3,163	3,137	2	**6,298**	**17,542**
Equipment for R & D lab	11,093	6,017	1	**17,109**	3,161	3,444	1	**6,604**	**10,505**
Vehicles	210	87	3	**294**	56	66	2	**120**	**174**
Office equipment	10,020	4,219	2	**14,237**	2,130	2,463	2	**4,591**	**9,646**
Furniture, fixtures and other equipments	4,206	1,198	13	**5,391**	655	713	6	**1,362**	**4,029**
Assets acquired for sponsored research	65	-	-	**65**	17	14	-	**31**	**34**
Total	**123,652**	**48,077**	**48**	**171,681**	**17,715**	**19,866**	**28**	**37,553**	**134,128**

Consolidated Notes to Accounts

(₹ in Lakhs)

i. Freehold Land of Parent Company consists of 2063.89 acres (31.03.2016 : 2037.34 acres; 01.04.2015 : 1036.07 acres) and Leasehold Land consists of 290.26 acres (31.03.2016 : 290.26 acres; 01.04.2015 : 290.26 acres).

ii. Freehold Land includes 7.11 acres (31.03.2016 : 7.11 acres; 01.04.2015 : 7.07 acres) leased to commercial/religious organizations and in their possession.

iii. Leasehold land includes land taken on Lease at Kochi for 90 Years and capitalised in the year 2008-09.

iv. Additions during the year includes ₹ 1,089 (31.03.2016 : ₹ 1,147; 01.04.2015 ₹ 1,266) and ₹ 5 (31.03.2016 : ₹ 4; 01.04.2015 : Nil) in respect of the assets of Central Research Laboratories and Pune Unit respectively.

v. Addition of Buildings during the year includes Nil (31.03.2016 : Nil; 01.04.2015 : ₹ 1,199) in respect of Development & Engineering Buildings.

vi. Electronic Equipment value includes POS machines valuing ₹ 1,026 (31.03.2016 : Nil; 01.04.2015 : Nil) which are under the control of Haryana Government (operating lease).

vii. Deductions include net carrying cost of Nil (31.03.2016 : ₹ 588; 01.04.2015 : Nil) in respect of assets affected due to flood at Chennai Unit.

viii. **Site Restoration Obligation**

Refer Note 21 for Site Restoration Obligation in respect of Wind Mill Generation Plant.

ix. Gross Block Value of Plant & Machinery includes Site Restoration Obligation of ₹ 83 (31.03.2016 : ₹ 83; 01.04.2015 : ₹ 3) in respect of Wind Mill Plants.

x. **Contractual Commitment**

Refer Note 30(11) for outstanding Contractual Commitment.

xi. **Deemed Cost**

On transition to Ind AS, 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.

xii. **Estimation of Useful Life of Assets**

The management has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration, factors like expected usage of assets, risk of technical and commercial obsolescence, etc. The estimated useful lives of various categories of Tangible Assets is as follows :

Asset Class	Years
Buildings	20 / 40
Roads & Culverts	20 / 40
Installations	10
Plant & Machinery	5 / 6 / 7 / 10
Electronic Equipments	5 / 6 / 7
Vehicles	4 / 5
Office Equipments	7
Furniture & Fixtures	7 / 10
Equipments for R&D Labs	5

In respect of Subsidiaries and Associate, estimated useful lifes as per Schedule II to the Companies Act, 2013 has been adopted except of in case of Continuous Process Plant in BELOP, where 15 years useful life has been adopted.

Consolidated Notes to Accounts

(₹ in Lakhs)

xiii. **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.

xiv. **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 (31.03.2016 : Nil; 01.04.2015 : Nil).

xv. **Impairment of Assets**

Refer Note 30(9).

xvi. **Compensation from third parties**

Nil (31.03.2016 : Nil; 01.04.2015 : Nil).

xvii. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property Plant & Equipment.

xviii. Land acquired free of cost from the Government in some units has been accounted in line with provisions of Ind AS 101.

		As at 31 March 2017		**As at 31 March 2016**		**As at 1 April 2015**
NOTE 2						
Capital work-in-progress						
Civil Construction	23,690		10,413		4,051	
Plant & Machinery	11,286		7,224		8,320	
Others	4,742		3,176		1,213	
Capital Items in Transit	1,702		1,383		770	
		41,420		**22,196**		**14,354**
Less : Provision		(1)		(1)		(369)
		41,419		**22,195**		**13,985**

i. Civil Construction of Parent Company mainly comprises of Production related building, R&D building, Employee Quarters and Training Centre under construction.

ii. Borrowing costs of ₹ 1 (net of interest income) (31.03.2016 : Nil; 01.04.2015 : Nil) (capitalisation rate @ 8.15% p.a.) has been capitalised during the year 2016-17 in respect of employee quarter under construction.

iii. Refer Note 30(11) in respect of Contractual Commitment.

iv. Refer Note 12 in respect of Unadjusted Capital Advance paid towards Property Plant & Equipment.

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 3

Investment property

Particulars	Gross carrying amount				Depreciation/Amortization				Net carrying amount
	As at 1 April 2015 (Deemed Cost)	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2016	Accumulated depreciation/ amortisation as at 1 April 2015	Depreciation/ amortization for the year	Deductions/ adjustments during the year	As at 31 March 2016	As at 31 March 2016
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	-	1	-	1	13
Total	**14**	**-**	**-**	**14**	**-**	1	-	**1**	**13**

Particulars	Gross carrying amount				Depreciation/Amortization				Net carrying amount
	As at 1 April 2016	Additions / adjustments during the year	Deductions / adjustments during the year	As at 31 March 2017	Accumulated depreciation/ amortisation as at 1 April 2016	Depreciation/ amortization for the year	Deductions / adjustments during the year	As at 31 March 2017	As at 31 March 2017
Freehold land	-	-	-	-	-	-	-	-	-
Buildings	14	-	-	14	1	1	-	2	12
Total	**14**	-	-	**14**	**1**	**1**	**-**	**2**	**12**

i. **Amount recognised in Statement of Profit & Loss**

	For the year ended 31 March 2017	For the year ended 31 March 2016
a. Rental Income	28	28
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*	-	-
e. Profit from Investment property before deducting non operating expenses	28	28

* represents INR 44,366 which is rounded off.

ii. Refer Note No. 30(11) for Contractual Commitment.

iii. **Fair Value of the investment properties**

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Land	1,962	1,962	1,962
Building	836	836	836

iv. **Estimation of Fair Value**

The company has estimated the fair value of the Investment Property based on the Government Guidance Value (municipal value) of the similar properties in the investment property's location. All resulting fair value estimates for the investment properties are included in Level 2.

Consolidated Notes to Accounts

(₹ in Lakhs)

v. **Deemed Cost**

On transition to Ind AS, the group has elected to continue with the carrying value of all its Investment Property recognised as at 1 April 2015 (earlier treated as Property Plant and Equipment) 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**

Asset Class	Years
Buildings	20/40

vii. **Depreciation/Amortisation**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets.

The amount of Depreciation has been recognised as expense in the Statement of Profit and Loss.

viii. **Method of Accounting Depreciation**

Depreciation has been calculated as per the Accounting Policy No. 8 of the Company and recognised as expenses in the Statement of Profit and Loss.

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 reliability of Investment Property**

The lands are given by Government of India under Grant.

xi. Land comprises of Freehold Land of 1.36 Acres (31.03.2016 : 1.36 Acres; 01.04.2015 : 1.36 Acres) of parent company.

NOTE 4
Intangible assets

PARTICULARS	GROSS CARRYING AMOUNT				AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2015 (Deemed Cost)	Additions / Adjust-ments during the year	Deductions / Adjustments during the year	As at 31 March 2016	Accumulated Amortisation as at 1 April 2015	Amortiza-tion for the year	Deductions/ Adjustments during the year	As at 31 March 2016	As at 31 March 2016
Intangible assets - others									
Computer operating system	2	-	-	**2**	-	-	-	**-**	**2**
Licencing fee	18,426	-	-	**18,426**	-	1,250	-	**1,250**	**17,176**
Software licenses/implementation Enterprise resource planning (ERP)	57	50	-	**107**	-	38	-	**38**	**69**
Total	**18,485**	**50**	**-**	**18,535**	**-**	**1,288**	**-**	**1,288**	**17,247**

Consolidated Notes to Accounts

(₹ in Lakhs)

PARTICULARS	GROSS CARRYING AMOUNT				AMORTIZATION				NET CARRYING AMOUNT
	As at 1 April 2016	Additions/ adjust-ments during the year	Deduc-tions/ adjustments during the year	As at 31 March 2017	Accumulat-ed amortisa-tion as at 1 April 2016	Amortiza-tion for the year	Deductions/ adjustments during the year	As at 31 March 2017	As at 31 March 2017
Intangible assets - others									
Computer operating system	2	-	-	**2**	-	1	-	**1**	**1**
Licensing fee	18,426	-	-	**18,426**	1,250	1,250	-	**2,500**	**15,926**
Software licenses/implementation Enterprise resource planning (ERP)	107	20	-	**127**	38	46	-	**84**	**43**
Total	**18,535**	**20**	**-**	**18,555**	**1,288**	**1,297**	**-**	**2,585**	**15,970**

i. **Deemed Cost**

On transition to Ind AS, the group has elected to continue with the carrying value of all its Intangible assets recognised as at 1 April 2015 measured as per Previous GAAP and used that carrying value as the deemed cost of the Intangible assets.

ii. **Amortisation**

Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis

The amount of amortization has been recognised as expense in the Statement of Profit and Loss.

iii. **Method of Accounting amortization**

Amortisation has been calculated as per the Accounting Policy No. 8 of the group and recognised as expenses in Profit and Loss account.

iv. Refer Note 30 (11) for Contractual Commitment.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 5			
Intangible assets under development			
Internally developed	32,850	20,772	-
Others			
Software licenses/implementation Enterprise resource planning (ERP)	12	12	12
	32,862	**20,784**	**12**

i. Refer Note No. 30(11) for Contractual Commitment.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 6			
Investments			
(I) Investment in Equity Instruments (Unquoted)			
Others (at FVOCI) (Refer Note iv below)			
Mana Effluent Treatment Plant Ltd, Hyderabad 500 (31.03.2016 : 500; 01.04.2015 : 500) equity shares of ₹ 1000 each fully paid	7	6	5
(II) Other Investments (Unquoted)			
a) Investment in Co-operative Societies (at Cost)*			
Cuffe Parade Persopolis Premises Co-operative Society, Mumbai 40 (31.03.2016 : 40; 01.04.2015:40) Sharesof ₹ 50 each fully paid	-	-	-
Sukh Sagar Premises Co-op. Society, Mumbai 10 (31.03.2016 : 10; 01.04.2015 : 10) Shares of ₹ 50 each fully paid; Shri.Sapta Ratna Co-op. Society Ltd., Mumbai 10 (31.03.2016 : 10; 01.04.2015 : 10) Sharesof ₹ 50 each fully paid; Dalamal Park Co-op. Society Ltd., Mumbai 5 (31.03.2016 : 5; 01.04.2015 : 5) Shares of ₹ 50 each fully paid	-	-	-
Chandralok Co-op. Housing Society Ltd.,Pune 30 (31.03.2016 : 30; 01.04.2015 : 30) Shares of ₹ 50 each fully paid	-	-	-
b) Others (at FVTPL)			
Life Insurance Corporation of India (Towards Leave Encashment) (Refer Note ii)	30,702	24,210	-
	30,709	**24,216**	**5**

* INR 5000 which is rounded off. The same also represents value of share acquired in Housing Societies as per their bye law regulation.

ia. Aggregate value of quoted investments and market value thereof	-	-	-
ib. Aggregate value of unquoted investments	30,709	24,216	5
ic. Aggregate amount of impairment in value of investments	-	-	-

ii. The parent company has invested its Leave Encashment liabilities in New Group Leave Encashment Plan of LIC (Refer Note 21).

iii. Refer Note 33 for classification of financial instruments.

Consolidated Notes to Accounts

(₹ in Lakhs)

iv. a. The parent company have designated investment in equity shares of Mana Effluent treatment plant 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 2017	Dividend income recognised during 2016-17	Fair value as at 31 March 2016	Dividend income recognised during 2015-16	Fair value as at 1 April 2015
Investment in Mana Effluent Treatment Plant Ltd..	7	-	6	-	5

b. Parent company has not received any dividend so far on these Investments.

c. No strategic investments were disposed of during 2016-17, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 7			
Trade receivables			
Non Current			
Unsecured, Considered Doubtful			
Trade receivables	126,967	119,815	103,250
Less : Provision	(126,967)	(119,815)	(103,250)
Sub Total (A)	-	-	-
Current			
Secured, considered good	26	25	48
Unsecured, considered good	436,800	372,166	379,658
Sub Total (B)	**436,826**	**372,191**	**379,706**
Total (A+B)	**436,826**	**372,191**	**379,706**

i. **Financial instruments**

Refer Note 33 for classification of financial instruments.

ii. **Impairment of financial assets**

Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. **Related party disclosure**

For Related Party Disclosures refer Note 31.

iv. **Security, Hypothecation etc.**

Refer Note No. 35.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 8			
Loans			
Non Current			
Unsecured, Considered Good			
Security deposits	1,841	1,894	1,760
Loans to employees	671	755	837
	2,512	**2,649**	**2,597**
Unsecured, Considered Doubtful			
Security deposits	99	132	103
Less : Provisions	(99)	(132)	(103)
	-	-	-
Others			
Loans to employees	1	1	1
Less : Provisions	(1)	(1)	(1)
	-	-	-
Loans to others	132	132	132
Less : Provisions	(132)	(132)	(132)
	-	-	-
Sub Total (A)	**2,512**	**2,649**	**2,597**
Current			
Unsecured, Considered Good			
Security deposits	1,054	759	762
Others			
Loans to employees	150	155	179
Loans to others	-	1	1
Sub Total (B)	**1,204**	**915**	**942**
Total (A+B)	**3,716**	**3,564**	**3,539**

i. **Financial Instruments**

Refer Note 33 for classification of financial instruments.

ii. **Impairment of Financial Assets**

Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. **Related Party Disclosure**

For Related Party Disclosures refer Note 31.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 9			
Other financial assets			
Non Current			
Unsecured, Considered Good			
Advance to others	1	-	-
Receivables other than trade receivables	21	2	8
Interest accrued on term deposits	92	3	4
Bank deposits with more than 12 months maturity	2,755	113	46
Other assets	3,129	2,984	3,208
	5,998	**3,102**	**3,266**
Unsecured, Considered Doubtful			
Advance to others	1	1	1
Less : Provisions	(1)	(1)	(1)
	-	-	-
Accrued income	240	115	-
Less : Provisions	(240)	(115)	-
	-	-	-
Receivables other than trade receivables	30	38	25
Less : Provisions	(30)	(38)	(25)
	-	-	-
Other claims receivables	-	8	17
Less : Provisions	-	(8)	(17)
	-	-	-
Other assets	81	73	73
Less : Provisions	(81)	(73)	(73)
	-	-	-
Sub Total (A)	**5,998**	**3,102**	**3,266**
Current			
Unsecured, Considered Good			
Advance to employees	189	254	153
Advance to others	3	4	3
Accrued income	20,792	2,912	1,559
Interest accrued on term deposits	5,428	16,737	15,994
Receivables other than trade receivables	191	87	24
Other claims receivables	-	1	16
Other assets	472	2,368	611
Sub Total (B)	**27,075**	**22,363**	**18,360**
Total (A+B)	**33,073**	**25,465**	**21,626**

i. **Financial Instruments**
Refer Note 33 for classification of financial instruments.

ii. **Impairment of Financial Assets**
Provisions for impairment has been made in line with Accounting Policy No. 29 of the group.

iii. **Related Party Disclosure**
For related party disclosures refer Note 31.

iv. Net carrying amount of ₹ 12 has been added in Other assets with respect to Property, Plant and Equipment not in active use and pending disposal pertaining to parent company.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 10			
Deferred tax assets (net)			
Deferred tax assets	66,177	56,767	46,678
Deferred tax liabilities	13,283	10,907	7,954
	52,894	**45,860**	**38,724**

i. Income Tax Recognised in Statement of Profit and Loss

Particulars	As at 31 March 2017	As at 31 March 2016
Income Tax Expenses:		
- Current period	51,757	48,673
- Changes in estimates related to prior years	(873)	1
Deferred tax:		
- Origination and reversal of temporary differences	(2,330)	(5,952)
Total deferred tax expense/(benefit)	**(2,330)**	**(5,952)**
Income tax expenses	**48,554**	**42,722**

ii. **Income Tax recognised in other comprehensive income**

Particulars	As at 31 March 2017			As at 31 March 2016		
	Before Tax	Tax (expense) benefit	Net of Tax	Before Tax	Tax (expense) benefit	Net of Tax
Remeasurement of the net defined benefit liability/(asset)	(13,955)	(4,704)	(9,251)	(3,423)	(1,184)	(2,239)
Equity instruments through other comprehensive income	1	-	1	1	-	1
Total	**(13,954)**	**(4,704)**	**(9,250)**	**(3,422)**	**(1,184)**	**(2,238)**

iii. **Income Tax recognised directly in Equity**

There are no income tax recognised directly in equity for the year ended 31 March 2017 & 31 March 2016.

iv. **Reconciliation of Effective Tax Rates**

Particulars	As at 31 March 2017		As at 31 March 2016	
	Rate	Amount	Rate	Amount
Profit Before Tax		200,891		176,397
Tax using the parent company's Domestic Tax Rate	34.61%	69,524	34.61%	61,047
Effect of				
Additional deduction on Research & Development Expenses	-9.16%	(18,404)	-9.41%	(16,606)
Tax Exempt Income	-0.90%	(1,800)	-0.08%	(135)
Tax Incentives	-0.85%	(1,700)	-0.60%	(1,067)
Changes in estimates related to previous years	-0.43%	(873)	0.00%	1
Non-deductable Expenses	0.19%	389	0.23%	411
Accelerated depreciation for tax purposes	0.00%	4	0.00%	1
Others	0.70%	1,414	-0.53%	(930)
Effective Tax rate	24.17%	48,554	24.22%	42,722

Consolidated Notes to Accounts

(₹ in Lakhs)

v. Deferred Tax Assets and Liabilities are attributable to the following :

Particulars	Deferred Tax (Assets)			Deferred Tax Liability			Net Deferred Tax (Assets)/ Liability		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade Receivables	(11,755)	(12,329)	(12,539)	-	-	113	(11,755)	(12,329)	(12,426)
Inventory	(10,708)	(10,814)	(8,612)	-	3	154	(10,708)	(10,811)	(8,458)
Provision others	(14,178)	(12,177)	(7,375)	-	-	-	(14,178)	(12,177)	(7,375)
Employee Benefits	(28,462)	(20,620)	(17,173)	-	605	-	(28,462)	(20,015)	(17,173)
Intangible Assets	(261)	(332)	(299)	394	240	93	133	(92)	(206)
Deferred Revenue	(440)	(444)	(647)	-	-	-	(440)	(444)	(647)
Other Assets	-	-	-	4	1,121	539	4	1,121	539
Plant Property and Equipment	-	-	-	12,833	8,825	6,780	12,833	8,825	6,780
ICDS Adjustment	(78)	-	-	-	62	-	(78)	62	-
Equity Investments	-	-	-	1	-	-	1	-	-
Other Financial Liabilities	-	(13)	-	51	51	275	51	38	275
Trade Payables	(6)	(6)	(6)	-	-	-	(6)	(6)	(6)
MAT Credit	(289)	(32)	(27)	-	-	-	(289)	(32)	(27)
Total	**(66,177)**	**(56,767)**	**(46,678)**	**13,283**	**10,907**	**7,954**	**(52,894)**	**(45,860)**	**(38,724)**
Set off of (Asset)/Liability	13,283	10,907	7,954	(13,283)	(10,907)	(7,954)	-	-	-
Net Deferred Tax (Asset)/Liability	**(52,894)**	**(45,860)**	**(38,724)**	**-**	**-**	**-**	**(52,894)**	**(45,860)**	**(38,724)**

vi. **Movement of Deferred Tax Assets & Liabilities**

Particulars	Balance as on 1 April 2015	Recog-nised in P&L during 2015-16	Recog-nised in OCI during 2015-16	Balance as on 31 March 2016	Recog-nised in P&L during 2016-17	Recog-nised in OCI during 2016-17	Balance as on 31 March 2017
Trade Receivables	(12,426)	97	-	(12,329)	574	-	(11,755)
Inventory	(8,458)	(2,353)	-	(10,811)	103	-	(10,708)
Provision others	(7,375)	(4,802)	-	(12,177)	(2,001)	-	(14,178)
Employee Benefits	(17,173)	(1,658)	(1,184)	(20,015)	(3,743)	(4,704)	(28,462)
Intangible Assets	(206)	114	-	(92)	225	-	133
Deferred Revenue	(647)	203	-	(444)	4	-	(440)
Other Assets	539	582	-	1,121	(1,117)	-	4
Plant Property and Equipment	6,780	2,045	-	8,825	4,009	-	12,834
ICDS Adjustment	-	62	-	62	(140)	-	(78)
Equity Investments	-	-	-	-	-	-	-
Other Financial Liabilities	275	(237)	-	38	13	-	51
Trade Payables	(6)	-	-	(6)	-	-	(6)
MAT Credit	(27)	(5)	-	(32)	(257)	-	(289)
Total	**(38,724)**	**(5,952)**	**(1,184)**	**(45,860)**	**(2,330)**	**(4,704)**	**(52,894)**

Consolidated Notes to Accounts

(₹ in Lakhs)

vii. **Unrecognised Deferred Tax (Assets)/Liabilities**

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

Particulars	Entity	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Tax Losses	Holding Company	There are no temporary differences on which Deferred Tax (Assets)/ Liability have not been recognised		
	BELOP			
	BEL-Thales Systems	462	357	94

viii. **Tax Losses carried forward**

Particulars	Entity	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		Amount	Expiry date	Amount	Expiry date	Amount	Expiry date
Expire	Holding Company	There are no Tax Losses on which Deferred Tax Asset has been recognised					
Never Expire							
Expire	BELOP	745	2025-26	-	-	-	-
Never Expire		-	-	-	-	-	-
Expire	BEL-Thales Systems	426	2023-25	344	2023-24	90	2022-23
Never Expire		36	-	13	-	4	-

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 11			
Inventories			
Non Current			
Raw Materials & Components	35,213	31,284	28,083
Add : Raw Materials & Components in Transit	244	240	249
Less : Provisions	(30,778)	(27,163)	(22,806)
	4,679	**4,361**	**5,526**
Work In Progress	208	124	175
Less : Provisions	-	-	-
	208	**124**	**175**
Stock in Trade	55	118	162
Add : Stock in Trade in Transit	2	-	-
Less : Provisions	(57)	(118)	(162)
	-	-	-
Stores & Spares	133	68	85
Add : Stores & Spares in Transit	-	2	1
Less : Provisions	(112)	(54)	(55)
	21	**16**	**31**
Loose Tools	85	96	72
Add : Loose Tools in Transit	5	-	-
Less : Provisions	(73)	(62)	(59)
	17	**34**	**13**
Sub Total (A)	**4,925**	**4,535**	**5,745**

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Raw Materials & Components	247,224	219,100	173,160
Add : Raw Materials & Components in Transit	19,394	20,849	11,399
Less : Provisions	(78)	(64)	(63)
	266,540	**239,885**	**184,496**
Work In Progress	169,672	151,044	124,688
Finished Goods	17,815	7,982	8,875
Add : Finished Goods in Transit	19,721	5,857	7,994
	37,536	**13,839**	**16,869**
Stock in Trade	10,329	6,375	6,415
Add : Stock in Trade in Transit	537	442	2,886
	10,866	**6,817**	**9,301**
Stores & Spares	2,702	2,437	1,957
Add : Stores & Spares in Transit	14	324	368
	2,716	**2,761**	**2,325**
Loose Tools	892	1,047	835
Add : Loose Tools in Transit	30	3	3
	922	**1,050**	**838**
Disposable Scrap	173	318	308
	173	**318**	**308**
	488,425	**415,714**	**338,825**
Less : Unrealised profit on unsold inventory	**(258)**	**(13)**	**(4)**
Sub Total (B)	**488,167**	**415,701**	**338,821**
Total (A+B)	**493,092**	**420,236**	**344,566**

i. Raw Materials and Components include ₹ 13,023 (₹ 5,502) being materials with sub-contractors, out of which ₹ 169 (₹ 68) of materials is subject to confirmation and reconciliation. Against ₹ 169 (₹ 68), an amount of ₹ 169 (₹ 68) has been provided for.

ii. Valuation of Inventories has been made as per group's Accounting Policy No. 17.

iii. a. The United Nations Climate Change Secretariat has granted 15856 (15856) TON CO2EQ Carbon Credit during earlier years, for the 2.5MW BEL Grid Connected Wind Power Project at Davangere District , Karnataka for the verification period from 05.11.2007 to 31.03.2012 (05.11.2007 to 31.03.2009). 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 :

	2016-17	2015-16
i. Depreciation	269	15
ii. Operation Cost of Emission Reduction Equipments	102	84
Total	**371**	**99**

iv. **Security, Hypothecation etc**

Refer Note 35.

v. **Amount recognised in Profit & Loss**

Write-down of inventories to net realisable value in respect of Parent company amounted to ₹ 2,662 (₹ 1,402) has been recognised in the statement of profit & loss.

vi. No Reversal of write down of inventories has been made during the year, which were recognised as an expenses in the previous year.

vii. **Impairment of Assets**

Provisions for inventory has been made in line with Accounting Policy No. 17 of the group.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 12			
Other assets			
Non Current			
Capital advances	12,493	7,966	3,700
Less : Provisions	-	(8)	(8)
	12,493	**7,958**	**3,692**
Advances other than Capital advances			
Advances to employees	-	38	1
Advances for purchase	466	647	701
Less : Provisions	(369)	(404)	(451)
	97	**243**	**250**
Others			
Balances with customs, port trust and other government authorities	1,521	1,499	1,794
Less : Provisions	(1,380)	(1,366)	(1,648)
	141	**133**	**146**
Prepaid expenses	6	41	4
Claims receivable purchases	1,553	1,056	1,009
Less : Provisions	(1,553)	(1,056)	(963)
	-	**-**	**46**
Others - Assets	171	205	44
Less : Provisions	-	(8)	(10)
	171	**197**	**34**
Sub Total (A)	**12,908**	**8,610**	**4,173**
Current			
Advances other than Capital advances			
Advances to employees	502	608	411
Advances for purchase	21,540	26,609	54,070
Others			
Balances with customs, port trust and other government authorities	24,652	11,609	7,460
Less : Provisions	-	-	(5)
	24,652	**11,609**	**7,455**
Prepaid expenses	3,843	2,747	1,820
Claims receivable purchases	4,483	3,737	5,745
Other Receivables	7	46	10
Others - Assets	6,089	5,128	1,837
Sub Total (B)	**61,116**	**50,484**	**71,348**
Total (A+B)	**74,024**	**59,094**	**75,521**

i. Impairment of Assets
   Provisions for impairment of financial asset has been made in line with accounting policy No. 13 of the group.

ii. Related Party Disclosure
   For related party disclosures refer note 31.

iii. Refer Note 1 & 2 for Unadjusted Capital Advance wrt Property Plant and Equipment.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 13			
Cash & cash equivalents			
Balance with banks	47,635	46,909	42,515
Cash on hand	10	20	19
Term deposits	222,336	203,361	160,554
	269,981	**250,290**	**203,088**

i. Cash and cash equivalents includes Term Deposits with original maturity period up to three months. Term Deposits with original maturity period beyond three months have been included in Bank balances. (Refer Note 14)

ii. Refer Note No. 33 for classification of financial instruments.

iii. There are no repatriation restrictions with regard to cash and cash equivalents.

NOTE 14			
Bank balances [other than (ii) above]			
Term deposits*	106,315	471,299	370,741
Margin money held with banks	-	1	1
Unpaid dividend account	6,422	21	20
	112,737	**471,321**	**370,762**

i. Refer Note No. 33 for classification of financial instruments.

ii. Parent company does not have any Term Deposits with original maturity period of more than twelve months.

iii. There are no repatriation restrictions with regard to bank balances.

iv. * Term deposits of parent company include amounts earmarked for purposes given below:

BERECHS	40,804	29,704	23,817
CSR Expenses	3,123	2,592	2,044

NOTE 15			
Current tax assets (Net)			
Advance payment of income tax	9,802	1	163
Less : Provisions	(1)	(1)	-
	9,801	**-**	**163**
Current tax liability (Net)			
Provision for taxation	-	6,666	-
	-	6,666	-

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015

NOTE 16

a. Equity share capital

i. **Authorised capital**

2,500,000,000 (31.03.2016 : 250,000,000 ; 01.04.2015 : 100,000,000) Equity Shares of ₹ 1 (31.03.2016 : ₹ 10 each; 01.04.2015 : ₹ 10 each)	25,000	25,000	10,000

ii. **Issued, subscribed & fully paid-up capital**

2,233,627,930 (31.03.2016 : 240,000,000; 01.04.2015 : 80,000,000) Equity Shares of ₹ 1 (31.03.2016 : ₹ 10 each; 01.04.2015 : ₹ 10 each)	22,336	24,000	8,000

iii. **Reconciliation of the number of shares outstanding at the beginning and at the end of the period**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	240,000,000	24,000	80,000,000	8,000	80,000,000	8,000
Add : Shares issued during the year (Bonus Shares)	-	-	160,000,000	16,000	-	-
Less : Shares Bought Back during the year	16,637,207	1,664	-	-	-	-
Sub-division of Shares(from ₹ 10 to ₹ 1 per equity share) during the year	2,010,265,137	-	-	-	-	-
Shares outstanding at the end of the reporting period	2,233,627,930	22,336	240,000,000	24,000	80,000,000	8,000

iv. **Shares in the company held by each shareholder holding more than 5%**

Name of Shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,523,039,911	68.19%	180,042,330	75.02%	60,015,859	75.02%
Life Insurance Corporation of India	117,231,380	5.25%	12,741,544	5.31%	4,476,641	5.60%

v. **Aggregate number and class of shares allotted as fully paid up by way of bonus shares during the previous 5 years**

	As at 31 March 2017	As at 31 March 2016
	No. of Shares	No. of Shares
Equity shares allotted as fully paid up by way of bonus shares	-	160,000,000

There was no allotment of bonus shares during the Financial Year 2011-12 to 2014-15.

Consolidated Notes to Accounts

(₹ in Lakhs)

vi. **Aggregate number and class of shares bought back during the previous 5 years**

	As at 31 March 2017	As at 31 March 2016
	No. of Shares	No. of Shares
Equity shares bought back	16,637,207	-

a. There was no buy back of shares during the Financial Year 2011-12 to 2014-15.

b. 16637207 numbers of equity shares with face value ₹ 10 was bought back for ₹ 1305 per share at a premium of ₹ 1295 per share, resulting into a total cash outflow of ₹ 2,17,116 during the FY 2016-17.

vii. **Terms, rights, preferences and restrictions attaching to each class of shares**

a. Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.	Nil	Nil	Nil
b. The aggregate value of calls unpaid (including Directors and Officers of parent company)	Nil	Nil	Nil

c. The parent company has only one class of shares viz, Equity Shares.

d. 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.

e. Each Shareholder has a right to receive the dividend declared by the parent company.

f. On winding up of the parent company, the equity shareholders will be entitled to get the realised value of the remaining assets of the parent company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

viii. **Interim Dividend, Final Dividend**

	For the year ended 31 March 17	For the year ended 31 March 16
Final dividend for FY 2015-16 and FY 2014-15 respectively.	34,800	18,560
Interim dividend for FY 2016-17 and FY 2015-16 respectively.	26,804	6,000
Dividend Distribution Tax.	12,541	4,999

b. Nature and purpose of Reserves

i. **Capital Reserve and Capital Reserve on consolidation of subsidiary**

Capital Reserve is created by transfer from Retained earnings an amount equal to capital profit earned by the group. It also includes profit on consolidation of subsidiary. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

ii. **Capital Redemption Reserve**

Capital Redemption Reserve is created by transfer from General Reserve an amount equal to face value of the Shares bought back. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

iii. **Equity Investment through Other Comprehensive Income (OCI)**

The group has elected to recognise changes in fair value of certain equity investments in other comprehensive income. The change in fair value is accumulated in this reserve. If and when the investment is de recognised the accumulated amount will be transferred to Retained earnings.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 17			
Government grants - deferred			
Non Current			
Government grants - deferred	17,238	18,123	19,671
Sub Total (A)	**17,238**	**18,123**	**19,671**
Current			
Government grants - deferred	20	3	19
Sub Total (B)	**20**	**3**	**19**
Total (A+B)	**17,258**	**18,126**	**19,690**
NOTE 18			
Borrowings			
Non Current			
Secured			
Term loan from banks	1,667	-	-
Sub Total (A)	**1,667**	**-**	**-**
Current			
Secured			
Term loan from banks	1,358	2,839	2,473
Sub Total (B)	**1,358**	**2,839**	**2,473**
Total (A+B)	**3,025**	**2,839**	**2,473**

i.

Term Loan from Banks	
Total liability as on Balance Sheet Date	6,358
Less : Current Maturities of Long Term Debt *	3,333
Less : Interest accrued and due on Term Loans	-
Non Current Borrowing	3,025

* Shown under Note 20

ii. **Nature of security:**
Secured by charge on the Current Assets of the group.

iii. **Terms of repayment of parent company.**
Repayable in 12 quarterly installments commencing from Quarter ending June 2017 and ends on the Quarter ending March 2020.

iv. **Rate of Interest for parent company.**
8.15% p.a. subject to revision based on RBI/SBI guideline and risk rating of the group.

v. **Period and amount of default as on Balance Sheet Date**
Nil

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 19			
Trade payables			
Non Current			
- Others	-	57	2
Sub Total (A)	**-**	**57**	**2**
Current			
- Dues to micro & small enterprises	1,558	644	406
- Others	129,777	115,582	115,303
Sub Total (B)	**131,335**	**116,226**	**115,709**
Total (A+B)	**131,335**	**116,283**	**115,711**

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 2017 is furnished below:

Particulars	2016-17	2015-16
a. The principal and the interest due thereon remaining unpaid as at 31 March:		
Principal *	1,643	648
Interest	5	10
b. The interest paid by the parent company along with the amount of the payment made beyond the appointed day during the year ending 31 March:		
Principal	43	6
Interest**	-	6
c. Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
d. Interest accrued and remaining unpaid at the end of the year ending 31 March.	9	14
e. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	3	10

* Includes amount shown under Note No. 20

** Interest includes INR 3278 wrt current year which is rounded off.

ii. During the period ₹ 8 of provisions made in Previous year has been reversed, since on subsequent verification, the amount was found to be not payable.

iii. The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the parent company and have been relied upon by the Auditors.

iv. Financial Instruments

Refer Note 33 for classification of financial instruments.

v. Related Party Disclosure

For Related Party Disclosures refer Note 31.

vi. The group's exposure to currency and liquidity risk related to Trade Payables is disclosed at Note 34.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 20			
Other financial liabilities			
Non Current			
Security deposits	72	158	76
Sub Total (A)	**72**	**158**	**76**
Current			
Security deposits	3,188	2,204	2,040
Current maturities of long term debt [1]	3,333	-	-
Interest accrued but not due - term loan [1]	1	-	-
Interest accrued and due on trade payables [2]	10	17	14
Other non trade payables	10,299	2,932	2,091
Unpaid matured deposits	37	37	37
Unpaid dividend	6,422	21	20
Non trade payables dues to MSME [2]	85	4	-
Outstanding expenses	39,895	36,142	19,259
Other liabilities	1,164	1,914	1,147
Sub Total (B)	**64,434**	**43,271**	**24,608**
Total (A + B)	**64,506**	**43,429**	**24,684**
Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	Nil	Nil	Nil

[1] (Refer Note 18)

[2] (Refer Note 19)

i. **Financial instruments**

Refer Note No. 33 for classification of financial instruments.

NOTE 21			
Provisions			
Non Current			
Employee Benefits			
Long-term compensated absences	33,511	23,870	21,373
BEL retired employees' contributory health scheme (BERECHS)	37,701	27,554	22,029
Others			
Provision for onerous contracts	5,679	11,242	7,510
Provision for performance warranty	12,347	7,218	4,016
Provision for Site restoration obligation	135	135	55
Sub Total (A)	89,373	70,019	54,983

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Employee Benefits			
Gratuity	1,582	(1,056)*	476
Long-term compensated absences	2,838	2,459	2,823
BEL retired employees' contributory health scheme (BERECHS)	3,103	2,150	1,788
Management Contribution to BEL superannuation (Pension) scheme	-	4,999	3,228
Pay revision	14,537	537	378
Annual incentive	104	53	40
Others			
Provision for onerous contracts	2,906	2,847	2,427
Provision for performance warranty	16,414	10,584	3,962
Sub Total (B)	**41,484**	**22,573**	**15,122**
Total (A+B)	**130,857**	**92,592**	**70,105**

i. **Movement of provisions for the year 2016-17**

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	17,802	14,089	135
Additional provision recognised during the year	19,935	1,207	-
Amount used during the year (refer note v)	112	-	-
Unused amount reversed during the year	8,864	6,711	-
As at 31 March	**28,761**	**8,585**	**135**

Movement of provisions for the year 2015-16

	Performance Warranty	Onerous Contract	Site Restoration Obligation
As at 1 April	7,978	9,937	55
Additional provision recognised during the year	13,229	5,464	80
Amount used during the year (refer note v)	105	722	-
Unused amount reversed during the year	3,300	590	-
As at 31 March	**17,802**	**14,089**	**135**

ii. **Provision for Warranties - as per Accounting Policy No. 19.**

Provision for warranties is made in respect of products whose normal warranty period is outstanding. As the warranty provision period varies from product to product, provision is made at Strategic Business Unit (SBU) level based on average period of warranty period. Provision is made based on trend based estimate of the likely expenses to be incurred. The provision is measured at the present value of the estimated cost of Warranty.

iii. **Provision for Site restoration - as per Accounting Policy No. 22.**

In accordance with the terms and conditions of the Lease agreement entered into with Lessor, the parent company is required to return the land in its original condition. Accordingly provision in respect of Site restoration obligation has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of the cost of restoration.

Consolidated Notes to Accounts

(₹ in Lakhs)

iv. **Provision for Onerous contracts - as per Accounting Policy No. 22.**
In respect of certain contracts entered into by the parent company, it is expected that the likely cost to complete the contract would exceed the Revenue received/receivable against the contract. In such cases, provision in respect of the expected losses has been made. The provision required is reviewed and required adjustment made at each year end. The provision is measured at the present value of the best estimate of loss likely to be incurred.

v. Amount debited to opening provision.

vi. An amount of ₹ 8,065 (₹ 8,592) 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.
An amount of ₹ 1,974 (₹ 2,498) has been debited against Natural Code Heads wrt Onerous Contract.

vii. * Represents excess of plan asset over obligation as on 31 March 2016.

(A) POST EMPLOYMENT BENEFIT OBLIGATION

(i) Gratuity :

The parent company provides gratuity to employees in India as per payment of Gratuity Act, 1972. The parent company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the parent company remits fund to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than five years in the parent company. For every completed year of service or part thereof in excess of six months, the parent company shall pay gratuity to an employee at the rate of fifteen days salary based on the last drawn basic & dearness allowance.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amounts recognised in the Balance Sheet and the movement in the net defined benefit obligation over the years as per Actuarial valuation are as follows :

	Particulars	2016-17	2015-16
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	35664	37316
	Current Service Cost	672	602
	Interest Cost	2749	2741
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gains)/Losses recognised in other comprehensive income:		
	Changes in financial assumptions	3375	(671)
	Experience adjustments	187	(427)
	Benefits paid	(3452)	(3897)
	Present Value of Obligation as at the end of the period	39195	35664
ii)	**Change in Fair Value of plan assets:**		
	Fair value of plan assets at the beginning of the year	36736	35369
	Expected return on plan assets	2897	2665
	Contributions	1500	1948
	Benefit paid	(3452)	(3897)
	Actuarial gain/(loss) on Plan Assets recognised in other comprehensive income	10	651
	Fair value of plan assets as at the end of the period	37691	36736
	Net defined benefit (asset)/liability	1504	(1072)
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Current Service cost	672	602
	Net Interest on Net Defined Benefit Obligations	(148)	75
	Expenses recognized in the statement of profit and loss	524	678

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2016-17	2015-16
iv)	Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :		
	Actuarial (gain)/loss on Plan Obligations	3562	(1098)
	Difference between Actual Return and Interest Income on Plan Assets - (gain)/ loss	(10)	(651)
	Amounts recognised in the statement of Other Comprehensive Income :	3552	(1749)
v)	Amounts recognised in Balance Sheet :		
	Present Value of Obligation as at the end of the period	39195	35664
	Fair Value of Plan Assets at the end of the period	37691	36736
	Funded Status	(1504)	1072
	Liability/(Asset) recognised for the year	1504	(1072)
	Liability/(Asset) for the year as on 31 March as per Balance Sheet	1504	(1072)
vi)	Plan Assets		
	Categories of Plan Assets are as follows :		
	State Govt. Securities	4.70%	6.98%
	Govt. of India Securities	2.33%	2.51%
	High Quality Corporate Bonds	5.00%	6.50%
	Investment with Insurer	87.97%	84.01%
vii)	Actuarial Assumptions :		
	Discounting Rate	7.20%	8.10%
	Salary escalation rate	7.50%	7.50%
	Expected rate of Return on Plan Assets	7.20%	8.10%
	Estimated Average Future working life	15.20	15.60
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 ₹ 1504 (Nil).		
ix)	Sensitivity Analysis :		
	Discounting Rate (0.50% movement) increase	7.70%	8.60%
	Increase/(decrease) in defined benefit Obligation as at the end of the period	(1618)	(1399)
	Discounting Rate (0.50% movement) decrease	6.70%	7.60%
	Increase/(decrease) defined benefit Obligation as at the end of the period	1748	1507
	Salary Escalation Rate (0.50% movement) increase	8.00%	8.00%
	Increase/(decrease) defined benefit Obligation as at the end of the period	239	226
	Salary Escalation Rate (0.50% movement) decrease	7.00%	7.00%
	Increase/(decrease) defined benefit Obligation as at the end of the period	(252)	(244)

(ii) BEL RETIRED EMPLOYEES CONTRIBUTORY HEALTH SCHEME (BERECHS) :

The parent company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only. The parent company takes insurance cover for inpatient treatment. In addition to the annual insurance premium, the parent company bears 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the parent company bears the full cost of treatment, over and above the insurance coverage.

Consolidated Notes to Accounts

(₹ in Lakhs)

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	2016-17	2015-16
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	29,705	23,817
	Current Service Cost	1,553	1,246
	Interest Cost	2,282	1,757
	Actuarial (gains)/Losses recognised in Other Comprehensive Income :		
	Changes in financial assumptions	3,933	(1,097)
	Experience adjustments	6,406	6,267
	Benefits paid	(3,075)	(2,285)
	Present Value of Obligation as at the end of the period	40,804	29,705
ii)	**Change in Fair Value of plan assets:**		
	Fair value of plan assets at the beginning of the year	-	-
	Expected return on plan assets	-	-
	Contributions	3,075	2,285
	Benefit paid	(3,075)	(2,285)
	Actuarial gain/(loss) on Plan Assets recognised in Other Comprehensive Income :	-	-
	Fair value of plan assets at the end of the period	-	-
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Opening Net Liability	-	-
	Current Service cost	1,553	1,246
	Interest on Defined benefit obligation	2,282	1,757
	Expected return on Plan Assets	-	-
	Net Expenses Recognised in the Statement of Profit & Loss	3,835	3,003
iv)	**Amounts recognised in the statement of Other Comprehensive Income (Remeasurements) :**		
	Actuarial (gain)/loss on Plan Obligations	10,338	5,170
	Amounts recognised in the statement of Other Comprehensive Income :	10,338	5,170
v)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	40,804	29,705
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(40,804)	(29,705)
	Liability recognised in Balance Sheet (as per actuarial valuation)	**40,804**	**29,705**
	Expected to be payable within next twelve months	**3,103**	**2,150**
		37,701	**27,555**
vi)	**Actuarial Assumptions :**		
	Discounting rate	7.20%	8.10%
	Health care costs escalation rate	3.90%	3.90%
	Attrition rate	1.30%	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	684	462
	Effect on the defined benefit obligation	5,504	3,469
	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	(558)	(384)
	Effect on the defined benefit obligation	(4,488)	(2,882)

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2016-17	2015-16
viii)	**Sensitivity Analysis :**		
	Discounting Rate (0.50% movement) increase	7.70%	8.60%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	(2,276)	(1,443)
	Discounting Rate (0.50% movement) decrease	6.70%	7.60%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	2,536	1,592
	Medical Inflation Rate (0.50% movement) increase	4.40%	4.40%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	2,607	1,651
	Medical Inflation Rate (0.50% movement) decrease	3.40%	3.40%
	Increase/(decrease) Defined benefit Obligation as at the end of the period	(2,355)	(1,506)

(iii) EMPLOYEES PROVIDENT FUND [INTEREST SHORTFALL]

Employees Provident Fund is managed by Provident Fund Trust of the parent company. The parent company contributes Managements' contributions payable towards Employee Provident Fund to the Trust. During the year the parent company has recognised an amount of ₹ 8,033 (₹ 7,498) towards contribution to Employees Provident Fund in the Statement of Profit and Loss.

Parent company has determined on the basis of Actuarial Valuation carried out as at 31 March 2017, 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	2016-17	2015-16
i)	Change in Benefit Obligations :		
	Present Value of Obligation as at the beginning of the year	177,013	156,326
	Current Service Cost	28,590	25,084
	Interest Cost	13,683	11,649
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Actuarial (gain)/Loss	(1,134)	(2,075)
	Benefits paid	(16,184)	(13,971)
	PVO transferred	-	-
	Present Value of Obligation as at the end of the period	**201,968**	**177,013**
ii)	**Change in Fair Value of plan assets:**		
	Fair value of plan assets at the beginning of the year	180,950	160,226
	Expected return on plan assets	16,675	15,026
	Contributions	24,841	20,343
	Benefit paid	(16,184)	(13,971)
	Actuarial gain/(loss) on Plan Assets	(321)	(674)
	Fair value of Plan Assets transferred	-	-
	Fair value of plan assets at the end of the period	**205,961**	**180,950**

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	2016-17	2015-16
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Opening Net Liability	-	-
	Current Service cost	28,590	25,084
	Interest Cost	13,683	11,649
	Expected return on Plan Assets	(16,675)	(15,026)
	Net Actuarial (gain)/loss recognised in the period	(813)	(1,401)
	Past Service Cost (Non vested Benefits)	-	-
	Past Service Cost (vested Benefits)	-	-
	Expenses Recognised in the Statement of Profit & Loss	24,785	20,306
iv)	**Amounts recognised in Balance Sheet :**		
	Present Value of Obligation as at the end of the period	201,968	177,013
	Fair Value of Plan Assets at the end of the period	205,961	180,950
	Difference	(3,993)	(3,937)
	Unrecognised Actuarial (gains)/losses	-	-
	Liability recognised in Balance Sheet	-	-
v)	**Amount for the Current Period :**		
	Present Value of Obligation	201,968	177,013
	Plan Assets	205,961	180,950
	Surplus/ (Deficit)	3,993	3,937
	Experience Adjustments on Plan liabilities - (Loss)/ Gain	1,173	2,070
	Experience Adjustments on Plan Assets - (Loss)/ Gain	(321)	(674)
vi)	**Category of Assets as at March 31 2017 :**		
	Government of India Securities & State Government Securities	39.78%/51.42%	44.30%/46.64%
	High Quality Corporate Bonds	47.38%/43.63%	44.54%/44.89%
	Equity shares of listed companies	4.60%/1.78%	1.70%/5.18%
	Others	8.24%/3.17%	0%/3.29%
	Special Deposit Scheme	0.00%/0.00%	9.46%/0.00%
	Mutual Funds	0.00%	0.00%
	Cash	0.00%	0.00%
	Total	100%/100%	100%/100%
vii)	**Actuarial Assumptions :**		
	Discounting Rate	7.20%	8.10%
	Salary escalation rate	7.50%	7.50%
	Expected rate of Return on Plan Assets	8.75%	9.00%
	Expected rate of Return on Plan Assets	8.75%	9.00%

Consolidated Notes to Accounts

(₹ in Lakhs)

B. Long Term Compensated Absence

The parent company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the parent company are entitled to two types of Long Term Compensated Absences : Annual Leave (AL) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives. The Scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS, or death. AL can also be encashed during service or at the time resignation.

The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the Actuary :

	Particulars	2016-17	2015-16
i)	**Expenses Recognised in the Statement of Profit & Loss :**		
	Net Expenses Recognised in the Statement of Profit & Loss [2016-17 Leave Encashed : ₹ 1,004, Provisions : ₹ 9,983] [2015-16 Leave Encashed : ₹ 2,767, Provisions : ₹ 2,116]	10,987	4,883
ii)	Amouts to be recognised in Balance Sheet :		
	Liability recognised in Balance Sheet [As per Actuarial Valuation]	36,205	26,223
iii)	**Actuarial Assumptions :**		
	Discounting Rate	7.20%	8.10%
	Rate of increase in compensation level	7.50%	7.50%
iv)	Based on past experience, the parent company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is expected to be taken or paid within the next 12 months/beyond 12 months.		
	Current leave obligations expected to be settled within the next 12 months	**2,825**	**2,439**
	Leave obligations expected to be settled beyond 12 months	**33,380**	**23,784**
		36,205	**26,223**

C. Pension Scheme

"Parent company has got a defined contribution pension benefit plan for the benefit of its employees in respect of which contribution is made on an annual basis to a Trust setup for this purpose.

The benefit under the scheme are available for the employees as per the rules laid down in this regard."

A narrative description of the specific or unusual risks arising from a defined benefit plan (i.e. Gratuity and BERECHS)

The specific risk relating to defined benefit plans are as follows :

Movement in long term government bond rate between two reporting periods which will impact discount rate and consequently the present value of obligations.

Risk of higher/lower salary escalation/benefit as considered for valuation vis-à-vis the actual experience through the Financial Year.

However, both the risks are mitigated on a regular basis i.e. yearly as valuations are done after every year based on updated assumptions.

Consolidated Notes to Accounts

(₹ in Lakhs)

A narrative description of any asset-liability matching strategies.

The gratuity plan of the parent company is a funded plan. The assets backing this plan are predominantly insurer-managed funds. Hence the parent company has limited flexibility in terms of implementing asset-liability matching strategies for this plan.

The post retirement medical plan of the parent company is an unfunded plan. Hence asset-liability matching strategies are not relevant for this plan.

A description of the funding arrangements and funding policy.

The Gratuity plan of the parent company is a funded plan. 87.97% of the plan assets backing this plan are insurer managed assets and 7.03% of the plan assets are invested in Central and State Government Securities. The annual contribution to the fund is typically set equal to the deficit as disclosed by the preceding actuarial valuation of the benefit obligations. The post-retirement medical plan [BERECHS] is an unfunded plan.

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NOTE 22			
Other Liabilities			
Non Current			
Deferred revenue - customer grants	1,469	1,876	1,670
Liability for capital purchases	-	1	-
Sub Total (A)	**1,469**	**1,877**	**1,670**
Current			
Deferred revenue - customer grants	231	262	334
Advances/Progress payment received from customers	607,789	630,632	496,428
Statutory liabilities	22,634	18,243	16,206
Deferred revenue	2,182	1,288	1,868
Others	3,396	3,100	2,764
Sub Total (B)	**636,232**	**653,525**	**517,600**
Total (A+B)	**637,701**	**655,402**	**519,270**

i. Related party disclosure

For related party disclosures refer note 31.

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2017		For the year ended 31 March 2016
NOTE 23				
Revenue from operations				
Sale of products (Gross)[1]	806,550		675,270	
Income from services	82,344		82,143	
		888,894		**757,413**

[1] Includes revenue recognised on account of construction contract. Also refer note 30(8).

Other operating revenue				
Sale of scrap		882		583
Transport receipts		321		351
Rent receipts		579		490
Canteen receipts		810		753
Electricity charges collected		148		129
Water charges collected		59		55
Provisions withdrawn				
- Onerous contracts	5,504		-	
- Doubtful debts, Liquidate damages	11,297		1,558	
- Inventory	2,737		1,204	
- Loans & advances	186		217	
- Others	370		1,272	
		20,094		4,251
Government grants		1,378		1,487
Other grants		437		562
Miscellaneous		7,032		6,850
		920,634		**772,924**

NOTE 24		
Other Income		
Interest income on term deposits	34,348	46,025
Interest income from staff/IT refund/others	219	627
Profit on sale of property, plant & equipments	192	31
Foreign exchange differential gain	6,855	4,503
Rental income - Investment property	138	123
Miscellaneous (Net of expenses)	1,695	2,640
	43,447	**53,949**

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the period ended 31 March 2017		For the period ended 31 March 2016
NOTE 25				
Changes in inventories of finished goods, WIP & scrap				
Work-in-progress :				
Closing balance	169,880		151,168	
Opening balance	151,168		124,863	
		(18,712)		**(26,305)**
Finished goods :				
Closing stock	37,536		13,839	
Opening stock	13,839		16,870	
		(23,697)		**3,031**
Scrap :				
Closing stock	173		318	
Opening stock	318		308	
		145		**(10)**
		(42,264)		**(23,284)**
Less : Unrealised Profit on Stock		(258)		(13)
		(42,006)		**(23,271)**
NOTE 26				
Employee benefits expense				
Salaries, wages and bonus/ex-gratia		129,291		100,551
Retirement benefit expenses				
Gratuity	543		695	
Contribution to provident and pension funds	8,108		7,549	
Management contribution to BEL superannuation (Pension) scheme	3,617		4,656	
Provision for BEL retired employees' contributory health scheme	761		718	
		13,029		13,618
Welfare expenses [including salaries ₹ 854 (₹ 904) PF contribution ₹ 79 (₹ 70)]		13,624		12,552
		155,944		**126,721**

Refer Note No. 31 for Remuneration to Key Managerial Personnel.
"Provision has been made in respect of Pay Revision for the period 01.01.2017 to 31.03.2017".

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the period ended 31 March 2017		For the period ended 31 March 2016
NOTE 27				
Finance costs				
Interest expenses				
Interest on dues to Micro & Small Enterprises	3		10	
Interest on income tax	20		399	
Interest on term loans from banks*	22		58	
Other interest expenses	1,163		65	
		1,208		532
Other borrowing cost				
Loan processing charges		80		70
		1,288		**602**
* Refer Note 18 & 20				
NOTE 28				
Depreciation and amortization expense				
Depreciation/amortization on property, plant & equipments		19,866		17,907
Depreciation/amortization on investment property		1		1
Amortization on intangible assets		1,296		1,288
		21,163		**19,196**
NOTE 29				
Other expenses				
Power and fuel #		3,426		4,337
Water charges		373		248
Royalty & technical assistance		426		566
Rent		2,698		2,591
Rates & taxes		1,295		557
Insurance		838		780
Auditors remuneration				
Audit fees	13		13	
Cost audit fee	4		4	
Tax audit fees	2		2	
Other services (Certification fees)	2		2	
Reimbursement of expenses	6		8	
		27		29
Repairs & maintenance :				
Buildings	2,313		1,792	
Plant & machinery	1,347		1,253	
Others	10,300		9,185	
		13,960		12,230
Bank charges		499		372
Printing and stationery		515		434
Advertisement & publicity		1,341		1,205
Travelling expenses		8,500		7,873
Hiring charges for van & taxis		1,332		1,110
Excise duty - others		1,195		2,303
Packing & forwarding		1,416		1,493
Bad debts & advances written off	7,228		5,462	
Less : Charged to provisions	(7,224)		(5,438)	
		4		24

Consolidated Notes to Accounts

(₹ in Lakhs)

		For the year ended 31 March 2017		For the year ended 31 March 2016
Provision for obsolete/redundant materials		7,071		6,004
Provisions for doubtful debts, liquidated damages, customers' claims and disallowances		25,581		22,819
Provision for doubtful advances, claims		806		571
Provision for performance warranty		11,071		9,929
Provision - Onerous Contract		-		4,153
Write off of raw materials, stores & components due to obsolescence and redundancy	670		571	
Less : Charged to provisions	(639)		(570)	
		31		1
Corporate social responsibility		1,035		667
Others :				
Other Misc Direct Expenditure	321		1,471	
After Sales Service	391		359	
Telephones	719		706	
Expenditure on Seminars & Courses	1,015		889	
Other Selling Expenses	370		728	
Miscellaneous	4,887		4,298	
		7,703		8,451
		91,143		**88,747**
Less : Expenditure allocated to capital jobs		(1,414)		(758)
		89,729		**87,989**

Wind Energy Generated netted off

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/reporting date.

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 30
General Notes to Accounts

		For the year ended 31 March 2017	For the year ended 31 March 2016
1.	**Earnings per Equity Share**		
	a. **From continuing operations**		
	Basic earnings per share (INR)	6.53	5.57
	Diluted earnings per share (INR)	6.53	5.57
	b. Amounts used as the numerators in calculating basic and diluted earnings per share	152,337	133,675
	c. Number of Shares used in computing earnings per share	2,332,083,730	2,400,000,000

2. Consolidation Procedure:

The Consolidated Financial Statements ("CFS") have been prepared on the basis of audited financial statements of the Parent Company viz., Bharat Electronics Limited (BEL), its subsidiaries viz., BEL Optronic Devices Limited, Pune (Share Holding 100%) and BEL-THALES Systems Limited, Bengaluru (Share Holding 74.00%) (Incorporated on 28.08.2014), and audited financial statements of Associate Company viz., GE-BE Private Limited, Bengaluru (Share Holding 26%). The financial statements of the Parent and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group transactions and unrealized profit/loss.

In respect of Associate, consolidation has been done on equity method basis. The financial statements of the subsidiaries and Associate are drawn upto the same reporting date as that of the Parent Company.

3. The difference between the cost to the parent company of its investment in the subsidiary companies and the parent company's portion of the equity in the subsidiary with reference to the date of acquisition of controlling interest is recognised in the financial statements as Goodwill/Capital Reserve. The parent company's share of post acquisition profit/losses of the subsidiaries is adjusted in the revenue reserves.

4. Non Controlling interests in the net results of operations and the net assets of the subsidiaries represent that part of the profit/loss and the net assets not attributable to the parent company.

5. Additional information disclosed in individual financial statements of the parent and subsidiaries/Associate having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements.

6. Impact of Changes in Accounting Policies

The parent company has amended its R&D Policy (Accounting Policy No. 10) for enabling carrying forward of expenditure relating to Joint Developmental Projects. The impact due to above change in policy is increase in WIP by ₹ 4,312 and increase in Profit by ₹ 4,312.

7. 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.], 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.

As these are the group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the group is provided in Note 37.

Consolidated Notes to Accounts

(₹ in Lakhs)

8. Construction Contracts

	PARTICULARS	For the year ended 31 March 2017	For the year ended 31 March 2016
a)	Contract revenue recognised during the year	17,338	2,793
b)	Contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto the year end to the estimated total cost of the contracts, was used to determine the stage of completion		
c)	Aggregate amount of cost incurred	17,681	4,933
d)	Recognised profit upto 31 March (net of provision for contingency)	1,773	(1,866)
e)	Amount of advances received and Outstanding as at 31 March	127,643	124,748
f)	The amount of retention	-	-

9. Impairment of Assets

The parent company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Unit has found indications of Impairment of its Assets and hence no provision is considered necessary. The subsidiaries (BEL Optronic Devices Limited and BEL-THALES Systems Limited) and Associate (GE-BE Pvt. Ltd.) have also analysed indications of impairment of assets and found no indication of impairment of assets and hence no provision for the same is considered necessary.

10. Short Term Borrowings

a. The parent company has been sanctioned working capital limit of ₹ 290,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).

b. The interest rate payable on fund based limit is linked to SBI Base Rate plus 0.25%. (Interest rate payable as on 31.03.2017 is 8.25% p.a.).

c. The amount utilised is repayable on demand. Utilization as on 31.03.2017 is Nil (Nil).

d. The above sanction limit is secured by hypothecation of Current Assets of the parent company.

11. Contractual Commitments

	PARTICULARS	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
A.	Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March			
	Property, Plant & Equipments	37,496	34,037	15,481
	Investment Property	-	-	-
	Intangible Assets	7,278	10,983	-
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	-	-	-

Consolidated Notes to Accounts

(₹ in Lakhs)

12. Contingent Liabilities :

PARTICULARS	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Claims not acknowledged as debts	118,660	21,584	17,681
Outstanding Letters of Credit	30,397	39,388	31,648
Others	2,864	562	523
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	16,053	16,505	10,955

MTNL has made a claim of ₹ 80,670 on the company in respect of convergent billing project. Against this the company has made a counter claim of ₹ 31,900.

13. Contingent Assets :

PARTICULARS	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NIL	-	-	-

14. Confirmation of Balances

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions/adjustments are made wherever considered necessary.

15. Segment Reporting

Ministry of Corporate Affairs has vide Notification no. 463 (E) dated 5 June 2015 exempted the Companies engaged in Defence Productions from the requirement of Segment Reporting.

16. The details of Specified Bank Notes (SBN) held and transacted during the period from 08.11.2016 to 30.12.2016 is as follows :

	SBNs	Other denomination notes	Total
a) Closing cash in hand as on 08.11.2016	14	2	16
b) Add : Withdrawal from Banks	-	445	445
: Permitted receipts	5	89	94
c) Less : Permitted payments	-	466	466
: Amount deposited in Banks	19	34	53
d) Closing cash in hand as on 30.12.2016	-	36	36

Consolidated Notes to Accounts

(₹ in Lakhs)

17. Non Cancellable Operating Lease Disclosure :

a) As a Lessor :

The future minimum Lease Rent Receivable

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year;	352	-	-
Later than one year and not later than five years;	1,319	-	-
Later than five years.	-	-	-

The parent company has Leased out Point of Sales machines to Government of Haryana for a period of five years from 2016-17 to 2021-22.

The parent company has leased out few portions of land to different organizations 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 parent company has not recognized any income as contingent rent.

b) As a Lessee :

During the year 2016-17, the Parent company has taken 356.73 Acres of Land on Lease for a period of 25 years from Ordnance Factory Board at various locations for setting up Solar Power Plant by paying a nominal Value of INR 1 as Annual Lease Rent for each Locations.

The future minimum Lease Rent Payable

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Not later than one year;	-	-	-
Later than one year and not later than five years;	-	-	-
Later than five years.	-	-	-

18. Chennai Unit of the Parent company was affected by floods during December 2015. Insurance policy taken by the parent company with United India Insurance company Limited covers flood related losses. An amount of ₹ 1,000 (₹ 1,000) was received as part of Insurance claim settlement and has been recognized under "Other Income". In addition, an amount of ₹ 32 was received towards claims wrt scrap items.

19. Dividend not recognised at the end of the reporting period

The directors have recommended a final dividend of INR 1.05 (INR 14.50) per share.

The proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

20. Based on assessment of control criteria, on transition to Ind AS, Investment in Joint Venture has been identified as an associate. There is no impact on Financial Statements on account of this re-assessment.

21. Figures in brackets relate to Previous years.

22. All figures in the consolidated financial statement are rounded off to nearest lakhs unless otherwise mentioned.

23. The consolidated financial statements were approved for issue on 29 May 2017 by the Board of Directors.

Consolidated Notes to Accounts

(₹ in Lakhs)

NOTE 31
Related Party Transactions

a. Associate

Name of the entity	Place of Business	Ownership interest held by the parent company			Ownership interest held by the non controlling interests			Principal Activities
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	
GE-BE Private Limited	India	26%	26%	26%	74%	74%	74%	Manufacturing of Medical Equipments

b. Key Management Personnel's Details

i. Name of Key Management Personnel's

Shri S K Sharma, CMD (upto 30.09.2016)	Shri M V Gowtama, CMD (wef 08.11.2016)
Shri M L Shanmukh, Dir (HR) (upto 31.10.2016)	Shri Nataraj Krishnappa, Dir (Other Units) (wef 01.05.2016)
Shri P C Jain, Dir (Mktg) (upto 31.07.2016)	Shri R N Bagdalkar, Dir (HR) (wef 23.01.2017)
Shri Amol Newaskar, Dir (Other Units) (upto 30.04.2016)	Smt Anandi Ramalingam, Dir (Mktg) (wef 16.09.2016)
Shri M M Handa, Dir (BG-CX) (upto 30.04.2016)	Shri Girish Kumar, Dir (BG-CX) (wef 01.05.2016)
Shri P R Acharya, Dir (Finance) (upto 19.08.2016)	Shri Koshy Alexander, CFO (wef 27.10.2016)
Dr Ajit T Kalghatgi, Dir (R&D)	Shri S Sreenivas, Company Secretary - BEL
Shri DCN Srinivasa Rao - CEO, BELOP (wef 01.12.2016)	Shri S S Kulkarni - CEO, BELOP (upto 30.11.2016)
Smt Priya S Iyer, Company Secretary - BELOP	Shri Rajiv Kumar Sikka, CEO - BEL THALES System.
Shri Antoine Caput (upto 16.02.2017), Director - BEL THALES System	Shri Emmanuel de Roquefeuil (wef 17.02.2017), Director - BEL THALES System
Shri Bathina Srinivasa Rao, CFO - BEL THALES System	Shri M V Harish, Company Secretary - BEL THALES System.

ii. Compensation to Key Management Personnel's

Particulars	As at 31 March 2017	As at 31 March 2016
Short term employee benefits	448	404
Post employment benefits	57	29
Long term employee benefits	59	8
Termination benefits	-	-
Share based payment	-	-
Total	**564**	**441**

Consolidated Notes to Accounts

(₹ in Lakhs)

c. The transactions with Related Parties other than Key Management Personnel are as follows (Previous Year figures are shown in brackets) :

Particulars	Associate GE-BE Pvt Ltd	Grand Total
Sale of Goods	3,197	**3,197**
	(2,726)	**(2,726)**
Dividend Income on Investments	5,200	**5,200**
	(390)	**(390)**
Trade Receivables Outstanding as on 31.03.2017	766	**766**
	(470)	**(470)**
Investment in Equity as on 31.03.2017	260	**260**
	(260)	**(260)**

d. All transactions dealt with related parties are on arm's length basis.

e. All Outstanding balances are Unsecured and is repayable/receivable in cash within next 6 months.

f. Transaction with Government and Government Related Entities by the Parent Company :

As BEL is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 wrt related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions :

1. Buyback of 13828771 number of Shares for ₹ 180,465 during the FY 2016-17.
2. 120028420 number of Bonus Shares were Issued in the FY 2015-16.
3. An amount of ₹ 44,735 was Paid as Dividend during the year.

In addition to the above, around 90% of the Company's Turnover, around 76% of Trade Receivables and around 70% of Customer's Advance is with respect to government and government related entities.

NOTE 32
Interest in Other Entities :

a. Subsidiaries :

Name of the entity	Place of Business/ Place of Incorporation	Ownership interest held by the company			Ownership interest held by the non controlling interests			Principal Activities
		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	
BEL Optronic Devices Ltd. (BELOP)	India	100%	100%	92.79%	-	-	7.21%	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd.	India	74%	74%	74%	26%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.

Each holder of Equity Shares is entitled to one vote on show of hands and in poll in proportion to the number of shares held.

Consolidated Notes to Accounts

(₹ in Lakhs)

b. Non-controlling interests [NCI]

i. Summarised Financial Information relating to each of the Company's subsidiaries that has material Non Controlling Interests, before any intra group eliminations :

Summarised Balance Sheet	BEL - THALES Systems Ltd.			BEL Optronic Devices Ltd. (BELOP)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
NCI percentage	26%	26%	26%	-	-	7.21%
Non - Current assets	3145	48	32	-	-	28343
Current assets	2402	1882	777	-	-	5695
Total Assets	**5547**	**1930**	**809**	**-**	**-**	**34038**
Non - Current liabilities	2	3	1	-	-	19304
Current liabilities	274	97	13	-	-	8920
Total liabilities	**276**	**100**	**14**	**-**	**-**	**28224**
Net assets	**5271**	**1830**	**795**	**-**	**-**	**5814**
Net assets attributable to NCI	**1372**	**477**	**207**	**-**	**-**	**419**

* During the FY 2015-16 BELOP has become a 100% subsidiary of BEL.

Summarised Statement of Profit & Loss	BEL - THALES Systems Ltd.	
	As at 31 March 2017	As at 31 March 2016
Revenue	394	96
Profit	(82)	(245)
Other comprehensive income (OCI)	-	-
Total comprehensive income	**(82)**	**(245)**
Profit allocated to NCI	(21)	(64)
OCI allocated to NCI	-	-
Total comprehensive income allocated to NCI	**(21)**	**(64)**

Summarised Cash Flows	BEL - THALES Systems Ltd.	
	As at 31 March 2017	As at 31 March 2016
Cash flows from Operating activities	(409)	(316)
Cash flows from Investing activities	(3,215)	(1,025)
Cash flows from Financing activities	3,521	1,280
Net increase (decrease) in cash and cash equivalents	(103)	(61)

ii. Transactions with non-controlling interests

On 30 July 2015, the company acquired the balance stake of 7.21% wrt BELOP for ₹ 238. The carrying amount of the 7.21% non-controlling interest was ₹ 132. After acquisition of balance stake of 7.21%, BELOP has become a 100% subsidiary of BEL. The effect on the equity attributable to the owners during the year is as under :

Particulars	As at 31 March 2017	As at 31 March 2016
Carrying amount of non-controlling interests acquired.	-	132
Consideration paid to non-controlling interests.	-	238
Excess of consideration paid recognised in retained earnings within equity.	-	106

There were no transactions with non-controlling interests in FY 2016-17.

Consolidated Notes to Accounts

(₹ in Lakhs)

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 2017	As at 31 March 2016	As at 1 April 2015
GE-BE Private Limited	India	26%	Associate	Equity Method	18,387	22,017	19,173

Fair Value of the investment in Associate is not disclosed as the equity of GE-BE Pvt Ltd is unquoted.

GE-BE Private Ltd is a manufacturer of medical instruments and its products complement the Business segment of Components SBU of BEL Bengaluru and BEL Pune Unit.

Carrying amount of the Company's interest in GE-BE Private Ltd.

Summarised Balance Sheet	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non - Current assets	16,165	14,381	14,547
Current assets :			
Cash and Cash equivalents	1,941	1,242	3,462
Other assets	63,063	80,141	64,653
Total Current assets	**65,004**	**81,383**	**68,115**
Total assets	**81,169**	**95,764**	**82,662**
Non - Current liabilities :			
Financial liabilities other than trade payables	33	98	133
Other liabilities.	852	163	141
Total Non - Current liabilities	**885**	**261**	**274**
Current liabilities :			
Financial liabilities other than trade payables	156	259	76
Other liabilities.	9,410	10,564	8,569
Total Current liabilities	**9,566**	**10,823**	**8,645**
Total liabilities	**10,451**	**11,084**	**8,919**
Net assets	70,718	84,680	73,743
Company's share of Net assets	**18,387**	**22,017**	**19,173**

Consolidated Notes to Accounts

(₹ in Lakhs)

Summarised Statement of Profit & Loss	As at 31 March 2017	As at 31 March 2016
Revenue	81,348	80,740
Interest Income	3,476	4,300
Depreciation and amortisation	1,795	1,722
Interest expense	26	63
Income tax expense	5,191	6,811
Profit for the year	10,130	12,750
Other comprehensive income	(20)	(9)
Total comprehensive income	10,110	12,741
Company's share of Profit	2,634	3,315
Company's share of OCI	(5)	(2)
Company's share of total comprehensive income	2,629	3,313

The Parent Company has received Dividend of ₹ 5,200 (₹ 390) from its Associate (GE-BE).

Reconciliation to carrying amounts

Particulars	As at 31 March 2017	As at 31 March 2016
Opening net assets	**22,017**	**19,173**
Profit for the year	2,634	3,315
Other comprehensive income	(5)	(2)
Dividend paid	6,259	469
Closing net assets	**18,387**	**22,017**

Commitments and Contingent Liabilities in respect of Associates

Particulars	GE-BE Pvt. Ltd. (Audited)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital Commitments	271	119	133
Other Commitments	-	-	-
Other Contingent Liabilities	1,567	1,449	1,429

Consolidated Notes to Accounts

(₹ in Lakhs)

d. Additional information required under Schedule III

Name of the Entity	Year	Net Assets, i.e., Total assets minus Total Liabilities		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consoli-dated Net Assets	Amount	As % of Consoli-dated Profit & Loss	Amount	As % of Consoli-dated Other Compre-hensive Income	Amount	As % of Consoli-dated Total Compre-hensive Income	Amount
Parent:									
Bharat Electronics Ltd.	2016-17	96.91%	750,991	98.01%	149,303	99.24%	(9,185)	97.93%	140,118
	2015-16	98.29%	909,256	97.50%	130,329	99.78%	(2,235)	97.46%	128,094
Subsidiaries:									
Indian									
BEL Optronic Devices Ltd. (BELOP)	2016-17	2.07%	16,059	0.32%	482	0.70%	(65)	0.29%	417
	2015-16	1.16%	10,694	0.21%	276	0.13%	(3)	0.21%	273
BEL - THALES Systems Ltd.	2016-17	0.50%	3,898	-0.04%	(61)	0.00%	-	-0.04%	(61)
	2015-16	0.15%	1,353	-0.14%	(181)	0.00%	-	-0.14%	(181)
Non Controlling Interest in Subsidiary :									
Indian									
BEL - THALES Systems Ltd.	2016-17	0.18%	1,372	-0.01%	(21)	0.00%	-	-0.01%	(21)
	2015-16	0.05%	477	-0.05%	(64)	0.00%	-	-0.05%	(64)
Associates (investment as per the equity method) :									
Indian									
GE-BE Pvt. Ltd.	2016-17	0.34%	2,629	1.73%	2,634	0.05%	(5)	1.84%	2,629
	2015-16	0.36%	3,313	2.48%	3,315	0.09%	(2)	2.52%	3,313
Total	**2016-17**	**100%**	**774,949**	**100%**	**152,337**	**100%**	**(9,255)**	**100%**	**143,082**
	2015-16	**100%**	**925,093**	**100%**	**133,675**	**100%**	**(2,240)**	**100%**	**131,435**

NOTE 33
Financial Instruments - Fair Value Measurements

1. Accounting classification and fair values

The following tables shows the carrying amount and fair values of financial assets and liabilities :

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets measured at fair value										
I	**Investments**									
i	Equity Instruments – Mana Effluent Pvt Ltd	-	7	-	-	6	-	-	5	-
ii	Other Investments									
a.	Investment in Life Insurance Corporation (LIC) of India (towards Leave encashment)	30,702	-	-	24,210	-	-	-	-	-
	Sub Total	**30,702**	**7**	**-**	**24,210**	**6**	**-**	**-**	**5**	**-**
	Financial Assets not measured at fair value									
II	Trade Receivables	-	-	436,826	-	-	372,191	-	-	379,706

Consolidated Notes to Accounts

(₹ in Lakhs)

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
III	Loans									
a	Security deposits	-	-	2,895	-	-	2,653	-	-	2,522
b	Loans to Related Parties	-	-	-	-	-	-	-	-	-
c	Loans to Employees	-	-	821	-	-	910	-	-	1,016
d	Loans to Others	-	-	-	-	-	1	-	-	1
IV	Cash and cash equivalents	-	-	269,981	-	-	250,290	-	-	203,088
V	Other Bank Balances	-	-	112,737	-	-	471,321	-	-	370,762
VI	Other Financial Assets									
a	Advance to Employees	-	-	189	-	-	254	-	-	153
b	Advance to Others	-	-	4	-	-	4	-	-	3
c	Receivables (other than Trade Receivables)	-	-	212	-	-	89	-	-	32
d	Other Claim Receivables	-	-	-	-	-	1	-	-	16
e	Accrued Income	-	-	20,792	-	-	2,912	-	-	1,559
f	Interest accrued on term deposits	-	-	5,520	-	-	16,740	-	-	15,998
VII	Other financial Assets	-	-	3,601	-	-	5,352	-	-	3,819
	Other Investments									
a	Investment in Co-operative societies, Housing Societies etc.*	-	-	-	-	-	-	-	-	-
b	Investment in Subsidiaries									
c	Investment in Associate									
	Sub Total	**-**	**-**	**853,578**	**-**	**-**	**1,122,718**	**-**	**-**	**978,675**
	Total	**30,702**	**7**	**853,578**	**24,210**	**6**	**1,122,718**	**-**	**5**	**978,675**

* represents INR 5000 which is rounded off.

Note : Investments in subsidiary companies (BEL Optronic Devices Ltd and BEL Thales Systems Limited) have been accounted at Cost in line with option available under Ind AS 101. Also, investment in Associates (GE-BE Private Limited) has been accounted at Cost in line with option available under Ind AS 101.

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		FVPL	FVOCI	Amor-tised Cost	FVPL	FVOCI	Amor-tised Cost	FVPL	FVOCI	Amor-tised Cost
Financial Liabilities measured at fair value		-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-
Financial Liabilities not measured at fair value										
I	Borrowings	-	-	3,025	-	-	2,839	-	-	2,473
II	Trade Payables	-	-	131,335	-	-	116,283	-	-	115,711
III	Other Financial Liabilities									
a	Interest Accrued and due on Trade Payables	-	-	10	-	-	17	-	-	14
b	Current Maturities of Long Term Debt			3,333			-			-
c	Security Deposits	-	-	3,260	-	-	2,362	-	-	2,116
d	Unpaid Matured Deposits	-	-	37	-	-	37	-	-	37
e	Unpaid Dividend	-	-	6,422	-	-	21	-	-	20
f	Non Trade Payables Dues to MSME			85			4			-
g	Outstanding Expenses	-	-	39,895	-	-	36,142	-	-	19,259
h	Other Trade payables	-	-	10,299	-	-	2,932	-	-	2,091
i	Other Liabilities	-	-	1,164	-	-	1,914	-	-	1,147
	Total	**-**	**-**	**198,865**	**-**	**-**	**162,551**	**-**	**-**	**142,868**

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(₹ in Lakhs)

2. Fair value hierarchy

The hierarchy levels used for Fair value measurements of Financial instruments wherever applicable is given below :

		As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
		Level 1	Level 2	Level 3	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	-	30702	-	-	24210	-	-	-	-
ii	Financial Investments at FVOCI - Unquoted	-	-	7	-	-	6	-	-	5
II	**Financial Assets and Liabilities which are measured at Amortised Cost**	No separate Fair value is disclosed as the Carrying value of these Assets and Liabilities represents their Fair Value.								

Level 1 : Level 1 hierarchy includes Financial instruments measured using quoted prices.

Level 2 : The fair value of Financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case of unlisted equity shares.

3. Valuation technique used to determine Fair Value :

a. LIC Investment - (Level 2)

Based on valuation report of the Scheme provided by LIC.

b. M/s Mana Effluent Pvt Ltd - (Level 3)

BEL has invested in equity securities of M/s Mana Effluent Pvt Ltd which is an unlisted company. The Company's cost of investment in M/s Mana Effluent Pvt Ltd is only ₹ 5 (out of Issued Share Capital of ₹ 161). The company has opted for Net Asset Value method for fair valuation.

NOTE 34
Financial risk management

i. Risk Management framework and policies

The Group is broadly exposed to credit risk, liquidity risk and market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.

Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Group's risk management framework. The Board has set up a Risk Management Committee, for this purpose, which is responsible for developing and monitoring the risk management policies. The Group has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization, treatment of various risks associated with different areas of finance and operations.

The parent company has a centralized Treasury function which is responsible to undertake appropriate measures to mitigate financial risk in accordance with the policies and procedures formulated by the Board. Hedging transactions are undertaken by a team with appropriate skills and experience in consultation with an external expert. The Group does not trade in derivatives for speculation.

Consolidated Notes to Accounts

(₹ in Lakhs)

ii. Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

Currency Risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar, Euro, Great Britain Pound and Swiss Franc. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR).

The Group has a Board approved currency risk management policy implemented by a Risk Management Committee that reviews the Company's exposure to this risk on a regular basis. The Risk Management Policy recommends hedging upto 50% of the open foreign currency exposure. However the decision to enter into a hedging arrangement is made by the Risk Management Committee based on the relevant data inputs and the advice of the external specialist consultant retained for this purpose.

The Parent Company's export proceeds are realized mostly by remittance into an Export Earners Foreign Currency account (EEFC) which is then utilised for payments to be made in foreign currency, thereby mitigating the currency risk on exports. Imports to the extent of around 30% of annual foreign exchange outgo are not covered by the Exchange Rate Variation (ERV) clause in the related customer contract and hence are open to currency risk. These imports are benchmarked as per the policy and appropriate decision on covering the risk is taken on a case to case basis. The Company's currency risk policy advocates forward contract hedging for mitigating risk wherever required.

As on 31 March 2017, there are no outstanding forwards contracts. The company has not entered into any forward contracts during the financial year 2016-17.

The company's exposure to foreign currency risk in respect of major currencies is given below :

Particulars	As at 31.03.2017				As at 31.03.2016				As at 01.04.2015			
	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF	USD	EURO	GBP	CHF
Trade Payable	849	317	17	59	735	201	30	149	430	189	21	87
Trade Receivable	266	12	-	-	199	13	1	-	329	12	1	-
Net Exposure	583	305	17	59	537	187	29	149	101	177	20	87

Foreign Currency sensitivity

The sensitivity of profit or loss to changes in the exchange rate arises mainly from foreign currency denominated financial instruments. The sensitivity to variations in respect of major currencies is given below. This analysis assumes that all other variables remain constant.

	Impact on Profit	
	31.03.2017	31.03.2016
USD – Increase by 5%	(1,895)	(1,783)
USD – Decrease by 5%	1,895	1,783
EURO – Increase by 5%	(1,094)	(712)
EURO – Decrease by 5%	1,094	712
GBP – Increase by 5%	(71)	(141)
GBP – Decrease by 5%	71	141
CHF – Increase by 5%	(194)	(518)
CHF – Decrease by 5%	194	518

Consolidated Notes to Accounts

(₹ in Lakhs)

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

Variable Rate Borrowing:

The parent company has been sanctioned a Term loan of ₹ 10,000 on 31 March 2017 (Outstanding as on 31 March 2017 is ₹ 5,000). Interest payable on this loan is based on SBI's Minimum Commercial Lending Rate - MCLR. (SBI is eligible to reset the interest charged on yearly basis). There would be an additional outflow of cash of ₹ 50 if the interest rate goes up by 1 % and saving of ₹ 50 in cash flow if interest rate goes down by 1%. There would however be no impact on profit as the interest component is capitalized since the borrowing is towards capital expenditure.

In addition the parent company has been sanctioned a working capital limit of ₹ 2,90,000 which has not been utilised in the year end (Outstanding as on 31 March 2017 is Nil (31 March 2016 is Nil) (1 April 2015 is Nil)) in respect of which interest payable is based on SBI's base rate. SBI is eligible to reset the interest charged on periodic basis. As the borrowing is Nil there is no impact on likely change in interest rates.

Equity Price Risk

The Group's exposure to equity price risk is negligible as its equity investment (other than in Associate) is negligible.

iii. Liquidity Risk

Liquidity Risk is the risk that a Group could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Group's exposure to liquidity risk is very minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash and marketable securities to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements and growth needs when necessary.

The Group meets its liquidity requirement mainly through internally generated cash flows which is monitored centrally by treasury. There is an established process of rolling cash forecasts from various operating units which form the basis for mapping expected cash inflows, to meet the liabilities.

The table below analyses the company's financial liabilities based on their contractual maturities. The amounts disclosed are contractual undiscounted cash flows.

As at 31 March 2017

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	1,358	-	-	1,667	-	3,025
Trade Payables	128,595	691	2,049	-	-	131,335
Current Maturities of Long Term Debts	-	1,666	1,667	-	-	3,333
Interest accrued and due on Trade Payables	7	-	3	-	-	10
Other Financial Liabilities	60,762	69	259	46	26	61,162

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(₹ in Lakhs)

As at 31 March 2016

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	2,839	-	-	-	-	2,839
Trade Payables	109,791	1,030	5,405	57	-	116,283
Interest accrued and due on Trade Payables	17	-	-	-	-	17
Other Financial Liabilities	42,984	57	249	110	12	43,412

As at 01 April 2015

	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 & 2 year	Between 2 & 5 year	Total
Borrowings	2,473	-	-	-	-	2,473
Trade Payables	113,107	407	2,195	2	-	115,711
Interest accrued and due on Trade Payables	14	-	-	-	-	14
Other Financial Liabilities	24,078	60	496	20	16	24,670

The Group does not have any outstanding derivatives as on 31 March 2017.

iv. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Parent Company is managed at a corporate level by the risk management committee which has established the credit policy norms for its customers and other receivables. Significant amount of trade receivables are due from Government/Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

In a few cases credit is extended to customers based on market conditions after assessing the solvency of the customer and the necessary due diligence to determine credit worthiness. Advance payments are made against bank guarantee which safeguards the credit risk associated with such payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc and other indicators.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Parent Company has a well structured Risk Mitigation Policy whereby there are preset limits for each bank based on its net worth and earning capacity which is reviewed on a periodic basis. The Parent Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they are mostly due from government department/parties.

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(₹ in Lakhs)

v. Capital Management

The Group's Capital Management objective is to maintain a strong capital base to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The Group has a conservative approach for raising capital through debt but reserves the right to leverage this alternative at an appropriate time to fuel growth and maintain optimal capital structure.

As part of this overall objective, the parent company has expanded capital base by issuing bonus shares in financial year 2015-16 and bought back shares in financial year 2016-17. 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 parent company has a nominal borrowing of ₹ 5,000 as on 31 March 2017. The Parent Company has sanctioned borrowing limits with some banks to the tune of ₹ 2,90,000.

Gearing Ratio :

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Net Debt	6,358	2,839	2,473
Total Equity	773577	924616	824380
Net Debt to Equity Ratio	0.01	-	-

NOTE 35
Assets pledged as security

The carrying amounts of assets pledged as security for Term Loan and Working Capital borrowings are :

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Inventories	488,527	415,817	338,825
Financial Assets			
(i) Trade Receivables	441,550	372,950	380,094
(ii) Cash & Cash Equivalents	269,946	250,149	202,885
(iii) Bank Balances [Other than (ii) above]	110,637	469,671	370,212
(iv) Loans	4,328	5,928	942
(v) Other Financial Assets	27,010	22,306	18,339
(vi) Other Current Assets	61,570	51,002	72,678
Total current assets pledged as security	**1,403,568**	**1,587,823**	**1,383,975**

Refer Note No. 18 & 20 for the details of borrowings.

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NOTE 36
Critical estimates and judgments

While preparing the consolidated financial statements, management has made certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and Estimates that have a significant risk of resulting in a material adjustment are as under:

i. **Research and Development Expenditure - Accounting Policy No. 10 - (Refer Note No. 5)**
Developmental expenditure incurred with respect to No Cost No Commitment (NCNC) Projects and Joint developmental projects which are not fully compensated by the development partner are carried forward till the completion of project.

ii. **Estimation of defined benefit obligation - Key actuarial assumptions - (Refer Note No. 21)**

iii. **Estimation of provision for warranty claims - (Refer Note No. 21)**
Warranty provision computation involves estimation of average warranty cost based on trend based analysis. If the estimations made varies, the same will impact the expense recognised.

iv. **Pay Revision Provision - (Refer Note No. 21)**
Pay Revision in respect of Executive and Non executive is due with effect from 01.01.2017. Provision in respect of revised pay has been made based on a reasonable estimate of expected liability for the period 01.01.2017 to 31.03.2017.

v. **Recognition of Revenue - (Refer Note No. 23)**
Percentage-of-completion method involves estimation of Stage of completion based on actual costs incurred to the estimated total costs expected to complete the contract. If the estimations made varies, the same will impact the Revenue recognised.

Note 37
First Time Adoption of Ind AS

Transition to Ind AS

These are the Company's first consolidated financial statements prepared in accordance with Indian Accounting Standard (Ind AS).

The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in the consolidated financial statements have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2015 as the transition date from the previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

I Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

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A. Ind AS optional exemptions

Property plant and equipment, Intangible assets and Investment Property-Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the previous financial statements as at the date of transition to Ind AS, and use that as its deemed cost on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets and investment property.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value as at the date of transition. The carrying values of property, plant and equipment, as aforesaid are after making adjustments relating to decommissioning liabilities.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments (other than equity investments in Subsidiaries, Associates) at Fair Value through Other Comprehensive Income (FVOCI) on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to designate its investment in equity instruments (other than equity investments in Subsidiaries & Associates) at FVOCI on the date of transition to Ind AS.

Investments in Subsidiaries and Associates

Ind AS 101 permits an entity to measure its investments in Subsidiaries & Associates at cost in accordance with Ind AS 27 (Separate Financial Statements). Accordingly, the Company has measured investments in subsidiaries and Associate at cost.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption.

B. Ind AS mandatory exceptions

De-recognition of financial assets and financial liabilities

As per Ind AS 101 a first time adopter shall apply the de-recognition principles requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the de-recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and liabilities recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Classification and measurement of financial assets

As per Ind AS 101 an entity has to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition.

Accordingly, the Company has determined the classification of Financial assets based on facts and circumstances existing at the date of transition to Ind AS.

Consolidated Notes to Accounts

(₹ in Lakhs)

II. Reconciliation between Previous GAAP and Ind AS

A. Reconciliation of Equity

Previous GAAP (IGAAP) figures have been reclassified to conform to Ind AS and Schedule III presentation requirements.

I. Reconciliation of Equity as at date of transition 1 April 2015 and 31 March 2016.

Particulars		Note No.	As at 31 March, 2016			As at 1 April, 2015		
			IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
ASSETS								
(1)	**Non-current assets**							
(a)	Property, plant and equipment	F (i),(ii),(iii)	104,131	1,806	105,937	86,036	1,519	87,555
(b)	Capital work-in-progress		22,195	-	22,195	13,985	-	13,985
(c)	Investment property	F (ii)	-	13	13	-	14	14
(d)	Intangible assets	F (xviii)	16,605	642	17,247	18,485	-	18,485
(e)	Intangible assets under development		20,784	-	20,784	12	-	12
(f)	Investment under equity method		22,017	-	22,017	19,173	-	19,173
(g)	Financial assets							
	(i) Investments		24,216	-	24,216	5	-	5
	(ii) Trade receivables		-	-	-	-	-	-
	(iii) Loans		2,649	-	2,649	2,597	-	2,597
	(iv) Other financial assets		3,102	-	3,102	3,266	-	3,266
(h)	Deferred tax assets (net)	F(ix)	37,049	8,812	45,860	33,735	4,989	38,724
(i)	Inventories		4,535	-	4,535	5,745	-	5,745
(j)	Other non current assets	F (i), (iii)	8,415	195	8,610	4,149	24	4,173
			265,698	11,468	277,165	187,188	6,546	193,734
(2)	**Current Assets**							
(a)	Inventories	F(iv), (xii)	419,278	(3,577)	415,701	340,130	(1,309)	338,821
(b)	Financial assets							
	(i) Trade receivables	F(x)	372,191	-	372,191	379,380	326	379,706
	(ii) Cash & cash equivalents		250,290	-	250,290	203,088	-	203,088
	(iii) Bank balances [other than (ii) above]		471,321	-	471,321	370,762	-	370,762
	(iv) Loans		915	-	915	942	-	942
	(v) Other financial assets	F(iv)	21,300	1,063	22,363	17,296	1,064	18,360
(c)	Other current assets	F (i), (iii)	50,265	219	50,484	71,347	1	71,348
(d)	Current tax assets (Net)		-	-	-	163	-	163
			1,585,560	(2,295)	1,583,265	1,383,108	82	1,383,190
	TOTAL ASSETS		**1,851,258**	**9,173**	**1,860,430**	**1,570,296**	**6,628**	**1,576,924**

Consolidated Notes to Accounts

(₹ in Lakhs)

	Particulars	Note No.	As at 31 March, 2016			As at 1 April, 2015		
			IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
EQUITY AND LIABILITIES								
EQUITY								
(a)	Equity Share Capital		24,000	-	24,000	8,000	-	8,000
(b)	Other Equity	F(xiv), F(xix)	874,606	26,009	900,616	803,687	12,694	816,380
	Equity attributable to the owners of the company		898,606	26,009	924,616	811,687	12,694	824,380
	Non controlling interest		477	-	477	611	-	611
	Total equity		899,083	26,009	925,093	812,298	12,694	824,991
LIABILITIES								
(1)	Non-Current Liabilities							
(a)	Government Grants	F(xi)	17,701	422	18,123	19,841	(170)	19,671
(b)	Financial Liabilities							
	(i) Borrowings		-	-	-	-	-	-
	(ii) Trade Payables		57	-	57	2	-	2
	(iii) Other Financial Liabilities		158	-	158	76	-	76
(c)	Provisions	F(v)	54,898	15,121	70,019	45,338	9,645	54,983
(d)	Other Non-Current Liabilities	F (i) & (iv)	-	1,877	1,877	32	1,638	1,670
			72,814	17,420	90,234	65,289	11,113	76,402
(2)	Current Liabilities							
(a)	Government Grants	F(xi)	31	(28)	3	247	(228)	19
(b)	Financial Liabilities							
	(i) Borrowings		2,839	-	2,839	2,473	-	2,473
	(ii) Trade Payables	F(x)	116,103	123	116,226	115,596	113	115,709
	(iii) Other Financial Liabilities	F(iv)	43,418	(147)	43,271	25,398	(791)	24,608
(d)	Other Current Liabilities	F (iv)	653,827	(300)	653,525	515,866	1,734	517,600
(c)	Provisions	F(v)	56,477	(33,904)	22,573	33,129	(18,007)	15,122
(e)	Current tax liability (Net)		6,666	-	6,666	-	-	-
			879,361	(34,256)	845,103	692,709	(17,179)	675,531
	TOTAL EQUITY AND LIABILITIES		**1,851,258**	**9,173**	**1,860,430**	**1,570,296**	**6,628**	**1,576,924**

Consolidated Notes to Accounts

(₹ in Lakhs)

B. Reconciliation of total comprehensive income for the year ending 31 March 2016.

	Particulars	Note No.	Previous GAAP	Ind AS Adjust-ment	Ind AS
I	Revenue from operations	F (i) (iv)	771,172	1,752	772,924
II	Other income	(xv)	53,580	369	53,949
III	Total Income (I+II)		824,752	2,121	826,873
IV	EXPENSES				
a	Cost of material consumed	F(iv)	367,038	956	367,994
b	Cost of stores & spares consumed		3,077	-	3,077
c	Purchases of stock in trade		33,936	-	33,936
d	Changes in inventories of finished goods, wip & scrap	F(iv)	(25,537)	2,266	(23,271)
e	Excise duty		37,547	-	37,547
f	Employee benefits expense	F(vii) & F(xii)	131,187	(4,465)	126,721
g	Finance costs	F (xviii)	602	-	602
h	Depreciation and amortization expense	F (xii)	19,504	(309)	19,196
i	Other expenses	F (i) (iv) & (v)	76,684	11,305	87,989
TOTAL EXPENSES (a to i)			**644,038**	**9,753**	**653,791**
V	Profit before exceptional items, share of net profit of joint ventures accounted under equity method & tax (III - IV)		180,714	(7,632)	173,082
	Share of net profit of joint ventures accounted under equity method	F(xiii)	-	3,315	3,315
	Profit before exceptional items & tax (III - IV)		180,714	(4,317)	176,397
VI	Exceptional Items		-	-	-
VII	Profit before tax (V+VI)		180,714	(4,317)	176,397
VIII	Tax Expense				
	- Current Tax		48,673	-	48,673
	- Earlier years		1	-	1
	- Deferred taxes	F (ix)	(3,312)	(2,640)	(5,952)
	Total provision for taxation		45,362	(2,640)	42,722
IX	Profit for the period (VII - VIII)		135,352	(1,677)	133,675
X	Other Comprehensive Income/(Loss)				
	Items that will not be reclassified subsequently to profit or loss				
a	Remeasurement of the net defined benefit liability/asset	F (vii)	-	(3,423)	(3,423)
	Equity instruments through other comprehensive income	F (viii)	-	1	1
	- Share of other comprehensive income joint ventures accounted under equity method	F(xiii)	-	(2)	(2)
b	Income tax relating to these items	F (ix)	-	1,184	1,184
	Other Comprehensive Income/(Loss)		-	(2,240)	(2,240)
XI	Total Comprehensive Income for the period (IX+X) [comprising Profit and Other Comprehensive Loss for the year]		135,352	(3,917)	131,435

Note : Previous GAAP figure have been reclassified for this Note.

Consolidated Notes to Accounts

(₹ in Lakhs)

C. Impact of Ind AS adoption on Cash Flow Statement for the year ended 31 March 2016

Particulars	Note No.	Previous GAAP	Ind AS Adjust-ment	Ind AS
Net Cash flow from Operating activities	F(xvii)	225,732	274	226,006
Net Cash flow from Investing activities		(142,411)	(4,623)	(147,034)
Net Cash flow from Financing activities		(31,969)	199	(31,770)
Net Increase/(Decrease) in cash and cash equivalents		51352	(4,150)	47,202
Cash and cash equivalents as at 1 April 2015		217,113	(14,025)	203,088
Cash and cash equivalents as at 31 March 2016		268,465	(18,175)	250,290

D. Reconciliation of total equity as at date of transition 1 April 2015 and 31 March 2016.

	Note No.	31 March 2016	1 April 2015
Total Equity (Shareholders funds) as per Previous GAAP		898,606	811,684
Adjustment for provisions	F (v)	(25,093)	(13,974)
Adjustment for revenue recognition (Net of Expenses)	F (iv)	(539)	(870)
Deferment of Dividend and tax thereon	F (xix)	41,884	22,338
Prior Period Adjustments	F (x)	(123)	213
Recognition of Planned Assets	F (vii)	1,069	-
Tax adjustment on these changes	F (xiii)	8,812	4,989
Total Equity (Shareholders funds) as per Ind AS		924,616	824,380

E. Reconciliation of Total Comprehensive Income for the year ended 31 March 2016

	Note No.	31 March 2016
Profit After Tax as per previous GAAP		138,649
Adjustments for provisions	F (v)	(11,119)
Adjustment for revenue recognition (Net of Expenses)	F (iv)	(671)
Prior Period Adjustments	F (x)	(335)
Recognition of Planned Assets	F (vii)	1,070
Tax adjustment on these changes	F (ix)	3,822
Recognition of Associates profit (due to ind AS)	F(xiii)	19
Total Comprehensive Income as per Ind AS		131,435

F. Notes to first time adoption

i. **Property, Plant and equipment**

a) Under previous GAAP assets acquired out of customer grants were carried at Net value (Cost less grant value). Under Ind AS these assets have to be recognised at cost with Grant amount being credited to Deferred revenue (Customer Grant). Consequently, the amount of Property, plant and equipment has increased by ₹ 697 during FY 2015-16 (₹ 1,606 as on 1 April 2015) with corresponding credit to Deferred revenue (Customer Grant). There will be no impact on Total equity because of this adjustment.

b) Due to creation of provision towards Site restoration Obligation as required under Ind AS 37 an amount of ₹ 80 has been recognised as a part of Property, Plant and equipment during 2015-16 (₹ 55 as on 1 April 2015). This amount will be charged off over the Lease period.

Consolidated Notes to Accounts

(₹ in Lakhs)

ii. **Investment Property**

As required under Ind AS 40 on Investment Property, Land and building that are rented out have been reclassified as Investment property. In the previous GAAP these were classified as Property, plant and equipment. Accordingly the carrying value of ₹ 14 Lakhs of Building that has been rented out has been reclassified from Property, plant and equipment to Investment property as on 1 April 2015. There is no impact on the total equity on account of this adjustment.

iii. **Leasing Arrangement**

As permitted under Ind AS 101 the company has assessed whether a contract or arrangement contains a lease on the basis of facts and circumstances existing at the date of transition to Ind AS. Based on the assessment some leasing agreements have been identified as Operating lease and consequently an amount of ₹ 180 has been decapitalised during FY 2015-16 (₹ 75 as on 1 April 2015) and the corresponding amount recognised as Non-Financial Assets. There is no impact on total equity on account of this adjustment.

iv. **Adjustment to Revenue recognition and consequential adjustment to Inventories , unbilled revenue, etc.**

Adjustment to revenue recognized under previous GAAP has been made on account of change in timing of revenue recognition, fair value criteria,etc as per requirements of Ind AS. Due to this additional revenue of ₹ 1,962 has been recognised during FY 2015-16 with increase in corresponding expenses amounting to ₹ 3,222 primarily due to onerous nature of the contracts in respect of which revenue is recognised. The net impact due to above adjustments resulted in decrease in profit by ₹ 1,260 during FY 2015-16. Retained earnings have gone down by ₹ 948 as on 1 April 2015 due to adjustment relating to Revenue recognition. Consequential adjustments have been made to Inventory and corresponding Assets and Liabilities.

v. **Provisions**

As per requirements of Ind AS 37 provision has been created in respect of Site restoration obligation, onerous contracts and warranty expenses. This has lead to increase in provision amount by ₹ 11,198 during FY 2015-16 (₹ 13,976 as on 1 April 2015). Consequently the total equity as on 31 March 2016 has reduced by ₹ 25,094 (₹ 13,976 as on 1 April 2015) and profit for the year ended 31 March 2016 by ₹ 11,118.

vi **Excise Duty**

Under previous GAAP revenue from sale of products was presented net of excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented in Statement of Profit and Loss as an expense. This change has resulted in an increase in revenue from operations and expenses for FY 2015-16 by ₹ 37,547. This change in presentation has no impact on profit.

vii. **Remeasurement of Post employment benefit obligations**

Under Ind AS, remeasurements of Employee benefit obligations i.e., actuarial gains and losses are recognised in Other comprehensive income (OCI). Under previous GAAP these were recognised in Statement of profit and loss. Consequently an amount of ₹ 5,169 (before tax) has been reclassified from Employee benefit expenses to Other Comprehensive income during FY 2015-16. However, this has no impact on profit on 31 March 2016.

Additionally, an amount of ₹ 1,072 representing excess of Plan assets over net defined liability has been recognised as an Asset under Ind AS during FY 2015-16 with credit of ₹ 1,749 to Other Comprehensive Income and charge of ₹ 677 to employee cost. This has resulted in increase in Total Comprehensive income by ₹ 1,072 as on 31 March 2016.

viii. **Fair value of Investments**

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries and associates have been designated as Fair Value through Other Comprehensive Income (FVOCI) as permitted by Ind AS 109. Under previous GAAP, this investment was carried at cost. The resulting fair value changes of this investment has been recognized in Equity investment through OCI reserve as at the date of transition and subsequently in Other Comprehensive Income for the year ended 31 March 2016. This has increased "Other Comprehensive Income (OCI) and "Total equity" by ₹ 1 as at 31 March 2016 (₹ Nil as on 1 April 2015).

ix. **Deferred Tax**

Deferred tax adjustment has been made in respect of temporary differences arising on account of adjustments made consequent to transition to Ind AS. This has resulted in increase in value of deferred tax asset by ₹ 3,855 as on 31 March 2016 and by ₹ 4,989 as on 1 April 2015 with increase in Total equity by ₹ 8,844 as on 31 March 2016 (₹ 4,989 on 1 April 2015) and Profit by ₹ 3,855 as on 31 March 2016.

Consolidated Notes to Accounts

(₹ in Lakhs)

x. **Prior period error and omissions**

As required under Ind AS, if errors and omissions relating to prior period are material they have to adjusted by restating the Opening balances of Assets, Liabilities and equity for the earliest prior period presented. Accordingly prior period income of ₹ 326 reported for the year 2015-16 under previous GAAP has been adjusted against Opening reserves as on 1 April 2015 with corresponding increase in Trade receivables. This has resulted in a decrease in Profit by ₹ 326 for the FY 2015-16.

xi **Government Grant**

As per requirements of Ind AS, amount given by Government in the capacity of a Customer should be treated as Customer grant. Accordingly, an amount ₹ 398 has been reclassified from Government Grant to customer Grant as on 1 April 2015. This change in classification does not impact profit or retained earnings.

xii. **Other Adjustments**

Depreciation of ₹ 333 has been charged to Property, Plant and equipment as on 31 March 2016 and an equivalent amount credited to Other Income (from Customer grant). An amount of ₹ 148 for the FY 2015-16 (₹ 102 as on 1 April 2015) has been charged to Profit and Loss statement and Retained earnings respectively towards other consequential adjustments due to changes explained above.

An amount of ₹ 33 has been treated as " Other Income" during FY 2015-16 with corresponding debit to employee cost due to Grossing up of amount adjusted against perks etc. This has no impact on profit for the year.

xiii. **Redesignation of Joint Venture as an Associate**

Based on assessment of control criteria, on transition to Ind AS, Investment in Joint Venture has been identified as an associate. There is no impact on Financial Statements on account of this re-assessment.

xiv. **Retained Earnings**

Retained Earning as on 1 April 2015 and as on 31 March 2016 has been adjusted consequent to adjustments as explained.

xv. **Impact on Cash Flow**

Cash flow has decreased by ₹ 18,176 for the FY 2015-16 on transition to Ind AS. This is mainly due to adjustment relating to Cash & Bank balances of associate company consequent to shifting to equity method wef 01 April 2015.

xvi. **Impact on the groups financial statement on transition to Ind AS**

The net impact on the groups financial statement on transition to Ind AS on account of subsidiaries is ₹ 33 as on 31 March 2016 and Nil as on 01 April 2015 (Adjustment to Govt. Grants).

xvii. **Proposed Dividend**

Under previous GAAP dividends proposed by the Board of Directors after the balance sheet date before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognized as a liability. Under Ind AS such dividends are recognized when it is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend and the dividend distribution tax thereon amounting to ₹ 19,546 for the year 2015-16 (₹ 22,338 as at 1 April 2015) has been reversed with corresponding adjustment to retained earnings. Consequently the total equity increased by an equivalent amount.

As per our report attached

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

SIGNIFICANT ACCOUNTING POLICIES ON 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.], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

These are the Company's first annual financial statements prepared in accordance with Ind AS. The company has adopted all applicable Ind AS and adoptions were carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 37.

2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability and contingent assets as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account of all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. Basis of Measurement

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments, if any
- Financial assets and liabilities that are qualified to be measured at fair value
- The defined benefit asset/liability is recognised as the present value of defined benefit obligation less fair value of plan assets.

4. Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company.

5. Revenue Recognition

(i) **Sale of Goods**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. The timing of the transfer of risks and rewards is evaluated based on Inco-terms of the sales agreement.

(ii) **Ex- Works Contract**

In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

(iii) **FOR Contracts**

In the case of FOR contracts revenue is recognised, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the company at the request of the customer.

(iv) **Bill and Hold Sales**

For bill-and-hold transactions, revenue is recognised when the customer takes title, provided that:

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time when the revenue is recognised;
- the buyer specifically acknowledges the deferred delivery instructions;
- the usual payment terms apply.

(v) **Construction Contracts**

Contract revenue includes initial amount agreed in the contract and any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably.

Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract.

If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. When it is probable that total contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

(vi) **Price Escalations and Exchange Rate Variation Claims**

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

(vii) **Bundled Contracts :**

In case of a Bundled contract, where separate fee for installation and commissioning or any other separately identifiable component is not stipulated, the Company applies the recognition criteria to separately identifiable components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their relative fair value.

(viii) **Multiple Elements:**

In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their relative fair value.

(ix) Sales exclude Sales Tax/Value Added Tax (VAT) and include Excise Duty.

(x) **Revenue from Services**

Revenue relating to Maintenance contracts are recognised on accrual basis.

For other fixed-price contracts (including revenue from software related services), revenue is recognised in proportion to the stage of completion of the transaction at the reporting date.

Revenue in respect of other category of services is recognised on rendering of service.

(xi) **Interest Income**

Interest income is recognised using the effective interest rate method.

(xii) **Dividend Income**

Dividend income is recognised when the Company's right to receive the payment is established.

(xiii) **Rental Income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increase in rentals are in line with expected inflation or otherwise justified.

(xiv) **Duty Drawbacks**

Duty drawback claims on exports are accounted on preferring the claims.

(xv) **Other Income**

Other income not specifically stated above is recognised on accrual basis.

6. Property, Plant and Equipment, Capital Work-in-Progress

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and cumulative impairment losses, if any. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

The cost of fixed assets not ready for their intended use as at each balance sheet date is disclosed as capital work-in-progress.

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

7. Intangible Assets, Intangible Asset under Development

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

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

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

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

8. Depreciation/Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The residual values, useful lives and amortisation methods, are reviewed periodically at each financial year end.

9. Disposal of Property, Plant and Equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

10. Research and Development Expenditure

(i) Expenditure on Research activity is recognised as an expense in the period when it is incurred.

(ii) Development expenditure (other than on specific development- cum sales contracts and Developmental projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development - cum - sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

Development expenditure incurred in respect of Joint development projects which are not fully compensated by the development partner are carried forward where the company is nominated as a production agency and future economic benefits are expected.

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

(iii) Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

(iv) Expenditure incurred on Developmental projects for participating in No Cost No Commitment (NCNC) trials, based on Request for Quote from customer, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is not forthcoming or on closure of project, the amount will be either capitalised if further economic benefit is expected from its use or charged off.

11. Expenditure on Technical Know-How

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets/expenses.

12. Investment Property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset in determining fair value less costs of disposal.

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

14. Leases

A lease is classified at the inception date as a finance lease or an operating lease.

(i) **Company as a Lessee**

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised as finance costs in the statement of profit and loss. A leased asset is amortised over the estimated useful life of the asset or lease term whichever is lower.

Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight-line basis over the lease term, except when the lease payments escalate in accordance to general inflation or are otherwise justified.

(ii) **Company as a Lessor**

Operating lease income is recognised over the lease term on straight line basis, except when the escalations are due to general inflation or otherwise justified. Contingent rents, if any, are recognised as revenue in the period in which they are earned.

In case of a Finance lease, amounts due from lessees are recorded as receivables as the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

15. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

16. Government Grants

Grants from Government are measured at fair value and initially recognised as Deferred Income.

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

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

17. Inventories

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula.

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads. Finished goods at factories include applicable excise duty. Adequate provision is made for inventory which are more than five years old which may not be required for further use.

18. Income Taxes

Income tax comprises of current and deferred tax.

(i) **Current Income Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of profit and loss.

(ii) **Deferred Tax**

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

19. Provision for Warranties

Provision for expenditure on account of performance guarantee & replacement/repair of goods sold is made on the basis of trend based estimates.

20. Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

21. Employee Benefits

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

(ii) Incremental liability for payment of long term compensated absences such as Annual Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

(iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

(vi) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) 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. Provision & Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts other than construction contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

23. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

24. Fair value Measurement

The Company measures certain financial instruments, such as derivatives and other items in it's financial statements at fair value at each balance sheet date.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

25. Financial Assets

(i) **Initial Recognition and Measurement**

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

(ii) **Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments measured at amortised cost,
- Debt instruments measured at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(iii) **Derecognition**

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

(iv) **Trade and Other Receivables**

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

26. Forward Contracts

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

27. Embedded Derivative

The embedded derivative, if required, is separated from host contract and measured at fair value.

28. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

29. Impairment of Financial Assets

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

a. Time barred dues from the government/government departments/government companies are generally not considered as increase in credit risk of such financial asset.

b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities/courts.

c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense/income in the statement of profit and loss.

30. Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable to them.

(ii) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at fair value through Profit or Loss :

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

(iii) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised as profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

31. Reclassification of Financial Instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

32. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

33. Cash Dividend and Non-Cash distribution to Equity Holders

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

34. Errors and Estimates

The Company revises it's accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

35. Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

36. Events after the Reporting Period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

37. Principles of Consolidation

The financial statements of the Holding Company together with the audited financial statements of its subsidiary companies and step down subsidiary company have been combined on a line-by-line basis by adding together all the items of assets, liabilities, income and expenses after eliminating all the intra group balances and transactions. Interest in associates are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements includes the Group's share of profit or loss and Other Comprehensive Income of equity accounted investees until the date of which significant inflence 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 past - acquisition increase in the relevant increase of the subsidiary companies and step down subsidiary company.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Holding Company's financial statements.

The excess of cost to the company of its investments in subsidiary companies and step down subsidiary company over its share of the equity of the subsidiary companies and step down subsidiary company at the date on which the investments are made, is recognized as "Goodwill on consolidation" being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies and step down subsidiary company as on the date of the investment is in excess of cost of investment of the Holding Company, it is recognized as "Capital reserve" and shown under the head "Reserves and surplus", in the consolidated financial statements.

As per our report of even date attached.
For **Badari, Madhusudhan & Srinivasan**
Firm Regn. No. 005389S

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

Bengaluru
29 May 2017

FORM AOC-I

Part "A" : Subsidiaries

(₹ in Lakhs)

Sl. No.	Particulars		
1.	Name of the subsidiary	BEL Optronic Devices Limited	BEL THALES Systems Ltd
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	5,923	5,762
5.	Reserves & surplus	10,136	(491)
6.	Total Assets	46,060	5,546
7.	Total Liabilities	30,002	276
8.	Investments	-	-
9.	Turnover	12,388	145
10.	Profit before taxation	857	(82)
11.	Provision for taxation	375	-
12.	Profit after taxation	482	(82)
13.	Proposed Dividend	144	-
14.	% of shareholding	100%	74%
1.	Names of subsidiaries which are yet to commence operations	NIL	NIL
2.	Names of subsidiaries which have been liquidated or sold during the year	NIL	NIL

Part "B" : Associates and Joint Ventures

Sl.No.	Name of Associates	GE BE Pvt Ltd
1.	Latest audited Balance Sheet Date	31 March 2017
2.	Shares of Associates held by the company on the year end	
	Numbers	2,600,000
	Amount of Investment in Associates	260
	Extend of Holding %	26%
3.	Description of how there is significant influence	Voting Rights

(₹ in Lakhs)

Sl.No.	Name of Associates	GE BE Pvt Ltd
4.	Reason why the Associates is not consolidated	Not applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	18,387
6.	Profit / Loss for the year	
	i. Considered in Consolidation	2,629
	ii. Not Considered in Consolidation	-
1.	Names of Associates which are yet to commence operations.	NIL
2.	Names of Associates which have been liquidated during the year.	NIL

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

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Chief Financial Officer

S Rajendiran
Partner
Membership No. 021883

Dr Ajit T Kalghatgi
Director (Research & Development)

S Sreenivas
Company Secretary

29 May 2017
Bengaluru

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भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS

Aero India 2017