



# ANNUAL REPORT

## 2014-15





The Hon'ble Prime Minister, Shri Narendra Modi, being briefed by Mr S K Sharma, CMD, at the BEL stall during Aero India 2015.



Mr Manohar Parrikar, Raksha Mantri, commissioning the Information Management and Analysis Centre (IMAC) of NC3I. Also seen are Mr R K Mathur, Defence Secretary; Admiral R K Dhowan, Chief of the Naval Staff; Mr Rao Inderjit Singh, Raksha Rajya Mantri; Vice Admiral Anurag G Thapliyal, Director General, Indian Coast Guard; and Mr S K Sharma, CMD.

# Corporate Vision, Mission Values and Objectives

## Vision

To be a world-class enterprise in professional electronics.

## Mission

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

## Values

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

## Objectives

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







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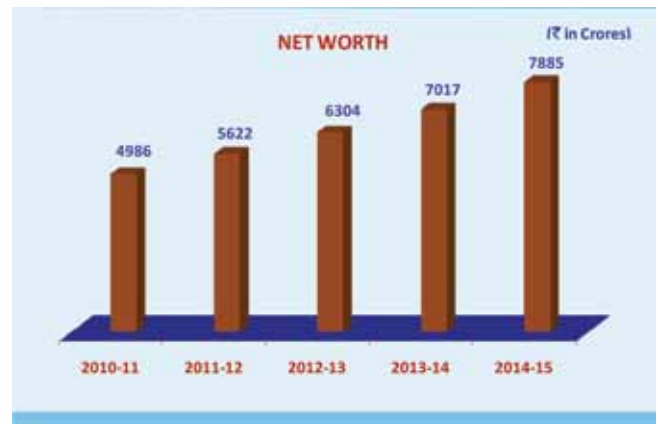


## Financial Highlights

- Turnover registered a growth of 8.43% from ₹ 6,174.23 Crores in 2013-14 to ₹ 6,694.57 Crores in 2014-15.
- Value of Production has increased from ₹ 6,126.90 Crores in 2013-14 to ₹ 6,658.54 Crores in 2014-15. An increase of 8.68%.
- Profit after tax rose by 25.29% from ₹ 931.62 Crores in 2013-14 to ₹ 1,167.24 Crores in 2014-15.
- Increase of Profit after tax to Turnover Ratio from 15.09% in 2013-14 to 17.44% in 2014-15.
- Turnover per employee has increased from ₹ 0.62 Crores in 2013-14 to ₹ 0.69 Crores in 2014-15.
- Earning Per Share has increased from ₹ 116.45 in 2013-14 to ₹ 145.91 in 2014-15.
- Book Value per Share has increased from ₹ 877.15 in 2013-14 to ₹ 985.63 in 2014-15.
- Net Worth has grown from ₹ 7,017.24 Crores in 2013-14 to ₹ 7,885.03 Crores in 2014-15.



## Financial Highlights





# Chairman's Letter



**D**ear Shareholders,

It gives me immense pleasure to write to you and share through this letter the achievements and financial highlights of your company during the past year. Guided by our long-term vision to become a global leader in strategic electronics and futuristic technologies, a set of shared values, a clear strategy and ambitious targets for the period up to 2016, we were able to navigate our company through a challenging, volatile global environment. Excellence in execution and our continued cost focus helped us to meet our financial targets for fiscal 2014 and make progress toward our financial targets. Your company is able to register a significant growth in revenues and profits. At ₹ 2,161,699 lakhs the order book continues to be robust. Your company has maintained its leadership position in supplying equipment / systems to Defence forces and is on a steady growth path. I take this opportunity to share with you the performance highlights during the past year and the future outlook for the Company.

## Business Results

Your company achieved a turnover of ₹ 669,456 lakhs during 2014-15 against ₹ 617,423 lakhs in 2013-14, thereby registering a significant growth of 8.43%. All the 9 manufacturing Units of the company have performed well.

The Profit After Tax for 2014-15 was ₹ 116,724 lakhs against ₹ 93,162 lakhs last year, an increase of 25.29% over previous year. The Net Worth of the company has now increased to ₹ 788,503 lakhs from ₹ 701,724 lakhs in year 2013-14. Defence being the mainstay of the company, has contributed 87% of sales revenue, with the balance 13% coming from the civilian sector.

## Export Performance

The range of products exported during the year includes Hull Mounted Sonar (HMS-X), Naval Surveillance Radar (RAWL 02 Mk.IIA), Unit Level Switch Board (ULSB Mk.III), Electronic Voting Machine, Hand Held Radios, Radar Warning Receiver, CoMPASS, Radar Finger Printing System and Electro-Mechanical parts. On the export front, your Company has acquired orders worth US\$ 66.93 Million this year. The export order book as on

1 April 2015 is US \$ 200 Million including Offset orders of US \$ 44 Million.

**A steep growth of 37.7% in exports**

In 2014 Export Sales represents 5.37% of our total sales. An all time high Export turnover of US \$ 57.85 Million compared to US \$ 42 Million in the previous year.

## Research and Development

R&D has been the main focus area of your company for increasing indigenisation and value addition in our products / systems. The total expenditure on R&D as a percentage of turn over during the year was 8.2% which is one of the highest among the defence PSUs.

It is our constant efforts on indigenous developments that have led us to achieve 80% of our turnover from indigenous products. Only 20% of our revenues came from products manufactured through ToT from foreign OEMs.

Some of the major products / systems introduced during 2014-15 are the :

- Schilka Air Defence System for Army
- Software Defined Radio for Navy, Communication Network (Link II Mod III) for Navy
- Export version of Unit Level Switch Board (ULSB) Mk.III
- Tactical Satellite Terminal for Akash Army
- Advanced Composite Communication System (Bharati) for Navy
- Ship Data Network (SDN) for P16A ship
- Simulator for Akash Weapon System for Army (Vehicle / Classroom Versions), Secured Phone (CDMA), etc.

The total expenditure on R&D is 8.2% of turnover.

Filed applications for  
**9**  
 patents

I have the privilege to inform you that during this year, your company has filed applications for 9 Patents in the areas of High Power Electric Drive, Ultra Wideband HPF, Cavity Diplexer, Linear Array Antenna, Microwave Log Periodic Antenna Ray Baggage Scanning, Search method in communicated data, Panoramic View Generation, Detection of an object in Target area, etc. As many as 52 technical papers were published by scientists and R&D engineers of BEL in various national and International journals / seminars/ conferences.

## Highlights of the year

Some of the performance highlights of your company are :

- Bengaluru Unit crossed historic turnover milestone of ₹ 4000 Crs
- Successful handing over of Schilka Air Defence Weapon System to Army
- Commissioning of NC3I for Navy by Raksha Mantri
- An all time high Export turnover of US\$ 57.85 Million.
- Inauguration of Coastal Surveillance Radar Station at Seychelles by Hon'ble Prime Minister of India
- Incorporation of JV with Thales for Civilian Radars & select Defence Radars

Product Development and Innovation Centre initiated

- Inauguration of newly built Software Development Center
- Namibia conducted polls using BEL EVMs

## Accolades during the year

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

- 2 India Today Group PSU Awards – for the 'Most Eco Friendly Company' and 'Best in R&D Innovation'.
- SCOPE Meritorious Award (Gold Trophy) for HR Excellence (2012-13) for Best Practices in Human Resource Management for the year 2012-13.
- Mentor Graphics Silicon India Leadership Award 2014 for the 'Best VLSI/Embedded Design in Defence / Aerospace Sector'.
- International Aerospace Award (2015) for 'Innovation', instituted by the International Aerospace Magazine to recognize excellence in innovation, indigenous technology and entrepreneurship in the Indian Aerospace & Defence industry.
- SAP award for Customer Excellence (ACE) 2014 for the innovative use of SAP in the implementation of SAP File Life Cycle Management System.

## Future Outlook

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

Backed by a healthy order book and orders in pipeline, we are targeting a turnover of about ₹ 740,000 Lakhs during 2015-16. Segments like Radar and Missile systems, Communication and Network Centric Systems, Tank Electronics, Gun upgrades & EO systems and Electronic Warfare & Avionics systems will continue to drive the Company's growth in the coming 4 to 5 years. Capacity enhancements and creation of new test facilities help the Company in achieving the targeted growth. Sensing growth opportunity in the civil segment we are pursuing business in the field of Homeland Security, Smart cards and Smart City elements. Defence will continue to be our main business and provide close to 80% of our revenues with civilian business providing the balance.