

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

BHARAT ELECTRONICS LIMITED

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	5/8
2. Internal Controls	6	7/12
3. Support to Employees	7	4/14
4. Conflict of Interest	4	1/8
5. Customer Engagement	6	3/12
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	0/20
8. Offsets	4	0/8
9. High Risk Markets	4	3/8
10. State-Owned Enterprises	5	6/10
TOTAL		32 / 110
BAND		E

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
There is evidence that the company has a publicly stated anti-corruption commitment, which details the company's stance against corruption within the organisation. It is clear that this commitment was authorised and endorsed by the company's leadership.
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.7] M.V.GOWTAMA</p> <p>CHAIRMAN & MANAGING DIRECTOR</p> <p>CMD's FOREWORD</p> <p>Vigilance is an important management function. Vigilance is an essential organ of Management. Like other segments of management, its role is to take forward the organization in a healthy transparent environment. Vigilance aims at ensuring that decisions are taken by the officers and employees in the best interest of the company, and without being unduly influenced by personal temptations, and insensitivity to wastage of resources. Apart from taking up anti-corruption measures, watchfulness is also maintained against undue wastage of resources of the company. Vigilance advises the management on various aspects.</p> <p>Preventive vigilance is the modern tool of effective management, whereby frauds and scams are prevented before actually happening. Preventive vigilance calls for review of Rules, Procedures and Practices and it is to be exercised not only by the vigilance organization alone but in association with it.</p> <p>There is always an element of misconception regarding the functioning of vigilance. The main reason for this misconception is lack of knowledge about the working of vigilance, their internal rules and procedures. It is perceived that vigilance slows down the well progressing works and discourages the executives in taking bold decisions. However, most of the perceptions are based upon assumptions only which are far from reality. There is a need of disseminating the vigilance working to all concerned. 'Vigilance Manual' is one step towards this through which the vigilance working will be made known to everybody. This will be useful not only to the executives, but also to the vigilance officials who are inducted into the organisation. Vigilance Manual is an important document to enhance the transparency between executives and the vigilance.</p> <p>I congratulate Shri S. Shivakumar, IAS, CVO and his entire team of vigilance officials for their painstaking efforts in bringing out this Revised Vigilance Manual.</p> <p>[p.20] The following are the functions of the vigilance.</p> <p>[...] Enhancing the image of the organization by striving for zero tolerance for corruption</p>

[9] Board of Directors and Committees (Webpage)

Accessed 07/08/2019

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

BOARD OF DIRECTORS

FUNCTIONAL/ WHOLE TIME DIRECTORS

- » Mr M V Gowtama, Chairman and Managing Director
- » Mr Nataraj Krishnappa, Director (Other Units)
- » Mrs Anandi Ramalingam, Director (Marketing)
- » Mr Koshy Alexander, Director (Finance)
- » Mr Mahesh V, Director (Research & Development)
- » Mr Vinay Kumar Katyal, Director (Bangalore Complex)
- » Mr Shivakumaran K M, Director (HR)

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
1
Comments
<p>There is evidence that the company publishes various anti-corruption policies: a Vigilance Manual; Principles and Policies of Business Responsibility; and a Code of Business Conduct and Ethics for Board Members and Senior Management. The Vigilance Manual specifies prohibition of bribery and payments to public officials and applies to all employees. The Principles and Policies of Business Responsibility specifies commercial bribery with regards to employees. The Code of Business Conduct and Ethics for Board Members and Senior Management, in which reference is made to corruption and ethics, applies to all board members, including non-executive directors.</p> <p>However, the company receives a score of '1' because there is no evidence that any of the policies or codes specifically address or prohibit facilitation payments.</p>
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.7] M.V.GOWTAMA</p> <p>CHAIRMAN & MANAGING DIRECTOR</p> <p>CMD's FOREWORD</p> <p>Vigilance is an important management function. Vigilance is an essential organ of Management. Like other segments of management, its role is to take forward the organization in a healthy transparent environment. Vigilance aims at ensuring that decisions are taken by the officers and employees in the best interest of the company, and without being unduly influenced by personal temptations, and insensitivity to wastage of resources.</p> <p>[...]</p> <p>There is a need of disseminating the vigilance working to all concerned. 'Vigilance Manual' is one step towards this through which the vigilance working will be made known to everybody. This will be useful not only to the executives, but also to the vigilance officials who are inducted into the organisation. Vigilance Manual is an important document to enhance the transparency between executives and the vigilance.</p> <p>[p.19] The primary objective of vigilance is to protect the honest and punish the corrupt.</p> <p>[p.20] The following are the functions of the vigilance.</p> <p>[...] Enhancing the image of the organization by striving for zero tolerance for corruption</p> <p>[p.26] 1.8 DEFINITIONS OF VARIOUS TERMINOLOGIES USED IN VIGILANCE</p> <p>1.8.1 Public Servant</p> <p>Section 2 (c) of the Prevention of Corruption Act, 1988, defines the public servant as under:-</p>

Any person in the service or pay of a corporation established by or under a Central, Provincial or State Act, or an authority or a body owned or controlled or aided by the Government or a Government company as defined in section 617 of the Companies Act, 1956.

1.8.2 Fraud

Fraud is not defined in Indian Penal Code but Section 17 of Indian Contract Act defines Fraud as means of the successful practice of deception with the intention of cheating. Deception is dishonest concealment of facts on the part of a person. The deceiver's objective is to acquire or retain wrongful possession of property to which the other person has a rightful claim and is entitled to recovery by law.

1.8.3 Bribery

Section 171B in The Indian Penal Code defines Bribery as

(1) Whoever

(i) gives a gratification to any person with the object of inducing him or any other person to exercise any electoral right or of rewarding any person for having exercised any such right or

[p.27] (ii) accepts either for himself or for any other person any gratification as a reward for exercising any such right or for inducing or attempting to induce any other person to exercise any such right; commits the offence of bribery: Provided that a declaration of public policy or a promise of public action shall not be an offence under this section.

(2) A person who offers, or agrees to give, or offers or attempts to procure, a gratification shall be deemed to give a gratification.

(3) A person who obtains or agrees to accept or attempts to obtain a gratification shall be deemed to accept a gratification, and a person who accepts a gratification as a motive for doing what he does not intend to do, or as a reward for doing what he has not done, shall be deemed to have accepted the gratification as a reward.

In short, Bribe is an amount received by a public servant other than his legal remuneration for the performance of his official duties.

1.8.4 Misconduct

Misconduct is an act of violation of conduct rules of an Organization. To be construed in the light of the Company CDA Rules (applicable to executives) or Certified Standing Orders (applicable to each employees) as "Improper behaviour", "intentional wrong doing", "deliberate violation of rules or neglect of duty".

1.8.5. Misappropriation

A public servant (an Employee/Executive) who has appropriated property which does not belong to him for his own benefit or for the benefit of someone else for which it was not intended commits misappropriation. Here, an Employee/Executive has got a direct control over the money / property which has been entrusted to him/her and which he/she is holding as a trustee.

[p.89] 6.8 DEFINITION OF VIGILANCE ANGLE

As defined in the CVC Manual 2017, Vigilance angle is obvious in the following acts:

- (i) Demanding and / or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official.
- (ii) Obtaining valuable thing, without consideration or with inadequate consideration from a person with whom he has or is likely to have official dealings or his subordinates have official dealings or where he can exert influence.
- (iii) Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as a public servant.
- (iv) Possession of assets disproportionate to his known sources of income.
- (v) Cases of misappropriation, forgery or cheating or other similar criminal offences.

6.8.1 There are, however, other irregularities where circumstances will have to be weighed carefully to take a view whether the officer's integrity is in doubt. Gross or willful negligence; recklessness in decision making; blatant violations of systems and procedures; exercise of discretion in excess, where no ostensible public interest is evident; failure to keep the controlling authority / superiors informed of required transactions and issues in time; cause of undue loss or a concomitant gain to an individual or a set of individuals / a party or parties; these are some of the irregularities where the disciplinary authority with the help of the CVO should carefully study the case and weigh the circumstances to come to a conclusion whether there is reasonable ground to doubt the integrity of the officer concerned.

6.8.2 Any undue / unjustified delay in the disposal of a case, perceived after considering all relevant factors, would reinforce a conclusion as to the presence of vigilance angle in a case. (CVC Office Order No. 74/12/05 dated 21.12.2005)

[2] Code of Business Conduct and Ethics for Board Members and Senior Management (Document)

Accessed 07/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Revised_Codeofconduct_2016-24-03-2016.pdf

[p.2] 3.0 Applicability

3.1 This code shall be applicable to the following personnel:

- a) All Whole-time Directors including the Chairman & Managing Director of the Company.
- b) All Part-time Directors including Independent Directors under the provisions of law.
- c) Key Managerial Personnel (KMP)
- d) Senior Management

[p.3] 3.2 The Whole-time Directors, KMPs and Senior Management should continue to comply with other applicable/to be applicable policies, rules and procedures of the Company.

4. Contents of Code

[...]

This code is intended to serve as a basis for ethical decision-making in the conduct of professional work. It may also serve as a basis for judging the merit of a formal complaint pertaining to violation of professional ethical standards. It is understood that some words and phrases in the code of ethics and conduct document are subject to varying interpretations. In case of any conflict, the decision of the Board shall be final.

5.2.2 All Board Members, KMPs and Senior Management are expected to act in accordance with highest standards of personal and professional integrity, honesty and ethical conduct, while conducting business of the Company.

[p.4] 5.5.2 Work unstintingly for eradication of corruption in all spheres of life.

[3] BEL PRINCIPLES & POLICIES OF BUSINESS RESPONSIBILITY (Document)

Accessed 07/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=Business-Responsibility-Policy.pdf>

[p.1] BEL PRINCIPLES & POLICIES OF BUSINESS RESPONSIBILITY

1.0 Key Principles

1.1 The Company has adopted the following nine key principles of Business Responsibility, prescribed in the SEBI guidelines:

Principle 1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

[...]

2.0 Policies

2.1 Ethics, Transparency and Accountability

2.1.1 The Company believes in value based governance and practices. It is committed to maintain the highest standards of ethics in all spheres of its business activities. The Board of Directors and senior management have a responsibility to set exemplary standards of ethical behavior, both internally within the organization, as well as in their external relationships. Management shall constantly endeavor to inculcate this ethical behavior at all levels in the organization so that it becomes an essential part of the work culture among all BEL employees. Every employee of BEL shall conduct himself and deal on behalf of the company with professionalism, honesty and integrity, while conforming to high moral and ethical standards.

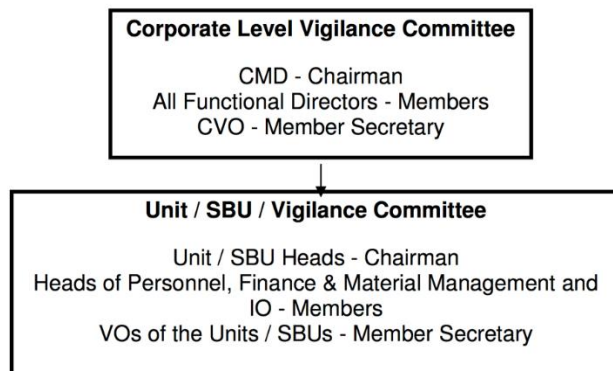
[p.2] 2.1.5 BEL employees shall not, directly or indirectly through their family and other connections, solicit or accept any personal fee, commission or other form of remuneration arising out of transactions involving the Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc. However, the Company and its employees may, with full disclosure, accept and offer gifts of nominal value, provided such gifts are customarily given and / or are of a commemorative nature.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
1
Comments
<p>There is evidence that a designated board committee – the Corporate Level Vigilance Committee – is ultimately responsible for oversight of the company's anti-bribery and corruption programme.</p> <p>However, the company receives a score of '1' because there is no clear evidence that this committee engages in formal oversight functions, such as reviewing reports from management or the results of internal and external audits.</p>
Evidence
<p>[4] Annual Report 2017-2018 (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.21] Vigilance The Company's Vigilance Organization is headed by Chief Vigilance Officer (CVO), an IAS Officer from Bihar cadre (1987 batch). 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 Office; where Chairman cum Managing Director is the Chairman of the Committee and the CVO is the Member Secretary.</p> <p>[1] Vigilance Manual- 2018 (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.21] 1.1 DIFFERENCE FACETS OF VIGILANCE Vigilance in the context of any organization would mean keeping a watchful eye on the activities of the officers and officials of the organization to ensure integrity of personnel in their official transactions. Vigilance, in other words, is to ensure clean and prompt administrative action toward achieving efficiency and effectiveness of the employees in particular and the organization in general. Lack of Vigilance leads to waste, losses and economic decline. Vigilance is thus, basically and admittedly a managerial function and, therefore, it is an integral part of duties of an executive. There is a set up of internal vigilance, in every department, and their primary responsibility is to ensure Purity, Integrity and Efficiency of the staff.</p> <p>[p.40] 2.5.5 PREVENTIVE VIGILANCE FUNCTIONS BY CVO The CVO is expected to take following measures on preventive vigilance side: - [...]</p> <p>[p.41] (xv) To scrutinise (a) Internal auditor's reports, (b) Statutory auditor's report (c) CAG audit report; scrutinise inspection reports;</p> <p>[p.42] 2.5.6 PUNITIVE VIGILANCE FUNCTIONS BY CVO The CVO is expected to scrutinise reports of Parliamentary Committees such as Estimates Committee, Public Accounts Committee and the Committee on Public Undertakings; audit reports; proceedings of both Houses of Parliament; Standing committee report for the Ministry, CAG audit report, Statutory auditor's report, internal audit reports, complaints and allegations appearing in the press; and to take appropriate action thereon.</p>

[p.44] (xxiii) To ensure that the CVO is invited and remains present at the time of review of vigilance work by the Board;

[p.48]

3.3 VIGILANCE COMMITTEES



[p.48]

3.4 CONSTITUTION AND FUNCTIONS OF VIGILANCE COMMITTEE OF UNIT / SBU

The Unit / SBU Vigilance Committee will be constituted as follows:

Unit / SBU Head	-	Chairman
Divisional Personnel Head	-	Member
Divisional Finance Head	-	Member
Divisional MM Head	-	Member
Investigation Officer	-	Member
Vigilance Officer	-	Member Secretary

[p.49] The Vigilance Committee constituted as above may co-opt any other senior Executive of the Unit / SBU as member of the committee on need basis when there is requirement of such member in the committee to discuss the vigilance matters pertaining to area of activity of such member.

3.4.1 Role and Functions of Vigilance Committees

1. The meeting of Vigilance Committee is to be held every month latest by 25th to deliberate on vigilance matters pertaining to the Unit / SBU. In the absence of the Chairman, the senior most Member of the Committee officiate as Chairman of the Committee. The Minutes of the meeting along with the Monthly Report of vigilance status is to be sent by the Member Secretary through Chairman Vigilance Committee to Corporate Vigilance so as to reach by 1st of next month.
2. The Vigilance Committee reviews the status of pending Investigation / Enquiry / Disciplinary Proceedings cases in the Unit / SBU and takes necessary action to ensure timely disposal of such cases. The Member Secretary puts before the Committee, the details of such pending cases and other vigilance matters requiring the attention of the Committee
3. The Vigilance Committee reviews the status of implementation of e-tendering/ e- procurement in the Unit / SBU and ensures that, CVC Guidelines / CMD / CVOs instructions on the subject is complied with to bring transparency in procurement and contracts.
4. The Vigilance Committee reviews the status of implementation of instructions contained in CVC / MoD / DPE Guidelines and CMD / CVO Circulars received from time to time on vigilance matters in the Unit / SBU. For this purpose, the Member Secretary puts up the list of such Guidelines and Circulars received every month and requiring / pending implementation.
5. The Vigilance Committee identifies the corruption prone / sensitive areas of the sections in the Unit / SBU and plan and implement rotation of Executives and Non-Executives working in corruption prone / sensitive

- areas for more than three years within the period of next one or two months. The Member Secretary puts up the list of such Executives and Non-Executives in the monthly meeting held in April every year and thereafter status of implementation of job rotation every month.
6. The Vigilance Committee reviews monthly, the system of surprise and regular inspection in the Unit / SBU and takes appropriate steps for its efficient working. The Vigilance Committee takes notice and also reviews the lapses observed during such surprise and regular inspection and takes appropriate actions. The Member Secretary puts up before the Committee, a brief on surprise / regular inspection conducted in the month highlighting the lapses found. He also puts up actions pending for implementation in earlier surprise / regular checks.
 7. The Vigilance Committee appoints sub-committee to scrutinise high value POs / Sub - contracts orders and reviews the status of implementation of actions and on lapses found by the sub - committee every month. As per the CMDs Orders, all POs / Contracts of more than Rs.1 crore are to be scrutinised compulsorily. The Member Secretary puts up list of such cases pending action before Committee every month.
 8. [p.50] The Vigilance Committee reviews the status of comments / replies and actions pending on CTE type Intensive Examination Reports and takes appropriate actions on timely compliance. The Member Secretary will put up list of such pending Paras and actions pending relating to such CTE Type Intensive Examination Reports.
 9. The Vigilance Committee facilitates study of system improvement taken by the Vigilance Officer on different areas at least once in three months and ensures implementation of measures recommended.
 10. The Vigilance Committee reviews the implementation of Corruption Risk Management Policy.
 11. The Vigilance Committee ensures that all Executives are put through Vigilance Awareness Programme at least once in 10 years. Besides, it also ensures that, Non-Executives who are functioning in sensitive areas are to be exposed to Vigilance Awareness Programme.
 12. The Vigilance Committee provides all logistics support and other facilities to VO / IO to facilitate efficient functioning of vigilance in the Unit / SBU.
 13. Any other task assigned by CMD / CVO.

[12] Corporate Vigilance (Webpage)

Accessed 07/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=27&CId=1240&LId=1&link=1240>

CORPORATE VIGILANCE

BHARAT ELECTRONICS LIMITED is a NAVRATNA PSU (under the Ministry of Defence, Government of India) established in the year 1954. BEL is engaged in the business of Defence Electronics empowering the Nation's Defence Forces and in other chosen areas of Professional Electronics.

BEL recognize the importance of Values and Ethics in Corporate Governance and understand that Vigilance is essentially a Management function.

Vigilance Department in BEL started its function during the year 2003. Through its various preventive vigilance activities, is striving to inculcate a culture of Transparency, Honesty and Integrity in the company. In this regard the company is following the Rules, Regulations, Guidelines, Policies, Acts and others Instructions issued by the following;

Central Vigilance Commission (CVC)
Ministry of Defence (MoD)
Department of Public Enterprises (DPE)
Department of Personnel & Training (DoPT)
Central Bureau of Investigation (CBI)
Other related Ministries and Departments

VIGILANCE SET-UP IN BEL:

Vigilance Department in BEL is headed by a Chief Vigilance Officer (CVO), who is assisted by ;

Corporate Level Vigilance Committee
Corporate Vigilance Department
Unit Level Vigilance Committee in each Unit / SBU's

CORPORATE LEVEL VIGILANCE COMMITTEE:

CMD - Chairman
All Functional Directors - Members

CVO - Member Secretary

CORPORATE VIGILANCE DEPARTMENT:

Head - Corporate Vigilance Department

Head - Anti Corruption & Preventive Vigilance Wing

Head - Investigation & Technical Wing

UNIT / SBU LEVEL VIGILANCE COMMITTEE:

Unit / SBU Heads – Chairman

Heads of Personnel, Finance & Material Management and Investigating

Officers – Members

Vigilance Officers of the Units / SBUs - Member Secretary

CVOS OF BEL

Shri Chandrashekar M Bhat, IPS - 2003 to 2008

Shri Syed Kabeer Ahmad, IRSME - 2008 to 2011

Dr M N Krishnamurthy, IPS - 2011 to 2013

Shri S Shiva Kumar, IAS - 2013 onwards

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
1
Comments
<p>Based on publicly available information, there is evidence that a managerial-level individual – the Chief Vigilance Officer – has been assigned ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. The Chief Vigilance Officer also serves as the Committee Secretary to the Corporate Level Vigilance Committee which provides oversight of the anti-bribery and corruption programme.</p> <p>However, the company receives a score of '1' because there is evidence to indicate that this individual is a senior executive.</p>
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.39] 2.5 CHIEF VIGILANCE OFFICERS</p> <p>2.5.1. Government of India appoints Chief Vigilance Officers in various Ministries/Departments / Central Public Sector Undertakings / Public Sector Banks / Public Sector Insurance Companies / Autonomous Bodies / Societies, etc. to carry out vigilance work. The primary responsibility for maintenance of efficiency, integrity and transparency in an Organisation vests in the Secretary of a Ministry or the Head of the Department, or the Chief Executive of Public Sector Enterprises including Public Sector Banks and Public Sector Insurance Companies. Such an authority is assisted by the Chief Vigilance Officer (CVO) in the discharge of vigilance functions. The CVO acts as an advisor to the Chief Executive and reports directly to him. He heads the Vigilance Division of the Organisation and provides a link between the Organisation and the Central Vigilance Commission as well as the Central Bureau of Investigation.</p> <p>2.5.2. (...) Furthermore, in order to be effective, a CVO should ordinarily be an outsider appointed for a fixed tenure on deputation terms as stipulated by Department of Personnel & Training. Chief Vigilance Officers in all Departments/Organisations are appointed after prior consultation with the Central Vigilance Commission and no person whose appointment in that capacity is objected to by the Commission may be so appointed. (DoPT OM No. 372/8/99-AVD. III dated 18.01.2001)</p> <p>2.5.3 ASSOCIATION OF CVO WITH OTHER ORGANISATIONAL MATTERS</p> <p>Participation in decision making or close association of CVO or the vigilance staff in such matters over which they might be required, at a later stage, to sit in judgment from vigilance point of view, should be avoided. Therefore, CVO and the vigilance functionaries should not be a party to decision-making processes, which are likely to have vigilance sensitivity, as this may result in conflict of interest. However, advice can be tendered on some policy matters especially those requiring implementation of preventive vigilance measures.</p> <p>[p.40] 2.5.4 DUTIES AND FUNCTIONS OF CVO</p> <p>A CVO heads the Vigilance Division of an Organisation and acts as an advisor to the Chief Executive in all matters pertaining to vigilance. He is also the nodal officer of the Organisation for interaction with CVC and CBI. Vigilance functions to be performed by the CVO are of wide sweep and include collecting intelligence about the corrupt practices committed, or likely to be committed by the employees of his Organisation; investigating or causing an investigation to be made into allegations reported to him; processing investigation reports for further consideration of the disciplinary authority concerned; referring the matters to the Commission for advice wherever necessary; taking steps to prevent improper practices and commission of misconducts, etc. Thus, the CVO's functions can broadly be divided into three categories, as under: -</p>

- (i) Preventive vigilance
- (ii) Punitive vigilance
- (iii) Surveillance and detection.

While 'punitive action' for commission of misconduct and other malpractices is certainly important, 'surveillance' and 'preventive measures' to be taken by the CVO are comparatively more important as these are likely to reduce the occurrence of vigilance cases. Thus, the role of CVO should be predominantly preventive.

[p.42] 2.5.6 PUNITIVE VIGILANCE FUNCTIONS BY CVO

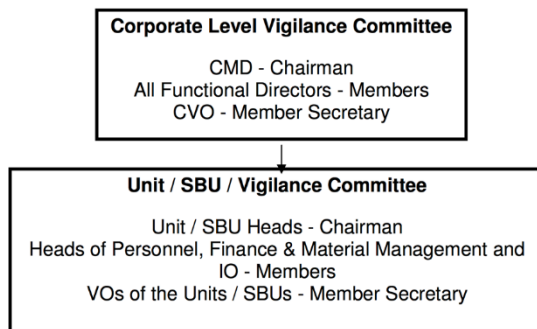
[...]

The CVO, inter-alia, is expected to take following action on the punitive vigilance aspects:

[p.44] [...] (xxiii) To ensure that the CVO is invited and remains present at the time of review of vigilance work by the Board;

[p.48]

3.3 VIGILANCE COMMITTEES



[5] CVO Profile (Document)

Accessed 07/08/2019

<http://www.bel-india.in/DocumentViews.aspx?fileName=cvo-english-26419.pdf>

[p.1] Mr Shrikant Walgad, IAS, Chief Vigilance Officer

Mr Shrikant Walgad, an IAS officer of the Haryana Cadre, took charge as the Chief Vigilance Officer (CVO) of Navratna Defence PSU Bharat Electronics Limited (BEL), on April 8, 2019. Mr Shrikant Walgad completed his BE in Electronics & Communications from the Karnataka Regional Engineering College (now NITK Surathkal), Mangalore University, in 1986.

He also holds a Post Graduate Degree in Public Policy and Management (PGPPM) from IIM-Bangalore.

On completion of his IAS training (1991 batch), Mr Shrikant Walgad was posted as Sub Divisional Magistrate of Ellenabad / Bhiwani, Haryana. He subsequently worked in various capacities, acquiring rich experience in district administration, law and order, rural and urban development and land revenue management while serving as Additional District Collector of Sirsa / Sonapat and Jhajjar, Haryana; and District Collector of Jhajjar and Bhiwani, Haryana, and Kodagu, Karnataka. As Registrar Magistrate of Maharshi Dayanand University, Rohtak, Haryana, he gained first-hand experience in the areas of higher education and human resource development. During his tenure as Joint Secretary, Haryana Sector, he handled general administration and personal management.

Mr Shrikant Walgad also served in different areas of Haryana Urban Development administration, like Urban Development, Rural Development, Election management, Housing and Environment.

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
Based on publicly available information, there is evidence that the company has a formal bribery and corruption risk assessment procedure that informs the design of the anti-bribery and corruption programme. The company indicates that results of risk assessments are reviewed by the board on at least an annual basis. There is also evidence that the results of these reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme.
Evidence
<p>[6] Corruption Risk Management Policy (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf</p> <p>[p. 3] CORRUPTION RISK MANAGEMENT POLICY OF BHARAT ELECTRONICS LIMITED</p> <p>1.0 INTRODUCTION:</p> <p>1.1 Bharat Electronics Limited (BEL), a premier Defence Public sector undertaking of the country, strives continuously to identify, evaluate, prioritize, mitigate and eradicate the existing as well as the potential risks related to the business of the Company.</p> <p>1.2 Risk is defined as the probability or threat of quantifiable damage, injury, liability, loss or any other negative occurrence that is caused by external or internal vulnerabilities and that may be avoided through pre-emptive action.</p> <p>1.3 Corruption risk is different from other types of risks. Corruption risk emanates because of greed, avariciousness and impropriety of the person in office in particular, and improper systems and procedures in the company, in general. If unchecked, it corrodes the vitals of the organisation.</p> <p>3.0 PURPOSE OF THE POLICY:</p> <p>3.1 Corruption is a special category of risk, The Corruption Risk Management Policy of BEL, determines the key principles and requirement aimed at preventing corruption and compliance of anti-corruption laws of India. BEL, believes in integrity, transparency and Accountability in all sphere of activities of Recruitment, Promotions, Marketing, Finance and Public Procurement processes, and has zero tolerance towards any form</p> <p>[p. 4] of corruption. BEL incorporates these Values into its Systems, Processes and procedures, which are well equipped to combat Corruption.</p> <p>[p.11] 7.0 CORRUPTION RISK ASSESSMENT</p> <p>7.1 The corruption risk is the possibility of the occurrence of an event resulting in corruption which would adversely affect the achievement of the objectives. The risk assessment is the process of assessing the likelihood of the event that may lead to corruption and its impact on the organization. The impact may be classified as serious, less serious and non-serious. Corruption risk assessment is a careful examination of which could lead to corruption. It is to assess corruption risk exposures within functional areas and develop mechanisms to mitigate against such risks.</p> <p>[p.15] 9.5 Periodicity of Corruption risk assessment: The effective Risk assessment to be performed periodically e.g. on annual basis. There also may be triggering events such as entry in to new markets, significant</p>

re organisations, mergers and acquisitions that will create opportunities for refreshing the risk assessment. Continually deploying the resources in the most effective manner requires a current and accurate understanding of the risks.

[p.16] 12.1 The Committee of Corruption risk management at Units/SBUs: Each Unit/SBU/CRL and Corporate Office shall have a Corruption Risk Management Committee (UCRM), the Role of this Committee is

- (1) to identify and update Unit Specific areas of Corruption risks,
- (2) to address the current status of corruption risk management in the Unit/SBU/CRL,
- (3) implement mitigation measures for the identified corruption risk,
- (4) Evaluate the effectiveness of the implemented mitigation measures,
- (5) Review the Corruption Risk management status periodically,
- (6) Report to Corporate Vigilance on the status of Corruption Risk Management in the Unit/SBU/CRL /CO for periodic reporting to CVC.
- (7) Collate data collected at various levels and recommend System improvement for the benefit of the Unit.
- (8) Periodically reporting to Standing Committee of Corruption Risk Management at Corporate Office on the status of implementation of Corruption Risk assessment and management in the Units/Offices.

[...]

12.4 The Corporate Standing Committee on Corruption risk management : A Standing Committee is formed at Corporate Office . The Role of this Committee is:

- [p. 17] (1) to identify, assess, prioritize and update the areas/processes involving corruption risks for the company as a whole.
- (2) to address the current status of corruption risk management in these areas /processes.
 - (3) Recommend mitigation measures for the identified risk.
 - (4) Recommend the implementation of corruption mitigation measures,
 - (5) Evaluate the effectiveness of the mitigation measures,
 - (6) Review the Corruption Risk management status across the Units periodically,
 - (7) Collate data collected at various levels and recommend System improvement for the benefit of the Company.
 - (8) Periodically report to Corporate Vigilance on the status of Corruption Risk Management in the Unit/SBU/CRL /CO for reporting to CVC, MoD etc.,
 - (9) Periodically report to Apex Committee, on the status of Corruption Risk Management in the Unit/SBU/CRL /CO for reporting to Board.

[p. 18] 12.9 The Corporate Standing Committee will meet once in every two months to review the status of implementation of Corruption Risk assessment and implementation across the Units/SBUs/Offices and report the status to Corporate Vigilance and the Apex Committee. The Apex Committee will make a half yearly review of implementation of the Policy across the Company and submit its report for a yearly review by Board.

Question	
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?	
Score	
0	
Comments	
<p>There is no evidence that the company's anti-bribery and corruption programme is subject to audit or review. The company indicates that some of its policies – including those covering anti-bribery and corruption controls – are reviewed periodically; however the frequency of these reviews is unclear and there is no evidence that the company's programme as a whole is reviewed regularly. There is also no evidence that high-level findings are presented to the board or that a designated team or individual has responsibility for updating the policies.</p>	
Evidence	
<p>[4] Annual Report 2017-2018 (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.79]</p>	
10	<p>Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?</p> <p>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.</p>

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
2
Comments
<p>There is evidence that the company publicly commits to investigating incidents promptly, independently and objectively and that the company takes steps to ensure the independence of its investigations. There is evidence that the company commits to reporting major investigative findings to senior management and the board. For whistleblowing cases, there is evidence of a procedure in place that stipulates documentation and actions to be taken at every step of the case, from the receipt to final outcome. The company also commits to inform whistleblowers of the outcome, if they so wish. There is also evidence to indicate that a senior central body receives and reviews summary of all incidents and their status in the organisation on an annual basis.</p>
Evidence
<p>[8] Complaints Handling Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Complaint%20Handling%20Policy%20-%202014.pdf [p.2] 2.4 Each complaint is addressed in an equitable, objective and unbiased manner in line with the Complaint Handling Policy.</p> <p>[p.3] 3.0 DEFINITION OF COMPLAINT: Receipt of information about corruption, malpractice or misconduct, from whatever source, would be termed as a complaint.</p> <p>[p.13] 19.0 PARALLEL INVESTIGATION BY HR DEPARTMENT :</p> <p>It is found that sometimes, parallel investigation and enquiries are conducted by Human Resources Department in respect of allegations of misconduct where vigilance angle may be involved. This amounts to duplication of work leading to confusion and discrepancy in reports and affects the proper investigation. Also sometimes vigilance department may not be aware of such investigation by Human Resources Department. To know the exact status of investigations of allegations involving vigilance angle, details of investigation cases and departmental enquiries pending in SBU/Unit, HR departments should furnish report to Corporate Vigilance every month in the format prescribed (as per the letter No.21326/19/06-07/CO-VIG Date: 13th September, 2006). Details should include pending cases and departmental enquiries covering the cases appropriation, theft, fraud and dishonesty in case of Company business or property, misuse / abuse of facilities given by the Company (like HRA, LTC, Interest Subsidy, Loan etc.), any illegal gratification, false statements made in application for appointment, forgery, falsification of records and other cases involving vigilance angle. However, investigation cases and departmental enquiries pending in respect of indiscipline cases, absenteeism, gambling, sleeping while on duty, proxy punching, insubordination, disobedience, habitual late attendance which are purely of indiscipline cases not involving vigilance angle should not be covered in the above report. [...]</p> <p>[7] Whistleblower Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf [p.2] 2.3 "Competent Authority" means the Chairman & Managing Director of the Company and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time.</p> <p>2.4 "Designated Authority" means the Director (HR) of BEL</p> <p>2.5 "Dedicated Officer" means the Officer (HR) of BEL who is authorised by the Designated Authority from time to time to receive the Complaints and for maintaining the records for such Complaints received under the Policy</p> <p>2.6 "Disciplinary Action" means any action that can be taken on completion of / during the investigation proceedings by the Competent Authority as he deems fit considering the gravity of the matter.</p> <p>2.7. "Disciplinary Authority" means the authority designated by the Competent authority to impose punishment and penalty under the Policy</p>

2.8. "Employee" means an Executive as defined in the BEL Conduct, Discipline and Appeal rules applicable to Executives and permanent workmen as defined in the applicable Standing Orders of different Units of BEL and includes the Officers and Employees on deputation to the Company.

[p.5] 8.0 PROCEDURE FOR HANDLING WHISTLE BLOWER COMPLAINTS:

8.1 The 'Designated Authority' shall authorize an Officer (HR) not below the level of Manager for receiving complaints under the Policy.

8.2 All envelopes super-scribed with 'Complaint under Whistle Blower Policy' will be opened by the Officer, so authorized, in the presence of the 'Designated Authority'.

8.3 The identity of the complainant would be confirmed by the designated officer by writing a letter to him/her. The format of the letter is at Annexure-I.

[p.6] 8.4. After the identity is confirmed, both, 'Designated Authority' and the Designated Officer, will ensure that the identity of the complainant is removed from the body of the complaint through the process of "masking" and the dummy complaint is given a number along with central registry diary number with which the original complaint can be traced back.

8.5. The original complaint would be kept in the safe custody of the Designated Authority. The custody of the Complaint with the documents will remain with the Designated Authority and at no time that complaint can be accessed without proper authority from the 'Designated Authority'.

8.6. The dummy complaint so made would be submitted to the 'Designated Officer' who would take the decision whether the matter requires to be looked into further and report is to be called in the matter, from any quarters. Separate files may be opened for each complaint

8.7. In cases of Complaints relating to administrative matters like recruitment, promotion, transfers and other related issues, the same will be brought to the notice of the Competent authority or to such Officer authorised by him for taking appropriate action.

8.8. In such cases where a decision has been taken by the Designated Authority to call for a report, a maximum time limit of 2 weeks may be given. In case no reply is received within two weeks, a reminder should be sent at the level of the Designated Authority. If no reply is received, the second reminder after 2 weeks should be sent. If no reply is received even after this time limit, the "Designated Authority" may call for an explanation and recommend administrative action for deliberate delay.

8.9. On receipt of the report, the designated officer will put up the matter to the 'Designated Authority'. If the Designated authority, decides that investigation is required on the said disclosure, he shall give necessary direction for investigation into the complaint by Investigating Officer or by a team of Investigation Officers and seek an investigation report within two weeks.

8.10 The Investigators or Dedicated Officer would submit the investigation report along with the recommendation to the Designated authority, within two months from the date of receipt of reference by the Designated authority for further action.

8.11 In the case of Protected Disclosure received directly by the Designated authority against a Board-level appointee, alone or with others, the same may be forwarded to Chairman, Audit Committee, for taking appropriate action.

8.12. The "Designated Authority" shall ensure that no punitive action is taken by any concerned Administrative authority against any person on perceived reasons/suspicion of being "Whistle Blower".

[p.7] 8.13 If the Designated Authority, if after conducting an inquiry, is of the opinion that there are no sufficient grounds for proceeding with the inquiry, it shall close the complaint.

8.14 After receipt of the Investigation report if the Designated Authority is of the opinion that the report reveals either willful misuse of power or willful misuse of discretion or substantiates allegations of corruption, it shall recommend to the Disciplinary authority to take any one or more of the following measures, namely:—

- i. initiating proceedings against the concerned Officer/Employee;
- ii. taking appropriate steps for recovering the loss caused to the Company as a result of the corrupt practice or misuse of office or misuse of discretion, as the case may be;
- iii. recommend to the appropriate authority for initiation of criminal proceedings under the relevant laws for the time being in force, if so warranted by the facts and circumstances of the case;
- iv. recommend for taking of corrective measures;

- v. take any other measures not falling under clauses (i) to (iv) which may be necessary for the purpose of this Policy.
- vi. refer any case as he deems appropriate to CVO (Chief Vigilance Officer), for necessary action in the implementation of Whistle Blower Mechanism.

8.15 The Designated Officer should maintain a separate list for the complaints received under the 'Whistle Blower Mechanism' and enter the information in the computer system and monitor their progress periodically and put up the same to the 'Designated Authority' every 2 weeks.

9.0 ACTION BY DISCIPLINARY AUTHORITY

9.1 The Disciplinary authority to whom a recommendation is made, shall take a decision on such recommendation within three months of receipt of such recommendation, or within such extended period not exceeding three months, as the Designated Authority may allow on a request made by the Disciplinary authority:

9.2 In case the Disciplinary Authority does not agree with the recommendation of the Designated Authority, it shall record the reasons for such disagreement.

9.3 The Designated Authority shall, after making an inquiry, inform the Whistle Blower about the action taken on the disclosure and the final outcome thereof:

9.4 In case, where, after making an inquiry the Designated Authority decides to close the case, it shall, before passing the order for closure of the case, provide an opportunity of being heard to the complainant, if the complainant so desires.

[p.10] 17.0. REPORT

A quarterly status report on the total number of complaints received during the period, with summary of the findings and the corrective actions taken will be sent to ...

[p.11] ... the Designated Authority by the Designated Officer. The Designated authority will submit a quarterly report of the number of cases received under the Whistle Blower Mechanism with details of the major cases investigated to the Competent Authority

[p.13] PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES

1. How should a Disclosure be made and to whom?

A Disclosure should be made in writing. Letters can be submitted by hand-delivery, courier or by post addressed to the Whistle Officer appointed by the Company. Emails can be sent to the email id: whistleblower@bel.co.in

2. Is there any specific format for submitting the Disclosure?

While there is no specific format for submitting a Disclosure, the following details MUST be mentioned:

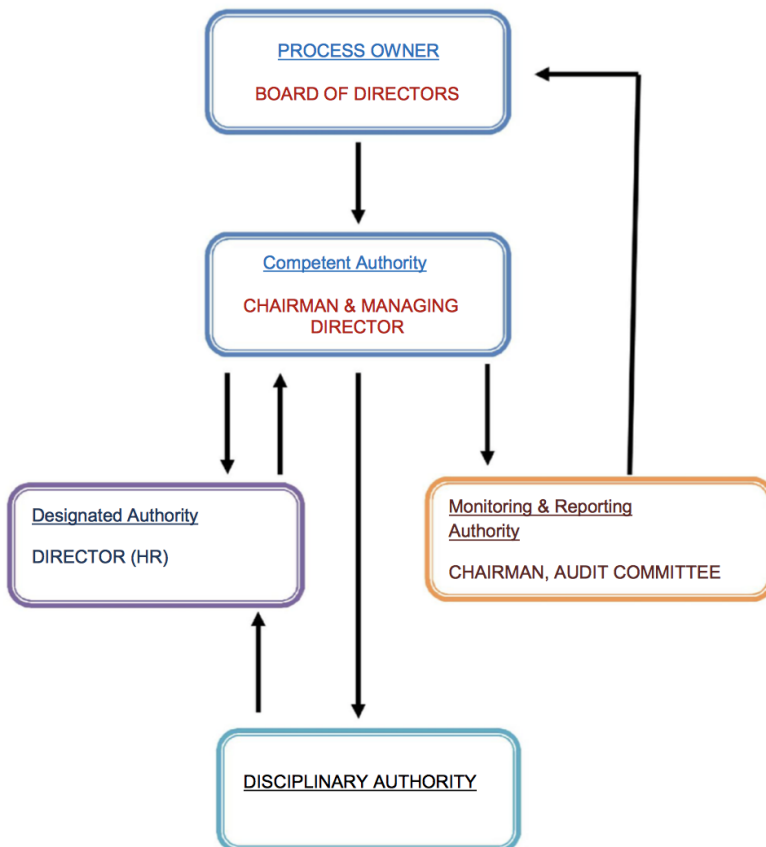
- a) Name, address and contact details of the Whistleblower (add Employee ID if the Whistleblower is an employee).
- b) Brief description of the Malpractice, giving the names of those alleged to have committed or about to commit a Malpractice. Specific details such as time and place of occurrence are also important.
- c) In case of letters, the disclosure should be sealed in an envelope marked "Whistle Blower" and addressed to the Director (HR) (Designated Authority) depending on position of the person against whom disclosure is made.

3. What will happen after the Disclosure is submitted?

- a) The Designated Officer shall acknowledge receipt of the Disclosure as soon as practical (preferably within 07 days of receipt of a Disclosure), to the address, where the Whistleblower has provided his/her contact details.
- b) The Designated Authority will proceed to determine whether the allegations made in the Disclosure constitute a Malpractice. If the Designated Authority determines that the allegations do not constitute a Malpractice, he/she will record this finding with reasons and communicate the same to the Whistleblower.
- c) If the Designated Authority determines that the allegations constitute a Malpractice, he/she will proceed to investigate the Disclosure as he/she deems necessary. If the alleged Malpractice is required by law to be dealt with under any other mechanism, the Designated Authority shall refer the Disclosure to the appropriate authority under such mandated mechanism and seek a report on the findings from such authority.

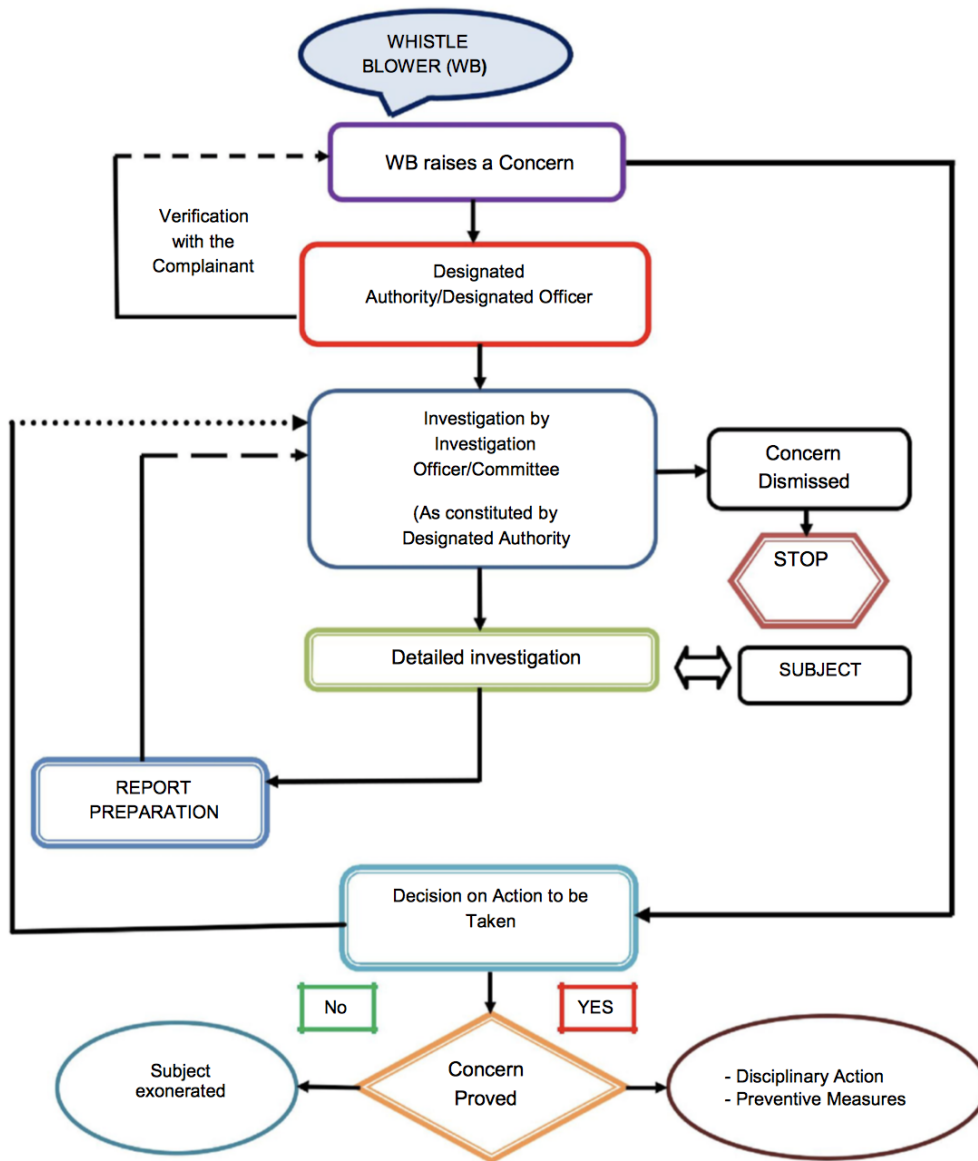
- d) "SUBJECTS" will normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.
- e) The investigation may involve study of documents and personal enquiry/hearing with various individuals. Any person required to provide documents, access to systems and other information by the Investigating Officer for
- f) [p.14] the purpose of such investigation shall do so. Individuals with whom the Investigation Officer summons for a personal enquiry and hearing for the purposes of such investigation shall make themselves available for such enquiry/hearing within such reasonable times as decided by the Investigating Officer and shall provide the necessary cooperation for such purpose.
- g) If the Malpractice constitutes a criminal offence, the designated authority will bring it to the notice of the Competent Authority for taking appropriate action including reporting the matter to the police.
- h) The Investigating Office/Investigating Team shall conduct such investigations in a timely manner and shall submit a written report containing the findings and recommendations to the Designated Authority Officer as soon as practically possible and in any case, not later than 90 days from the date of receipt of the Disclosure. The Designated authority may allow additional time for submission of the report based on the circumstances of the case.
 - i. Whilst it may be difficult for the Designated Officer to keep the Whistleblower regularly updated on the progress of the investigations, he/she will keep the Whistleblower informed of the result of the investigations and its recommendations subject to any obligations of confidentiality.
 - ii. The Designated Authority will ensure action on the recommendations of the Investigating Officer and keep the Whistleblower informed of the same. Though no timeframe is being specified for such action, the Company will endeavour to act as quickly as possible in cases of proved Malpractice.

[p.15] WHISTLEBLOWER DISCLOSURES/COMPLAINTS
PROCESS MANAGEMENT



[p.16]

PROCESS MAP



Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>There is evidence that the company assures itself of the quality of its internal investigations regarding both incident investigations and whistleblowing cases. There is also evidence that the company reviews its whistleblowing mechanism on an annual basis.</p> <p>However, the company receives a score of '1' because there is no clear evidence that staff responsible for conducting investigations are properly trained or qualified. In addition, the company does not provide any information to indicate how complaints about the investigation are handled or who is responsible for handling such complaints.</p>
Evidence
<p>[8] Complaints Handling Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Complaint%20Handling%20Policy%20-%202014.pdf [p.3] 3.0 DEFINITION OF COMPLAINT: Receipt of information about corruption, malpractice or misconduct, from whatever source, would be termed as a complaint.</p> <p>[p.9] 15.0 INVESTIGATION OF COMPLAINTS: 15.1 Investigation can be done by IO or any other officer considered suitable in the particular circumstances of the case; e.g. it may be advisable to entrust the conduct of the preliminary enquiry to a technical officer if it involves examination and appreciation of technical data or documents. Similarly, the administrative authority may entrust the investigation to an officer of sufficiently higher status if the employee/ executives complained against is of a senior rank.</p> <p>[7] Whistleblower Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf [p.11] 18.0 REVIEW OF FUNCTIONING OF THE WHISTLE BLOWER MECHANISM As mandated under Section 177 (9) of the Companies Act, DPE guidelines and the SEBI Listing Regulations 2015, the Chairman, Audit Committee shall review and oversee the Vigil mechanism, established through implementation of this Policy and placed his annual report before the Board of Directors.</p>

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>There is evidence that the company makes a clear commitment to report material findings of corruption from investigations to the board. The company states that the 'Competent Authority' (the Chairman and Managing Director) is ultimately responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if found necessary.</p>
Evidence
<p>[7] Whistleblower Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf [p.2] 2.3 "Competent Authority" means the Chairman & Managing Director of the Company and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time.</p> <p>2.4 "Designated Authority" means the Director (HR) of BEL</p> <p>[p.9] 11.5 For the purpose of making discreet inquiry or obtaining information from the organisation concerned, the Designated Authority, with the approval of the Competent authority, shall be authorised to take assistance of CBI, Special Police Establishment or the police authorities, or any other authority as may be considered necessary, to render all assistance to complete the inquiry within the prescribed time pursuant to the disclosure received by the Designated Authority.</p> <p>[p.10] 17.0. REPORT</p> <p>A quarterly status report on the total number of complaints received during the period, with summary of the findings and the corrective actions taken will be sent to</p> <p>[p.11] the Designated Authority by the Designated Officer. The Designated authority will submit a quarterly report of the number of cases received under the Whistle Blower Mechanism with details of the major cases investigated to the Competent Authority</p> <p>[p.14] (f) If the Malpractice constitutes a criminal offence, the designated authority will bring it to the notice of the Competent Authority for taking appropriate action including reporting the matter to the police.</p> <p>[8] Complaints Handling Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Complaint%20Handling%20Policy%20-%202014.pdf [p.12] 18.5 CVO will forward the investigation report to the disciplinary authority, along with his own recommendations, for appropriate decision. 18.6 Then the disciplinary authority will proceed to make a departmental enquiry. The decision, whether departmental action should be taken against a employee/ executive concerned should be decided by the authority competent to award appropriate penalty specified in the BEL CDA Rules. In respect of vigilance cases, the Disciplinary Authority should seek CVO's advice before imposing proposed penalty.</p>

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is some evidence that the company publishes information about complaints in relation to vigilance matters. However, the company receives a score of '0' because there is no evidence that the company publishes any data on ethical or bribery and corruption investigations or disciplinary actions involving its employees.
Evidence
<p>[4] Annual Report 2017-2018 (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.21] During the year 1158 Purchase Orders/Contracts have been reviewed. CTE Type intensive examination has been restructured with the formation of 5 IE teams. CTE Type of Intensive Examination of 66 High value Procurements Contracts has been taken up during the year. Regular and Surprise checks and Inspections have also been conducted by the field Vigilance Officers. During the year, 54 Complaints, including the Complaints referred by CVC/MOD/CBI were received. A total of 56 Complaints and 5 Complaints referred by CVC/MOD/CBI were disposed. Disciplinary action and System / Process Improvement has been recommended in some cases where lapses were observed. Two Complaints each are pending with CBI, Ghaziabad and Bengaluru for detailed investigation.</p>

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
1
Comments
Based on publicly available information, there is evidence that the company provides vigilance training for all employees. However, the company receives a score of '1' because there is no clear evidence that this training covers anti-bribery and corruption, and the company also does not provide further information on how frequently employees are required to undertake this training.
Evidence
<p>[10] Training (Webpage) Accessed 08/08/2019 http://www.bel-india.in/ContentPage.aspx?MId=27&CId=363&LId=1&link=363 TRAINING</p> <p>Vigilance Awareness Training for all the employees of BEL conducted regularly. Domestic Enquiry Training for Deputy Managers and above conducted regularly. Special Training on Process of Complaint Handling for both VO's & IO's on need basis. Special Training on Vigilance Activities for all VO's on need basis. Special Training on Investigation Process for all IO's on need basis.</p> <p>TRAINING PROGRAMME BY MOD</p> <p>Bharat Electronics Limited (BEL) hosted a two day training programme organized by the Ministry of Defence (MoD) for Vigilance Officers of Defence Public Sector Undertakings (DPSUs), Ordnance Factory Board (OFB), Directorate General of Quality Assurance (DGQA) and Directorate General of Aeronautical Quality Assurance (DGAQA) at Bangalore Complex on September 5 and 6, 2014.</p> <p>THE TRAINING PROGRAMME COVERED VARIOUS TOPICS LIKE :</p> <p>Role of the CBI and its co-ordination with the Vigilance Department Overview of the vigilance organization CTE type of inspection Investigation of complaints, writing of investigation reports, framing of charge memo and dealing with disciplinary cases.</p> <p>[6] Corruption Risk Management Policy (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf <p>[p.41] RECOMMENDED STEPS TO FACILITATE ANTI CORRUPTION MEASURES</p> <p>[...]</p> <p>[p.42] (3) Informing officers and employees</p> <p>[...]</p> <p>(b) Train officers and employees in Corruption prevention and Reporting.</p> </p>

[1] Vigilance Manual- 2018 (Document)

Accessed 08/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf

[p.45] 11. The Vigilance Committee ensures that all Executives are put through Vigilance Awareness Programme at least once in 10 years. Besides, it also ensures that, Non-Executives who are functioning in sensitive areas are to be exposed to Vigilance Awareness Programme.

[p.52] 3.6.2. AGM (VIGILANCE) / CO

[...]

[p.53] 11. Put up nominations of Executives for external training / seminars / meetings relating to vigilance and disciplinary proceedings and maintain record of trained Executives.

[...]

3.6.3 Sr.DGM (Vigilance)/Corporate Vigilance

[...]

7.Co ordinate Training programs at Corporate level in co ordination with AGM(Vigilance).

[6] Corruption Risk Management Policy (Document)

Accessed 08/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf>

[p.11] CORRUPTION RISK ASSESSMENT

[...]

7.4 Identify the risks

An enterprise would identify corruption risk factors in the various processes and activities. Identification of

[p.12] Various business processes within the Company, which are exposed to corruption risks, what type of transactions and arrangements with members of the Company and third parties could result in creating corruption risks. And what locations where we do business, pose a greater corruption risk than others? There are many different ways for an enterprise to collect relevant data on the Corruption risk areas. These can include:

[...] 13. Training and awareness program of employees

[4] Annual Report 2017-2018 (Document)

Accessed 08/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.21] During the year, 115 Probationary Engineers at the induction level, 1582 Executives and 629 Non Executives were given basic awareness program on Vigilance. Apart from this, 76 Senior Executives were given Customised Training Program on Vigilance, Cyber Crimes and Preventive Vigilance measures. 77 Executives & 54 Non Executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 100%.

[p.22] Vigilance setup in BEL has been continuously endeavoring to bring transparency, fairness and equity in all transactions and processes of the company through creating a sense of awareness on System and Procedures through awareness campaign and training program. Some of the key activities that have been carried out during the year are :

[...]

iii) 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.

iv) Training Programs and Workshop on subjects like “Disciplinary Proceedings and framing of Charge Sheet”, “Probity in Public Procurement, Integrity Pact & Cyber Security”, “Cyber Security for the Corporate”, “Arbitration and Alternate dispute resolution” were organized to increase the competency levels of executives who are performing these functions across the Company.

[28] Quality Policy and Objectives (Webpage)

Accessed 08/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=27&CId=4191&LId=1&link=4191>

[...]

QUALITY OBJECTIVES

In line with the Quality Policy of the department, the Quality Objectives have been derived. Some of them pertain to departmental level, while some are applicable at the Corporate level. Achievement of departmental level objectives will also contribute towards Corporate level objectives.

A. CORPORATE VIGILANCE

Training of all the vigilance fraternity across the organisation.

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
1
Comments
<p>Based on publicly available information, there is some evidence that employees in certain positions receive different or tailored anti-bribery and corruption training. However, the company receives a score of '1' because it does not make specific reference to all three categories of employee referred to in the question. There is also no evidence that training for employees in high risk positions is refreshed on at least an annual basis.</p>
Evidence
<p>[10] Training (Webpage) Accessed 08/08/2019 http://www.bel-india.in/ContentPage.aspx?MId=27&CId=363&LId=1&link=363 TRAINING</p> <ul style="list-style-type: none"> • Vigilance Awareness Training for all the employees of BEL conducted regularly. • Domestic Enquiry Training for Deputy Managers and above conducted regularly. • Special Training on Process of Complaint Handling for both VO's & IO's on need basis. • Special Training on Vigilance Activities for all VO's on need basis. • Special Training on Investigation Process for all IO's on need basis. <p>[1] Vigilance Manual- 2018 (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.45] 11. The Vigilance Committee ensures that all Executives are put through Vigilance Awareness Programme at least once in 10 years. Besides, it also ensures that, Non-Executives who are functioning in sensitive areas are to be exposed to Vigilance Awareness Programme.</p> <p>[4] Annual Report 2017-2018 (Document) Accessed 08/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.21] During the year, 115 Probationary Engineers at the induction level, 1582 Executives and 629 Non Executives were given basic awareness program on Vigilance. Apart from this, 76 Senior Executives were given Customised Training Program on Vigilance, Cyber Crimes and Preventive Vigilance measures. 77 Executives & 54 Non Executives working in sensitive areas for more than 3 years have been job rotated and the percentage coverage is 100%.</p>

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
There is no publicly available evidence that the company measures or reviews the efficacy of its anti-corruption communications or training programme.
Evidence
No evidence found.

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no publicly available evidence that the company's incentive schemes incorporate ethical or anti-bribery and corruption principles.
Evidence
No evidence found.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
<p>There is no evidence that the company commits to protect and support any employee who refuses to act unethically, including in cases where such actions may result in a loss of business or another disadvantage to the company. There is some evidence that the company accepts business loss arisen as a consequence of a bona-fide commercial/operational decision, however this doesn't specifically relate to anti-bribery and corruption or supporting employees to do the right thing.</p>
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.89] 6.8.4 It would be quite unfair to use the benefit of hind-sight to question the technical merits of a managerial decision from the vigilance point of view. At the same time, it would be unfair to ignore motivated or reckless decisions, which have caused damage to the interests of the organisation.</p> <p>[p.90] Therefore, a distinction has to be made between a business loss which has arisen as a consequence of a bona-fide commercial / operational decision, and an extraordinary loss which has occurred due to any malafide, motivated or reckless performance of duties. While the former has to be accepted as a normal part of business and ignored from the vigilance point of view, the latter has to be viewed adversely and dealt with under the extant disciplinary procedures.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>There is evidence that the company promotes a clear policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents which explicitly applies to all employees across the organisation, including those employed by the group as third parties and suppliers. This is understood to also apply to employees of joint ventures, although they are not specifically mentioned in the list of stakeholders.</p> <p>The company receives a score of '1' because there is no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data or other clearly stated means.</p>
Evidence
<p>[7] Whistleblower Policy (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf [p.3] 3.0 SCOPE Various stakeholders of the Company are eligible to make Protected Disclosures under the Policy. These stakeholders may fall into any of the following broad categories: 1. Employees of the Company. Directors of the Company 2. Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location. 3. Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company 4. Customers of the Company 5. Any other person having an association with the Company 6. A person belonging to any of the above mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.</p> <p>[p.6] 8.12. The "Designated Authority" shall ensure that no punitive action is taken by any concerned Administrative authority against any person on perceived reasons/suspicion of being "Whistle Blower".</p> <p>[p.9] 13.0 ACCOUNTABILITIES OF WHISTLEBLOWERS</p> <p>[...]</p> <p>[p.10] f) A whistleblower has the right to protection from retaliation. But this does not extend to immunity for involvement in the matters that are the subject of the allegations and investigation.</p> <p>[8] Complaints Handling Policy (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Complaint%20Handling%20Policy%20-%202014.pdf [p.3] 5.0 SOURCE OF INFORMATION AND COMPLAINTS: 5.1 A Complaint includes all types of information containing allegations of Misconduct against Public Servants, the sources can be classified as mentioned below: i. Complaints received from employees of the organization. ii. Complaints received from vendors/suppliers, customers or from the public. iii. Departmental inspection reports and stock verification surveys. iv) Scrutiny of annual property statements. v) Scrutiny of transactions reported under the Conduct Rules. vi) Reports of irregularities in accounts detected in the routine audit of accounts; e.g., tampering with records, over-payments, misappropriation of money or materials etc. vii) Audit reports on Government accounts and other corporate bodies etc. viii) Reports of Parliamentary Committees like the Estimates Committee, Public Accounts Committee and the Committee on Public Undertakings.</p>

- ix) Proceedings of two Houses of Parliament.
- x) Complaints and allegations appearing in the press etc.
- xi) Source information, if received verbally from an identifiable source, to be reduced in writing and
- xii) Intelligence gathered by agencies like CBI, local bodies etc.

In addition, the Chief Vigilance Officer concerned may also devise and adopt such methods as considered appropriate and fruitful in the context of nature of work handled in the organization, for collecting intelligence about any malpractice and misconduct among the employees.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has some whistleblowing and advice channels which are confidential. The company states that these channels are available to all employees in any country of operation and to any employees of third parties, suppliers and joint venture partners.</p> <p>However, the company receives a score of '1' because there is no evidence that it offers externally operated reporting channels and there is no clear evidence that the channels are available in multiple relevant languages.</p>
Evidence
<p>[11] Online Complaint (Webpage) Accessed 09/08/2019 http://www.bel-india.in/VigilanceComplaint.aspx?Mid=27</p> <div> <div>COMPLAINTS</div> <div> <div>ONLINE COMPLAINT</div> <div>E-MAIL COMPLAINT</div> <div>POSTAL COMPLAINT</div> </div> <div> <p>» As per the Government of India's resolution on "Public Interest Disclosure and Protection of Informers (PIDPI)", the identity of the complainant is kept secret and is protected from victimization for making such complaints.</p> <p>» Anonymous / pseudonymous complaints will not be considered.</p> <p>» The complaint should be specific, brief and factual with verifiable details. It should be supported by documentary evidence wherever possible. Complaint with irrelevant, vague, absurd or generalized allegations will be disposed at the discretion of the Chief Vigilance Officer (CVO).</p> <p>» New User / Complainant should register by clicking the link provided below. Once registered, you are allowed to make the complaint by duly filling the fields displayed in the Complaint Form.</p> <p>» After submitting your complaint, system generated unique number will be displayed. Please note down the same and you should use only this number, in future, to know the status pertaining to the complaint.</p> <p>» You can view the status of your complaint (whether Accepted or Disposed), only after completing 3 Weeks from the date of complaint. Further, after the complaint is accepted by the office, the status of the same can be viewed only after completing 6 Weeks from the date of complaint.</p> <p>» BEL Vigilance department has full right to Accept / Dispose any complaint as per the CVC guidelines.</p> </div> <div> <div>REGISTER NEW COMPLAINT</div> <div>COMPLAINT REGISTRATION</div> </div> </div> <div> <div>ONLINE COMPLAINT</div> <div>E-MAIL COMPLAINT</div> <div>POSTAL COMPLAINT</div> </div> <div> <p>» As per the Government of India's resolution on "Public Interest Disclosure and Protection of Informers (PIDPI)", the identity of the complainant is kept secret and is protected from victimization for making such complaints.</p> <p>» The complainant should disclose his / her identity by giving required Information asked for.</p> <p>» Anonymous / pseudonymous complaints will not be considered.</p> <p>» The complaint should be specific, brief and factual with verifiable details. It should be supported by documentary evidence wherever possible.</p> <p>» Complaint with irrelevant, vague, absurd or generalized allegations will be disposed at the discretion of the Chief Vigilance Officer (CVO).</p> <p>» BEL Vigilance department has full right to Accept / Dispose any complaint as per the CVC guidelines.</p> <p>Send e-mail complaint to: cvo@bel.co.in , cvocs@bel.co.in</p> </div>

ONLINE COMPLAINT E-MAIL COMPLAINT **POSTAL COMPLAINT**

- As per the Government of India's resolution on "Public Interest Disclosure and Protection of Informers (PIDPI)", the identity of the complainant is kept secret and is protected from victimization for making such complaints.
- The complainant should disclose his / her identity by giving name, address and contact phone / cell number, e-Mail ID.
- Anonymous / pseudonymous complaints will not be considered.
- The complaint should be sent in a sealed cover. **The complaint should be specific, brief and factual with verifiable details.** It should be supported by documentary evidence wherever possible. Complaint with irrelevant, vague, absurd or generalized allegations will be disposed at the discretion of the Chief Vigilance Officer (CVO).
- No correspondence shall be entertained on the subject after lodging the complaint, unless required by the office. However, if any fresh facts are available with the complainant, he / she may communicate the same.
- In case it is found that the complaint was false / motivated and lodged with a view to harass the officials, suitable action will be taken against such complainant in accordance with the law.
- BEL Vigilance department has full right to Accept / Dispose any complaint as per the CVC guidelines.

Post your Complaint to the following Address :

Chief Vigilance Officer
Bharat Electronics Limited
Registered & Corporate Office
Outer Ring Road, Nagavara
Bangalore – 560 045.

[7] Whistleblower Policy (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf

[p.1] BEL is committed to developing a culture where it is safe for any Whistle Blower to raise concerns about any poor or unacceptable practice and any event of misconduct.

[p.3] 3.0 SCOPE

Various stakeholders of the Company are eligible to make Protected Disclosures under the Policy. These stakeholders may fall into any of the following broad categories:

1. Employees of the Company. Directors of the Company
2. Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location.
3. Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company
4. Customers of the Company
5. Any other person having an association with the Company
6. A person belonging to any of the above mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.

[p.9] 13.0 ACCOUNTABILITIES OF WHISTLEBLOWERS

a) Bring to early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern. Delay in reporting may lead to loss of evidence and also financial loss for the Company.

b) Avoid anonymity when raising a concern

[p.13] PROCEDURE FOR REPORTING & DEALING WITH DISCLOSURES

1. How should a Disclosure be made and to whom?

A Disclosure should be made in writing. Letters can be submitted by hand-delivery, courier or by post addressed to the Whistle Officer appointed by the Company. Emails can be sent to the email id: whistleblower@bel.co.in

[8] Complaints Handling Policy (Document)

Accessed 09/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=Complaint%20Handling%20Policy%20-%202014.pdf>

[p.3] 3.0 DEFINITION OF COMPLAINT: Receipt of information about corruption, malpractice or misconduct, from whatever source, would be termed as a complaint.

[p.4] 7.0 LODGING OF COMPLAINT:

7.1 Complaint can be lodged by addressing the letter / e-mail directly to the CVO at the address indicated in the Standard Notice Boards displayed in the reception of the Units / Offices and also to Vigilance Head of the respective Unit / Region giving specific facts of the matter. The complaint can also be lodged directly on the BEL website (www.bel-india.com) / CVC website. (www.cvc.nic.in)

[p.5] 7.2 The Vigilance Department deals mainly with matters related to corruption and/or where there is a Vigilance Angle. Only those complaints which contain allegations of corruption / indicate presence of Vigilance Angle will be addressed. Complaints must contain factual details verifiable facts and related matters. They should not be vague or contain sweeping allegations. Complaints which do not meet the above criteria may be filed or dropped.

[p.6] Whistle Blower Complaint: [otherwise known as Public Interest Disclosure and Protection of Informers (PIDPI)].

CVC is the designated agency for receiving PIDPI complaints. Such complaints should be made to the CVC in the manner prescribed by the Commission. Complaints under PIDPI can be made only by post. These are the complaints wherein the identity of the complainant is kept confidential and the CVC forwards only the details of the complaint as "Source Complaint". The identity of the complaint is not revealed so as to ensure that the complainant is not victimised. The envelope should be super scribed "PIDPI" or "Whistle Blower". The complainant should refrain from giving his name on the body of the letter. The personal details should be given separately or given at the top or at the end of the letter so that they can be easily blocked out.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>There is publicly available evidence that the company has policies covering conflicts of interest, which include actual and potential conflicts and apply to all employees and board members. There is evidence that the policies cover possible conflicts relating to employee relationships, financial interests and other employment. However, the company receives a score of '1' because there is no evidence that its policies address government relationships.</p>
Evidence
<p>[3] BEL PRINCIPLES & POLICIES OF BUSINESS RESPONSIBILITY (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Business-Responsibility-Policy.pdf</p> <p>[p.2] 2.1.4 Employees at all levels shall put National interest, Public interest and the Company's interest above personal interest while discharging his / her duties and responsibilities and avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a potential conflict with the interest of the Company. Illustrative cases of conflict of interest are:</p> <ul style="list-style-type: none"> - Related Party Transactions: Entering into any transactions or relationship with the Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated). - Outside Directorship: Accepting Directorship on the Board of any other Company that competes with the business of the Company. - Consultancy/Business/Employment: Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards the Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the Company. - Use of Official position for personal gains: Should not use their official position for personal gains. <p>[6] Corruption Risk Management Policy (Document) Accessed 07/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf</p> <p>[p.20] 14.4 In BEL, Policies are exists to establish minimum standards of conduct and controls to enforce the Company's values, especially in specific corruption risk areas like conflicts of interest or the receipt of gifts and benefits.</p> <p>[p.25] 15.4 Recruitment and selection: The principle that positions are filled on the basis of merit is fundamental to the recruitment and selection of employees in BEL. To ensure that the best person is selected, accurate information about the skills, training and qualifications of applicants should be available to Management before going for the actual selection of candidates. The fundamental principle in recruitment is;</p> <p>[...]</p> <p>-It is essential that favouritism, nepotism, and other conflicts of interest should not influence recruitment and selection processes.</p> <p>[p.38] 15.12 Conflicts of interest</p>

A conflict of interest occurs when the private interests of the executive/employee come into conflict with their duty to act in the public interest. Conflicts of interest are particularly relevant where the executive/employee has a decision-making role.

Corruption Risk	Strategies to mitigate Corruption risks
<ul style="list-style-type: none"> An executive/employee not disclosing a private interest and favouring that interest when making decisions. An executive/employee carrying 	<ul style="list-style-type: none"> Including information on processes for managing conflicts of interest in documents aimed at external

[p.39]

<p>out his/her function/duties in such a way as to benefit a business interest, property interest or prevent that interest from being adversely affected.</p> <ul style="list-style-type: none"> An executive/employee carrying out his/her function/duties in such a way as to benefit a relative, close associate or secondary employer or prevent adverse outcomes. An executive/employee carrying out his/her function/duties in such a way as to benefit a future employer or potential future employer or prevent them from being adversely affected. An executive/employee carrying out his/her function/duties in such a way as to adversely affect a person or group that they dislike or are prejudiced against. 	<p>stakeholders</p> <ul style="list-style-type: none"> Ensuring employees complete a statement of private interests (such as secondary employment, business dealings, property, shares) on commencement, annually or at another appropriate time. Putting processes in place to ensure that statements of interest are updated at regular intervals. Formally recording arrangements for addressing each conflict so that the company can demonstrate how each conflict of interest was managed.
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[1] Vigilance Manual- 2018 (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf

[p.40] 2.5.5 PREVENTIVE VIGILANCE FUNCTIONS BY CVO

The CVO is expected to take following measures on preventive vigilance side: -

[...]

[p.41] (xiii) To ensure prompt observance of Conduct rules relating to integrity, covering (i) statements of assets and acquisitions (ii) gifts (iii) relatives employed in private firms or doing private business (iv) to scrutinise immovable property returns of at least 20% executive employees every year and (v) keep an eye on benami transactions;

[13] Related Party Transactions Policy (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Revised%20RPT_Final.pdf

[p.1] 1. INTRODUCTION

Bharat Electronics Limited (the "Company") recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests.

The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this Revised Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors ("the Board") in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

[2] Code of Business Conduct and Ethics for Board Members and Senior Management (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Revised_Codeofconduct_2016-24-03-2016.pdf

[p.7] 7.2 As Board Members

[...]

7.2.2 Undertake that without prior approval of the disinterested members of the Board, they will avoid apparent conflict of interest. Conflict of interest may exist when they have personal interest that may have a

[p.8] potential conflict with the interest of the Company. Illustrative cases can be:

- Related Party Transactions: Entering into any transactions or relationship with Company or its subsidiaries in which they have a financial or other personal interest (either directly or indirectly such as through a family member or relation or other person or other organization with which they are associated).
- Outside Directorship: Accepting Directorship on the Board of any other Company that competes with the business of the Company.
- Consultancy/Business/Employment: Engaging in any activity (be it in the nature of providing consultancy service, carrying on business, accepting employment) which is likely to interfere or conflict with their duties/ responsibilities towards Company. They should not invest or associate themselves in any other manner with any supplier, service provider or customer of the company.
- Use of Official position for personal gains: Should not use their official position for personal gains.

Question									
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?									
Score									
0									
Comments									
There is some evidence that the company has procedures to manage conflicts of interest, including disciplinary actions for breaches of the policy. However, these procedures are sufficiently unclear that they do not satisfy the requirements of score '1'.									
Evidence									
<p>[6] Corruption Risk Management Policy (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf</p> <p>[p.38] 15.12 Conflicts of interest A conflict of interest occurs when the private interests of the executive/employee come into conflict with their duty to act in the public interest. Conflicts of interest are particularly relevant where the executive/employee has a decision-making role.</p> <table border="1"> <thead> <tr> <th>Corruption Risk</th><th>Strategies to mitigate Corruption risks</th></tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> An executive/employee not disclosing a private interest and favouring that interest when making decisions. An executive/employee carrying </td><td> <ul style="list-style-type: none"> Including information on processes for managing conflicts of interest in documents aimed at external </td></tr> </tbody> </table> <p>[p.39]</p> <table border="1"> <thead> <tr> <th>Corruption risk</th><th>Strategies to mitigate Corruption risks</th></tr> </thead> <tbody> <tr> <td> <p>out his/her function/duties in such a way as to benefit a business interest, property interest or prevent that interest from being adversely affected.</p> <ul style="list-style-type: none"> An executive/employee carrying out his/her function/duties in such a way as to benefit a relative, close associate or secondary employer or prevent adverse outcomes. An executive/employee carrying out his/her function/duties in such a way as to benefit a future employer or potential future employer or prevent them from being adversely affected. An executive/employee carrying out his/her function/duties in such a way as to adversely affect a person or group that they dislike or are prejudiced against. </td><td> <p>stakeholders</p> <ul style="list-style-type: none"> Ensuring employees complete a statement of private interests (such as secondary employment, business dealings, property, shares) on commencement, annually or at another appropriate time. Putting processes in place to ensure that statements of interest are updated at regular intervals. Formally recording arrangements for addressing each conflict so that the company can demonstrate how each conflict of interest was managed. </td></tr> </tbody> </table>		Corruption Risk	Strategies to mitigate Corruption risks	<ul style="list-style-type: none"> An executive/employee not disclosing a private interest and favouring that interest when making decisions. An executive/employee carrying 	<ul style="list-style-type: none"> Including information on processes for managing conflicts of interest in documents aimed at external 	Corruption risk	Strategies to mitigate Corruption risks	<p>out his/her function/duties in such a way as to benefit a business interest, property interest or prevent that interest from being adversely affected.</p> <ul style="list-style-type: none"> An executive/employee carrying out his/her function/duties in such a way as to benefit a relative, close associate or secondary employer or prevent adverse outcomes. An executive/employee carrying out his/her function/duties in such a way as to benefit a future employer or potential future employer or prevent them from being adversely affected. An executive/employee carrying out his/her function/duties in such a way as to adversely affect a person or group that they dislike or are prejudiced against. 	<p>stakeholders</p> <ul style="list-style-type: none"> Ensuring employees complete a statement of private interests (such as secondary employment, business dealings, property, shares) on commencement, annually or at another appropriate time. Putting processes in place to ensure that statements of interest are updated at regular intervals. Formally recording arrangements for addressing each conflict so that the company can demonstrate how each conflict of interest was managed.
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[p.48] (9) Disciplining officers or employees

Officers and employees who have engaged in corrupt activity during the course of their employment should be appropriately dealt with by the company. Disciplinary action would range from a warning for a minor offence to dismissal for a serious offence.

[2] Code of Business Conduct and Ethics for Board Members and Senior Management (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Revised_Codeofconduct_2016-24-03-2016.pdf

[p.9] 7.4.3 Treat violations of this code as inconsistent association with the organization

Adherence of professionals to a code of ethics is largely and generally a voluntary matter. However, if any of Board Members, KMPs and Senior Management does not follow this Code, the matter would be reviewed by the Board and its decision shall be final. The Company reserves the right to take appropriate action against the defaulter.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
There is no evidence that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company reports details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
The company publishes a clear statement that it does not make any political contributions under any circumstances to any party, candidate or campaign.
Evidence
<p>[3] BEL PRINCIPLES & POLICIES OF BUSINESS RESPONSIBILITY (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Business-Responsibility-Policy.pdf</p> <p>[p.2] 2.1.6 The Company is committed to and supports the constitution and governance systems of the country. It shall not support any specific political party or candidate for political office. The Company's conduct shall preclude any activity that could be interpreted as mutual dependence / favour with any political body or person, and shall not offer or give any Company funds or property as donations to any political party, candidate or campaign.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
The company publishes a clear statement that it does not make any political contributions, and is therefore exempt from scoring on this question.
Evidence
N/A

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
0
Comments
There is no evidence that the company has a policy or procedure covering charitable donations and sponsorships. There is some publicly available evidence that the company undertakes CSR activities and aims to ensure that they are conducted in an ethical manner, however this information is insufficiently detailed to receive a score of '1'.
Evidence
<p>[4] Annual Report 2017-2018 (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.86] 4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?</p> <p>During the year 2017-18, an amount of ` 3,431.77 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 3 report on CSR activities.</p> <p>[14] CSR and Sustainability Policy (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=CSR%20SD%20POLICY%2004-07-2017.pdf [p.1]</p> <p>2.3 BEL is committed to its stakeholders to conduct CSR & SD activities in an economically, socially and environmentally sustainable manner that is transparent and ethical.</p>

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
There is no publicly available evidence that the company has a policy or procedure on lobbying.
Evidence
No evidence found.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no publicly available evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no evidence that the company publishes any details about its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on the giving and receipt of gifts. The company's Code of Business Conduct and Ethics for Board Members and Senior Management specifies a financial limit for gifts for special events.</p> <p>However, the company receives a score of '1' because its policy does not address the risks associated with gifts and hospitality given to/received from domestic or foreign public officials. In addition, there is no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated central register that is accessible to those responsible for oversight of the process.</p>
Evidence
<p>[6] Corruption Risk Management Policy (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf [p.5] 5.2 An individual may incur criminal liability even where: [...]</p> <p>[p.6] (7) The bribe or fraudulent activity did not involve money, but instead involved the provision of a non-cash advantage, a future contract, gift of jewellery or gift of other kind, entertainment, facilitations etc.</p> <p>[p.20] 14.4 In BEL, Policies are exists to establish minimum standards of conduct and controls to enforce the Company's values, especially in specific corruption risk areas like conflicts of interest or the receipt of gifts and benefits.</p> <p>[1] Vigilance Manual- 2018 (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.40] 2.5.5 PREVENTIVE VIGILANCE FUNCTIONS BY CVO</p> <p>The CVO is expected to take following measures on preventive vigilance side: - [...]</p> <p>[p.41] (xiii) To ensure prompt observance of Conduct rules relating to integrity, covering (i) statements of assets and acquisitions (ii) gifts (iii) relatives employed in private firms or doing private business (iv) to scrutinise immovable property returns of at least 20% executive employees every year and (v) keep an eye on benami transactions;</p> <p>[3] BEL PRINCIPLES & POLICIES OF BUSINESS RESPONSIBILITY (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Business-Responsibility-Policy.pdf [p.2] 2.1.5 BEL employees shall not, directly or indirectly through their family and other connections, solicit or accept any personal fee, commission or other form of remuneration arising out of transactions involving the Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc. However, the Company and its employees may, with full disclosure, accept and offer gifts of nominal value, provided such gifts are customarily given and / or are of a commemorative nature.</p>

[2] Code of Business Conduct and Ethics for Board Members and Senior Management (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Revised_Codeofconduct_2016-24-03-2016.pdf

[p.6] 6.7 Be upright and avoid any inducements

The Board Members, KMPs and Senior Management shall not, directly or indirectly through their family and other connections, solicit any personal fee, commission or other form of remuneration arising out of transactions involving Company. This includes gifts or other benefits of significant value, which might be extended at times, to influence business for the organization or awarding a contract to an agency, etc. Nominal gifts of commemorative nature, for special events may be accepted and acceptance of such gifts in value exceeding Rs.1000/- individually, to be reported to the Board.

[4] Annual Report 2017-2018 (Document)

Accessed 09/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.94] Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities? Yes, based on our verification, proper records are maintained for the inventories lying with third parties and we were informed that no assets were received as gift from Government or other authorities.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company's procurement department is involved, in some capacity, in the establishment of supplier relationships.</p> <p>However, the company receives a score of '1' because it is not clear that the procurement department is the main body responsible for oversight of the company's supplier base; for instance there is also evidence to show that the company's Vigilance Department provides some oversight over these processes. Furthermore, there is no evidence that the company assures itself of the procurement department's involvement at least every three years. While evidence of the use of Integrity Pacts for large value contracts has been noted, these are not explicitly related to the question.</p>
Evidence
<p>[32] Purchase Procedure 2016 (Document) Accessed 09/08/2019 http://www.bel-india.in/DocumentViews.aspx?fileName=Purchase%20Procedure_Complete_10-09-201620161021152640561.pdf [p.109] CHAPTER 16 16 CODE OF ETHICS OF PURCHASING 16.1 In all their dealings and transactions, the personnel of the Purchase Departments shall conduct themselves in an exemplary manner in keeping with the best interest, dignity and tradition of the Company and their profession. In this connection, the 'Code of Conduct & Ethics' adopted by the Indian Institute of Materials Management, which is reproduced below, shall serve to guide their actions.</p> <p>[4] Annual Report 2017-2018 (Document) Accessed 09/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.21] Vigilance [...]</p> <p>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.</p> <p>[p.22] Integrity Pact One of the initiatives of the Central Vigilance Commission (CVC) to eradicate corruption in procurement activity is introduction of the Integrity Pact in large value contracts in Government Organizations. In line with the directives from Ministry of Defence and the Central Vigilance Commission, your Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ` 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 and further reduced to ` 400 Lakhs from September 2016, subsequently it was further reduced to ` 300 Lakhs from September 2017.</p> <p>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.</p>

As recommended by the CVC, the Company has appointed Mr M D Paliath, IDAS (Retd) and Mr Shankar Narayan,

[p.23] Dy CAG (Retd) for monitoring implementation of Integrity Pact in the Company. During the financial year 2017-18 the IEMs reviewed 294 contracts and held structured meetings with the Chairman & Managing Director.

[p.78] Besides, the standard terms & conditions in the purchase order clearly specifies conformance to safety and environment. The company also has introduced e-Procurement, e-Payment to vendors, Integrity Pact 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, and Delivery & Performance. To summarize, majority (more than 60%) of the vendors available in the AVD conform to key principles of Business Responsibility.

[12] Corporate Vigilance (Webpage)

Accessed 07/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=27&CId=1240&LId=1&link=1240>

CORPORATE VIGILANCE

BHARAT ELECTRONICS LIMITED is a NAVRATNA PSU (under the Ministry of Defence, Government of India) established in the year 1954. BEL is engaged in the business of Defence Electronics empowering the Nation's Defence Forces and in other chosen areas of Professional Electronics.

BEL recognize the importance of Values and Ethics in Corporate Governance and understand that Vigilance is essentially a Management function.

Vigilance Department in BEL started its function during the year 2003. Through its various preventive vigilance activities, is striving to inculcate a culture of Transparency, Honesty and Integrity in the company. In this regard the company is following the Rules, Regulations, Guidelines, Policies, Acts and others Instructions issued by the following;

Central Vigilance Commission (CVC)
Ministry of Defence (MoD)
Department of Public Enterprises (DPE)
Department of Personnel & Training (DoPT)
Central Bureau of Investigation (CBI)
Other related Ministries and Departments

[1] Vigilance Manual- 2018 (Document)

Accessed 09/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf

[p.54] 3.6.5. Vigilance officer/s - Preventive and Disciplinary Action Wing in Corporate Office

[...]

[p.55] 11. Review of Purchase Orders/Works Contract covered under the Integrity Pact and submit a detailed report with regard to compliance of Procedures under IP, Procurement procedures and CVC/MoD guidelines on Procurement.

[p.216] INTEGRITY PACT

Integrity Pacts are a tool for preventing corruption in public contracting. They are essentially an agreement between the government agency offering a contract (the "contracting authority") and the companies bidding for it (the "bidders") that they will abstain from bribery, collusion, extortion and other corrupt practices for the extent of the contract. To ensure accountability, Integrity Pacts also include a monitoring system typically led by civil society organisations.

Integrity Pacts have been around since the 1990s, and have been applied in more than 15 countries and 300 separate situations. They help save taxpayer funds, ensure that projects and public works are delivered efficiently, and stave off avenues for illicit gain. Beyond the individual impact on the contracting process in question, Integrity

Pacts also intend to create confidence and trust in the public decision-making, a more hospitable investment climate and public support for the government's own procurement, privatisation and licensing programmes.

Integrity Pacts can be used in a wide variety of situations. They can be used for:

- Construction contracts,
- Supply contracts,
- Engineering, architectural or other consultants contracts,
- State permits, licenses or concessions, or for government-regulated services (such as telecommunications, water supply or rubbish collection services),
- State asset privatisation programme,
- Other services delivery contracts.

Whenever possible, the Integrity Pact should cover all the activities related to the contract from the identification of a need for procurement, the designing of the tender, the pre- selection of bidders, the bidding and contracting proper, through the implementation, to its completion and operation.

In the preparatory phase of the procedure (from the identification of a need for procurement up to the moment of publishing a call for tenders) the contracting authority and the monitor constitute the parties of the Integrity Pact. In the bidding phase, the Integrity Pact is joined by the bidders, the persons making an offer for carrying out the task that the procurement is aimed at. In the third, closing phase, which is the implementation of the contract signed by the winner of the public procurement procedure, only the successful bidder, the contracting authority and the monitor take part.

Donors and investors as well as sub-contractors of the bidders can also join the Integrity Pact.

The monitor follows closely all stages of the procedure and the implementation of the contract, and signals the eventual unlawful components to the parties. Within his duties is also the preparation of regular reports on the transparency and fairness of the process, which are made publicly available.

[p.217] An Integrity Pact is signed for a particular project between the contracting authority undertaking the project, the monitor and the bidders. The major elements are:

- (i) An undertaking by the contracting authority that its officials will not demand or accept any bribes, gifts or payments of any kind and maintain appropriate disciplinary, civil or criminal sanctions in case of violation.
- (ii) A statement by each bidder that it has not paid, and will not pay, any bribes in order to obtain or retain the contract.
- (iii) An undertaking by each bidder to disclose all payments made in connection with the contract in question to anybody.
- (iv) The explicit acceptance by each bidder that the commitments and obligations remain in force for the winning bidder until the contract has been fully executed.
- (v) Bidders must have a company code of conduct and a compliance programme for the implementation of the code of conduct throughout the company.
- (vi) A set of sanctions for any violation by a bidder of its statements or undertakings, such as: - Denial or loss of contract - Forfeiture of the bid or performance bond or other security - Liability for damages to the contracting authority and the competing bidders - Debarment of the violator by the contracting authority for an appropriate period of time
- (vii) An independent external expert monitor, who has wide-reaching rights and functions.

The cost of implementing an Integrity Pact may vary depending on the implementation arrangements, the activities included in the process and the complexity of bidding procedures. Whatever the case, experience has shown that they remain a very small percentage of the project costs and can be covered by different sources:

- The authority's own resources,
- Contributions from donors or project financiers,
- Bidders' fees,
- A combination of the above.

Integrity Pacts increase transparency and accountability, enhance trust in authorities and government contracting, contributes to a good reputation of government agencies, brings cost savings and improves competition through better procurement.

Integrity Pacts are essentially contracts establishing the rights and obligations of all the parties to a public contracting process. They are very simple, flexible and adaptable:

- They can be implemented within the regular authority of contracting officials and bodies,
- They allow the implementation of desirable standards without the need for additional legal reform,
- They can be applied to a wide variety and size of public contracts.

[p.218] 1. PRIMARY OBJECTIVES OF IP

IP is intended to accomplish the following primary objectives:

- (a) To enable companies to abstain from bribing by providing assurances to them that :-
 - (i) Their competitors will also refrain from bribing
 - (ii) Government procurement, privatization or licensing agencies will undertake to prevent corruption including extortion, by their officials and to follow transparent procedures and
- (b) To enable governments to reduce high cost and the distortionary impact of corruption on public procurement, privatization or licensing. Beyond the individual contract in question, the IP is of course also intended to create confidence and trust in the public decision making process, procurement, privatization and licensing programmes.

2. OPERATION OF IP

- (i) IP covers all the activities relating to the contract from pre-qualification of bidder, bidding and contracting proper, implementation, completion and operation.
- (ii) IP will cover planning, design, construction, installation or operation of the assets by the authority, the issuing by the Authority of licenses and concessions, as well as the corresponding services such as consulting services and similar technical, financial and administrative support.
- (iii) IP begins when the bidder submits Expression of Interest or purchases the bid document. It ends after the execution of the contract when payments have been made to the satisfaction of the contracting authority.

3. EFFECTS OF IP

- (i) It helps Governments, businesses and civil society which are prepared to fight corruption in the field of public contracting – both for procurement and works.
- (ii) It enhances public trust in government contracting.

(iii) It improves the credibility of government procedures and administration.

(iv) It achieves maximum transparency all along various steps leading to the contract and throughout the implementation which calls for extensive and easy access to the relevant information.

The IP programme offers preventive way to supplement existing methods and make the total effort more effectively in reducing corruption.

[p.219] 4. POTENTIAL BENEFITS OF IP

(i) It would help in speeding up and streamlining the contract management process.

(ii) It would lower the cost of procurement and works.

(iii) It reduces harassment faced by honest officials.

5. BENEFITS TO THE CONTRACTORS/SUPPLIERS

Contractors and suppliers are also benefited by implementation of IP as it makes processes more efficient and reduces the business cost.

6. KEY FEATURES OF IP

(i) The Commitments and obligations of the Principal (the concerned PSU/Govt agency)

(ii) The Commitments and obligations of the counter party (i.e. the bidder, contractors, suppliers of goods and services)

7. COMMITMENTS AND OBLIGATIONS OF PRINCIPAL

(i) The Principal will commit to have ethical and corruption-free business dealings with counter parties.

(ii) The Principal will value its relationship with all counter parties and will deal with them in a fair and transparent manner.

(iii) The Principal and/or its associates (employees, agents, consultants, advisors etc) will not seek any favour, undue benefit or accept bribes for themselves or for third parties.

(iv) Will deal with all counterparties with equity, reasonableness and fairness.

(v) Will exclude all associates who may be prejudiced or have a conflict of interest in dealings with counter parties.

(vi) Will honour its commitments and make payments in a time bound manner.

(vii) Will initiate action and pursue it vigorously whenever corruption or unethical behavior comes to notice.

[p.220] 8. COMMITMENTS AND OBLIGATIONS OF COUNTER PARTY

(i) Counterparty directly or indirectly (through agent, consultant, advisor etc) will not pay any bribe or extend illegal benefit or provide undue advantage to any one dealing with the Principal.

(ii) The counterparty will not engage in collusion, price-fixing etc. with other counterparties in dealing with the principal.

(iii) The counterparty will not pass to any third party any information unless authorized by the principal.

(iv) The counterparty will disclose all commissions and similar expenses paid by them to anybody in connection with the contract.

(v) The counterparty will promote and observe best ethical practices within its organization.

(vi) The counterparty will not make any false statement or allegation against the principal.

(vii) The counterparty will inform the IEM :

-If it receives demand for a bribe or illegal payment/benefit/favour.

-If it comes to know of any unethical or illegal practice of the principal. Of all payments if makes to the associates of the principal.

9. VIOLATIONS AND CONSEQUENCES

(i) If a counter party commits any violation of the IP it may lose bid security and performance bond. In addition the Principal may terminate any current contract and business relationship with such counterparties and their associates.

(ii) The Principal would ban the business and exclude the counterparty from future dealings until the EIM is satisfied that the counterparty will not commit any violation in future.

(iii) The counterparty will be liable to damages as determined by the IEM

(iv) The Principal may initiate criminal proceedings against violating counterparties.

10. INDEPENDENT EXTERNAL MONITORS

(i) The Principal in consultation with CVC will appoint an IEM to oversee IP program implementation and effectiveness.

[15] Integrity Pact and IEMS (Webpage)

Accessed 09/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=27&CId=4195&LId=1&link=4195>

Integrity Pact (IP) is an important tool of preventive vigilance which is aimed at preventing corruption and ensuring integrity in public procurement. The Central Vigilance Commission is the nodal authority for the implementation of Integrity Pact in India. It addresses not only bribery, but also other corrupt practices such as collusion and bid-rigging. IP is a written agreement between the Government / Government Department / Government Company, etc and all the bidders agreeing to refrain themselves from bribery, collusion, etc. If the written agreement is violated, the pact describes the sanctions that shall apply. These include:-

- Loss or denial of contract
- Forfeiture of the bid or performance bond
- Liability for damages
- Exclusion from bidding on future contracts (debarment)
- Criminal or disciplinary action.

Integrity Pact has a monitoring system which provides for independent oversight. The Central Vigilance Commission nominates Independent External Monitors (IEMs) to monitor implementation of Integrity Pact.

Thus, IP in its present form has three players:

- The Principal or the Company / Department
- The Vendor
- The Independent External Monitor (IEM)

In order to ensure transparency, equity and competitiveness in public procurement, the Commission has been recommending adoption of Integrity Pact (IP) and implementation by Government organisations. CVC through its Office Order No.41/12/07 dated 04.12.2007 and No. 43/12/07dated 28.12.2007 as well as Circular and No.24/08/08

dated 05.08.2008, recommended adoption of Integrity Pact by all the organisations and provided basic guidelines for its implementation in respect of major procurements in Government Organisations. A Standard Operating Procedure (SOP) was issued by the Commission vide Office Order No.10/5/09 dated 18.05.2009.

ADOPTION OF INTEGRITY PACT–STANDARD OPERATING PROCEDURE; INDEPENDENT EXTERNAL MONITOR

The Commission appointed a Committee in December 2015, under the Chairmanship of Shri P. Shankar, the former Central Vigilance Commissioner, to review the entire scheme of Integrity Pact. After considering the report of the Committee, the Commission has issued a revised Standard Operating Procedure for adoption of Integrity Pact in Government Departments / Organisations vide Circular No. 02/01/2017 dated 13.01.2017. The salient points are as under:

The Pact essentially envisages an agreement between the prospective vendors / bidders and the buyer, 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 buyer, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

Promise on the part of the Principal not to seek or accept any benefit, which is not legally available

Principal to treat all bidders with equity and reason

Promise on the part of bidders not to offer any benefit to the employees of the Principal not available legally.

Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.

Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under PC Act or IPC.

Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign Principals or associates;

Bidders to disclose the payments to be made by them to agents / brokers or any other intermediary;

Bidders to disclose any transgressions with any other company that may impinge on the anti-corruption principle.

Integrity Pact, in respect of a particular contract, would be operative from the date IP is signed by both the parties till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

IMPLEMENTATION PROCEDURE

As stated in Department of Expenditure O.M. dated 20.07.2011, Ministries / Departments may, in consultation with the respective Financial Advisor and with the approval of the Minister-in-Charge, decide on and lay down the nature of procurements / contracts and the threshold value above which the Integrity Pact would be used in respect of procurement transactions / contracts concluded by them or their attached / sub-ordinate offices.

The above provision is also applied for procurements made by autonomous bodies for which also the concerned administrative Ministry / Department may lay down the nature of procurements / contracts and the threshold value above which the Integrity Pact would be used.

The provision for the Integrity Pact is to be included in all Requests for Proposal / Tender documents issued in future in respect of the procurements / contracts that meet the criteria decided in terms of subpara (a) and (b) above.

Tenders should specify that IEMs have been appointed by the Commission. In all tenders, particulars of all IEMs should be mentioned instead of nominating a single IEM in the tender as far as possible.

The purchase / procurement wing of the organisation would be the focal point for the implementation of IP.

The Vigilance Department would be responsible for review, enforcement, and reporting on all related vigilance issues.

It has to be ensured, through an appropriate provision in the contract, that IP is deemed as part of the contract so that the parties concerned are bound by its provisions.

IP would be implemented through a panel of Independent External Monitors (IEMs), appointed by the organisation. The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.2

Periodical Vendors' meets, as a familiarization and confidence building measure, would be desirable for a wider and realistic compliance of the principles of IP.

A clause should be included in the IP that a person signing IP shall not approach the Courts while representing the matters to IEMs and he / she will await their decision in the matter.

In case of sub-contracting, the principal contractor shall take the responsibility of the adoption of IP by the sub-contractor.

Information relating to procurements / contracts covered under IP and its progress / status would need to be shared with the IEMs on monthly basis.

The final responsibility for implementation of IP vests with the CMD / CEO of the organisation.

ROLE AND DUTIES OF IEMS

The IEMs would have access to all contract documents, whenever required.

It would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organisation on a quarterly basis including an annual meeting to discuss / review the information on tenders awarded during the previous quarter. Additional sittings, however, can be held as per requirement.

The IEMs would examine all complaints received by them and give their recommendations / views to the Chief Executive of the organisation, at the earliest. They may also send their report directly to the CVO and the Commission, in case of suspicion of serious irregularities requiring legal / administrative action. IEMs are expected to tender their advice on the complaints within 10 days as far as possible.

For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs jointly as far as possible, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management.

IEM should examine the process integrity. They are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging malafide on the part of any officer of the organisation should be looked into by the CVO of the concerned organisation.

The role of IEMs is advisory, would not be legally binding and it is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organisation.

Issues like warranty / guarantee, etc. should be outside the purview of IEMs.

All IEMs should sign non-disclosure agreements with the organisation in which they are appointed. They would also be required to sign a declaration of absence of conflict of interest.

A person acting as an IEM shall not be debarred from taking up other assignments such as consultancy with other organisations or agencies subject to declaring that his / her additional assignment does not involve any conflict of interest with existing assignment. In case of any conflict of interest arising at a later date from an entity wherein he is or has been a consultant, the IEM should inform the CEO and recuse himself / herself from that case.

All organisations may provide secretarial assistance to IEM for rendering his / her job as IEM.

In case of any misconduct by an IEM, the CMD / CEO should bring it to the notice of the Commission detailing the specific misconduct for appropriate action at the Commission's end.

The role of the CVO of the organisation shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him / her or directed to him / her by the Commission.

CONTACT DETAILS OF IEMS OF BEL ARE AS FOLLOWS:-

Shri. Girish Chandra Chaturvedi, IAS (Retd)
P-2, Gaurav Adikari Society, Plot No. C-58/6
Sector- 62, Noida – 201 309
Email: gcchaturvedi@gmail.com

Shri. Suresh N. Patel
A-2, Aalay Apartments,
Opp. Pushparaj Towers, Judges Bungalow Road,
Bodakdev, Ahmedabad, Gujarat – 380054
Email: suresh.natwarlal.patel@gmail.com

[16] Adoption of Integrity Pact for Orders / Contracts of value ^ ` 5 Crores & above (Document)

Accessed 09/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=Integrity%20Pact.pdf>

[p.2] 1.0 Background:

1.01 The Central Vigilance Commission has been promoting integrity, transparency, equity and competitiveness in Government/PSU transactions. Public procurement is a major area of concern for the Central Vigilance Commission and various steps have been taken to put proper systems in place. In this context, the Commission has, recommended adoption of Integrity Pact in respect of major procurements in the Government

Organizations and PSUs. MoD, Govt. of India, has also given similar directives to PSUs to adopt Integrity Pact with its vendors/suppliers.

1.02 In line with directives from Central Vigilance Commission/ MoD, it is decided to adopt Integrity Pact with all vendors / suppliers / contractors / service providers for orders / contracts of value ^ ` 5 Crores and above.

2.0 Integrity Pact:

2.01 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. In other words, entering into this Pact is a preliminary qualification.

2.02 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.

3.0 Standard Operating Procedure

3.01 Integrity Pact has to be signed with bidders/contractors in case estimated value of each Purchase Order/Contract exceeds ^ ` 5 Crores. Against the subject RFP/Enquiry/NIT, the bidder would be required to sign and submit the Integrity Pact along with his bid.

(^ Substituted vide Office Order No. HO/865/004 dtd. 13.05.2014)

3.02 IP would be included in the NIT/RFQ/Enquiry. Draft IP is placed at Appendix A.

3.03 IP is to be signed by the bidder and submitted along with the bid. Bids received without signed IP would be rejected.

3.04 IP shall cover all phases of the contract, i.e. from the stage of Notice Inviting Tender (NIT)/pre-bid stage till the conclusion of the contract, i.e. the final payment to vendor/contractor.

3.05 The Independent External Monitors (IEMs) would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.

[p.3] 3.06 Management Services/Corporate Office will be nodal agency for all matters pertaining to IP.

3.07 The Corporate Vigilance Department would be responsible for review, enforcement, and reporting to Central Vigilance Commission on all related vigilance issues.

3.08 Information relating to tenders in progress and under finalization need to be shared with the IEMs on monthly basis. A monthly report will be sent to IEMs by MS/CO for their information.

[p.3] 4.0 Role /Functions of IEMs:

4.01 IP would be implemented through a panel of IEMs, appointed by BEL.

4.02 One IEM will review cases of Bangalore Complex and other IEM will review cases of other units. However, BEL reserves the right to refer a particular case to any other approved Independent External Monitor(s) as and when felt necessary. In such an event, the IEM nominated shall examine the case jointly with those whom the case is referred to as per this Para. *In case of a complaint arising out of tendering process, the matter shall be examined by full panel of IEMs, who would look into the records, conduct an investigation, and submit their joint recommendations to the management.*

4.03 IEM would have access to all Contract documents, whenever required. IEM will take stock of the ongoing tendering processes on quarterly basis. For this purpose he shall visit CO on quarterly basis. Structured meeting of

the IEMs with CMD will be held during these visits to discuss/review the information on tenders awarded in the previous quarter.

4.04 The IEMs would examine all complaints received by them and give their recommendations/views to CMD, at the earliest. They may also send their report to the CVO and the Central Vigilance Commission, in case of suspicion of serious irregularities.

4.05 The recommendations of IEMs would be in the nature of advice and would not be legally binding. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.

4.06 The role of the CVO shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him or directed to him by the Commission.

Question	
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?	
Score	
1	
Comments	
<p>There is evidence that the company has formal procedures to conduct due diligence on its suppliers and that suppliers are reviewed annually.</p> <p>However, the company receives a score of '1' because there is no evidence to suggest that highest risk suppliers are subject to enhanced due diligence. Furthermore, it is not clear whether the company might be willing to review and terminate supplier relationships in circumstances where a red flag highlighted cannot be mitigated.</p>	
Evidence	
<p>[6] Corruption Risk Management Policy (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf</p> <p>[p.9] 6.3 Risk of financial loss: As it becomes more acknowledged that corruption must be prevented and penalised, so governments, funders, project owners, competitors, and employers will become less tolerant of corruption. There is, therefore, an increasing tendency for the above parties to adopt stronger measures against corruption. Such measures may include:</p> <p>(1) Black listing/Debarment of companies because of corruption involvement.</p> <p>(2) Exclusion of companies from projects because of unsuitability. Public Sectors Units are increasingly carrying out better due diligence in order to determine the risk of corruption, in dealing with certain companies which are known to be prone for corruption. CVC guidelines stipulates signing of Integrity pact before bidding. Otherwise, the vendors were considered unsuitable for tenders.</p> <p>(3) Termination of corrupt contracts. A contract which has been obtained through corruption is often either void, or can be terminated, and this can have significant financial consequences.</p> <p>[p.21] 15.2 Procurement : Procurement in BEL and its subsidiaries encompasses the whole process of acquiring goods, services and Works. It starts with identification of need and involves the process of risk assessment, seeking and evaluating alternative solutions, award of contract, delivery and payment of goods and services and where relevant, the ongoing management of the Contract.</p> <p>Public procurement is one of the highest Corruption risk area. This is primarily due to the fact that it involves large quantities and substantial monetary amounts in its dealing. An efficient and effective procurement rely mainly on the principles of "fairness, impartiality, free competition" and ensure competitive prices to the Company.</p> <p>[p.22-23]</p>	
Corruption Risk	Strategies to mitigate Corruption risks
<ul style="list-style-type: none"> Bidders as cartel to loading of the loser fees of unsuccessful bidders in the prices of successful bidder. Manipulation of pre qualification to restrict the number of bidders. Bribery to get the contract award or get the sub contract procurement. Manipulation of design and drawings to overprice the procurement requirement. 	<ul style="list-style-type: none"> Procurement to be strictly based on Customer's firm indent/ Order/ Budgetary support. Bills of material to be firmed up before preparing the Purchase Requisition. RFQ/RFP to be issued after PR is raised. RFQ to consider available stock and inventory. Technical / Financial approval to be taken before going for procurement Conducting proper market study/research periodically to broaden the Vendor base.

- | | |
|---|---|
| <ul style="list-style-type: none"> • Specification of overly sophisticated design by Project manager and the vendor. • Obtaining quotation only for the purpose of price comparison • Generating and Submitting a fictitious quotation by procurement personnel to create a false picture of competition. • Insufficient assessment of requirement due to shortage of time, lack of capacity and lack of competence by the procurement manager. • Potential alternatives are not adequately studied. • Improper planning and budgeting • Bidding documents or specifications are tailored to benefit undue advantage to one bidder. • Complex bidding documents to hide corrupt actions. • Firms are shortlisted or prequalified due to bribery rather than qualifications. • Bidding procedures are non competitive or unclear without justification. • Splitting of contract value so as to remain below the competitive bidding threshold. • Emergency or urgency of situation is exaggerated. • Extension to existing contracts without adequate justification. • Inconsistent application time frame for all bidders. • Relevant information is not shared to all bidders. • Public notices for bids are published with very limited time for response. • The criteria for selection of winning bids are not made public, • Lack of competition leading to an unreasonably high price. • Tender opening not conducted publicly • Unexplained delays in the closure of tenders. • Decision makers are biased due to corruption in the evaluation process. • Unclear definitions in the selection or evaluation criteria. • Decision makers misapply the announced criteria or add new criteria during the evaluation. • Evaluation period is too short to perform a comprehensive evaluation of the bidders. • The record of the award procedure are not accessible • Unexplained delays in the decision making giving scope for manipulation behind the scenes | <ul style="list-style-type: none"> • Alternate Vendor development programs. • Criteria for tender evaluation to be done beforehand and brought out in the tender. • Open Tender, advertised process of tendering. • E procurements/e-bidding/reverse auction to ensure transparency in the process of tendering. • Tender to be prepared with more clarity and correct specifications and reviewed at various levels before issue. • Signing of Integrity Pact to made obligatory on high value procurements and to be enforced till the completion of the Contract. • Pre qualification meet of bidders to meet to assess the technical capabilities before finalising the Vendor to whom the tender to be issued. • Establish a Tender opening committee on a case to case basis. • Ensure that the Bid evaluation committee has the right composition, members possess the necessary technical skills and it is permissible for a external technical expert to be the part of evaluation. • Members of tender assessment panels are required to declare in writing any conflicts of interest with bidders. Disclosure documents are to be signed and dated by each panel member and countersigned by the convenor, and kept with the tender records. • If alternative or non-complying tenders/offers are considered the conditions for doing so are specified in writing. • Tender panel decisions and the reasons for these decisions are made in writing and records kept in line with relevant legislation and policy. • Communicating with all bidders in writing, and keeping the tender documents in safe custody. • Improve the Tender assessment and evaluation process • Ensure that the Bid evaluation committee has the right composition, members possess the necessary technical skills and it is permissible for a external technical expert to be the part of evaluation. |
|---|---|

[31] Sub-Contract Procedure 2017 (Document)

Accessed 10/08/2019

<http://www.bel-india.in/DocumentViews.aspx?fileName=Sub-Contract%20Procedure%2020172017042411463610920180628175540958.pdf>

[p.13] 5.0 ESTABLISHMENT OF VENDORS

As Quality, Delivery and Cost are of prime importance, extreme care is to be taken in the selection and establishment of Vendors, in each category, to have a healthy competition. To meet these requirements the

committee will be constituted at SBUSs / UNIT level. The process of establishment of vendors shall include the following steps :

A. Registration of New Vendors / Development of Alternate Sources

B. Source List & Vendor Rating

C. De-registration, Banning and Suspension of Vendors.

A. Registration of New Vendors / Development of Alternate Sources

5.1 Generally all the interested Vendors across the country are uploading their details / credentials in the BEL web portal as continuous process. Central Sub-Contract / ISCO will monitor the list of uploaded new vendors based on their process / category and scrutinise the documents up loaded online. Depending upon the requirements of SBUS / UNIT Sub- Contract departments the list will be distributed once in every three months, to the respective SBUS / UNITs Vendor Evaluation Committee (VEC) for further evaluation.

5.2 The Sub-Contract / VEC head shall select the required process vendors who have registered online and send a questionnaire as per ANNEXURE- 3. On receipt of the reply for the questionnaire the necessary financial and capacity criteria are to be evaluated by the committee as explained in the clause 5.3.

[p.14] 5.3 The vendor Evaluation Committee is appointed by the unit head or competent authority, comprising the following representatives :

- a) Head of the production division : Chairman
- b) Head of Sub-Contracts of respective SBUS s / Units. : Member Secretary
- c) Representative of IED / MS : Member.
- d) Representative of Production control / Indenter : Member.
- e) Representative of Finance : Member.
- f) Representative of Quality control : Member.
- g) Representative of Specialized processes like: Co-opted Member.
Manufacturing PCB, PCB assembly, Lead lining etc.

This committee will study the filled-in Questionnaires, along with the enclosed supporting documents submitted by new Vendors, short-list suitable Vendors and inspect their premises, for assessing their capabilities and infrastructure. If, the facilities available with the Vendor is adequate in all respects and the Vendor meets the required criteria, the Committee will recommend for Registration as Active Vendor for approval by competent authority. On completion of this process the evaluated vendor will be added to the process vendor directory of BEL. This process is to be followed on continual basis as a procedure to expand the vendor base.

[p.15] 5.5 A separate Vendor Evaluation Committee, involving, representatives from Sub-Contract, Quality and Production Departments, will be constituted by SBUS / Unit Head, for assessing the performance of Registered Vendors. The senior-most member in the committee shall be Chairman of the committee. This Committee will review the performance of Registered Vendors.

5.6 The assessment of performance is based on, System Generated Vendor Rating and subsequently, the Committee shall recommend for approval to the SBUS / Unit Head, only if, the Vendor Rating is above desired benchmark (fixed by the Vendor Committee of respective Unit / SBUS), for inclusion in Source List.**The process of maintaining active vendor and deactivating dormant vendors to be done by Central Sub-Contract department in case of BG Cx and respective Sub-Contract Departments in case of other units in coordination with Corporate Standards department.

5.7 Source List should consist of :

5.7.1 Vendors approved by the SBUS / Unit Head after giving trial order and assessing the performance by the Committee, as explained above, and

5.7.2 Vendors continuously giving good performance in regular supplies and whose vendor rating is above benchmark.

5.8 Review of Source List is to be carried out once a year during April / May. New Source List is updated, as and when, Vendors are approved for inclusion and it is a continuous process.

C. DE-REGISTRATION / SUSPENSION / BANNING OF VENDORS

5.9 If the performance of any Vendor in Source List, is not satisfactory, to the desired level, during the process of procurement of parts from Vendors, there will be a need for discontinuation of services of Vendors, based on their performance regarding quality, delivery and ethical practices. Any unethical behaviour shall call for action against the vendor of deletion from the vendor list / banning / suspension / Encashment of Bank Guarantee as considered appropriate by GMs / SBUS Heads / Unit Heads / Functional Director in accordance with procedure ref. no 18869 / IB / MS Dated :12.01.2009 (Refer to Annexure-4.)

[p.48]

SUB: PROCEDURE FOR BANNING OF FIRMS

1.0 Scope

BEL enters into contract with firms for supply of materials and rendering services. The firms should ensure to carry out the entrusted work as specified in the order. However certain firms fail to meet the above requirements resulting in considerable hardship to the company. Some firms resort to unethical practices causing loyalty and security concerns to the company / country. In order to overcome these situations and to ensure conformity with the order, we have to take adequate preventive actions. One of the methods employed is to eliminate such firms from participating in our future supplies / services. Business dealings with any firm may be stopped by banning that firm.

2.0 Procedure for banning

2.1 The proposal for banning of a firm may be initiated by any affected department giving detailed justification for the same.

2.2 The proposal for banning is required to be routed through any one of the following departments concerned:

- 2.2.1** Purchase
- 2.2.2** Contracts
- 2.2.3** Sub-Contracts
- 2.2.4** Standards(for standard items only)

2.3 Based on the information received from the initiating department, a show cause notice shall be served on the firm by head of the department of Purchase / Subcontract / Contracts. The reply if any received, from the agency shall be examined and the recommendation for banning, if any, shall be forwarded for the approval of the competent authority as defined below:

- 2.3.1** Head, Corporate Standards, in respect of Standard items
- 2.3.2** SBU / Unit Head
- 2.3.3** Unit head if more than one SBU is involved, as applicable:
- 2.3.4** CMD

In case no reply is received within 30 days of sending the show caution notice, case for banning shall be processed further.

However, if reply furnished by the agency is satisfactory and is duly endorsed by the initiating department and the banning is not justified, then the proposal shall be treated as closed.

2.4 The proposal for banning shall be approved by the appropriate authorities as under.

2.4.1 If the banning is for standards items then it shall be approved by Head Corporate Standards

2.4.2 If the banning is within the SBU only, then it shall be approved by the respective SBU Head.

2.4.3 If the banning is at the Unit level, then it shall be approved by the respective Unit Head.

2.4.4 If the banning is at Company level, then it shall be approved by Corporate Office.

[17] Integrity Pact (Document)

Accessed 10/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=Integrity%20Pact.pdf>

[p.2] 3.0 Standard Operating Procedure

3.01 Integrity Pact has to be signed with bidders/contractors in case estimated value of each Purchase Order/Contract exceeds ^` 5 Crores. Against the subject RFP/Enquiry/NIT, the bidder would be required to sign and submit the Integrity Pact along with his bid.

[p.6] 6.0 Commitments of Bidder:

6.0 Commitments of Bidder:

The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:

6.1 The Bidder will not offer, directly or through intermediaries, any bribe, consideration, gift, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the principal, connected directly or indirectly with bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.

The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Principal or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Principal for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with respect to the Principal's Organization.

6.2 The Bidder will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.

[p.7] 6.3 The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.

6.4 In cases of Purchase/Subcontract orders, the Bidder confirms and declares to the Principal that the Bidder is the original manufacturer/authorized distributor/authorized govt. sponsored Export entity.

6.5 The Bidder confirms and declares to the Principal that it has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Principal, or any of its functionaries, whether officially or unofficially to the award of the contract to the Bidder; nor has any amount been paid, promised or intended to be paid to any such individual, firm or Company in respect of any such intercession, facilitation or recommendation.

6.6 The Bidder, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the Principal or their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.

6.7 The Bidder shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details; including information contained in any electronic data carrier. The Bidder also undertakes to exercise due and adequate care lest any such information is divulged.

6.8 The Bidder commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.

6.9 The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

7.0 Transgression:

7.1 The Bidder declares that no previous transgression occurred in the last three years - immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged *herein* or with any Public Sector Enterprise in India or any Government Department in India, that could justify bidders' exclusion from the tender process.

7.2 If the Bidder makes incorrect statement on this subject, Bidder can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

[p.8] 10.0 Sanctions for Violation:

10.1 Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on the behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any other act enacted for the prevention of corruption shall entitle the Principal to take all or any one of the following action, wherever required:

[p. 9] i) To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder and to impound any earnest money deposit, if made by the Bidder. However the proceedings with the other Bidder(s) would continue.

[1] Vigilance Manual- 2018 (Document)

Accessed 08/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf

[p.202] 18. Post Tender Negotiation

[...]

f. Competent Authority should exercise Due Diligence while accepting a tender or ordering negotiations or calling for a re-tender. In no case should the overall time frame exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is some evidence that the company ensures that its suppliers have adequate anti-bribery and corruption policies and procedure in place. There is evidence that the company ensures this in practice by stipulating certain contractual terms and by advising suppliers to have a Company Code of Conduct. This assurance is conducted when onboarding new suppliers.</p> <p>However, the company receives a score of '1' because there is no clear evidence that all suppliers must have, at least, policies that prohibit facilitation payments, policies that cover conflicts of interest, gift and hospitality and whistleblowing. Furthermore, it is not clear that the company assures itself of this for all suppliers.</p>
Evidence
<p>[17] Integrity Pact (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Integrity%20Pact.pdf</p> <p>[p.2] 3.0 Standard Operating Procedure 3.01 Integrity Pact has to be signed with bidders/contractors in case estimated value of each Purchase Order/Contract exceeds ^` 5 Crores. Against the subject RFP/Enquiry/NIT, the bidder would be required to sign and submit the Integrity Pact along with his bid.</p> <p>[p.6] 6.0 Commitments of Bidder:</p> <p>6.0 Commitments of Bidder:</p> <p>The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:</p> <p>6.1 The Bidder will not offer, directly or through intermediaries, any bribe, consideration, gift, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the principal, connected directly or indirectly with bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the Contract.</p> <p>The Bidder further undertakes that he has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the Principal or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the Contract or any other Contract with the Principal for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with respect to the Principal's Organization.</p> <p>6.2 The Bidder will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.</p> <p>[p.7] 6.3 The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.</p> <p>[...]</p> <p>6.9 The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.</p>

7.0 Transgression:

7.1 The Bidder declares that no previous transgression occurred in the last three years - immediately before signing of this Integrity Pact, with any other company in any country in respect of any corrupt practices envisaged *herein* or with any Public Sector Enterprise in India or any Government Department in India, that could justify bidders' exclusion from the tender process.

7.2 If the Bidder makes incorrect statement on this subject, Bidder can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

[...]

[p. 8] 9.0 Company Code of Conduct:

Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

10.0 Sanctions for Violation:

10.1 Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on the behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any other act enacted for the prevention of corruption shall entitle the Principal to take all or any one of the following action, wherever required:

[p. 9] i) To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder and to impound any earnest money deposit, if made by the Bidder. However the proceedings with the other Bidder(s) would continue.

(ii) The Earnest Money / Security Deposit shall stand forfeited either fully or partially, as decided by the Principal and the Principal shall not be required to assign any reason therefore.

(iii) To immediately cancel the contract, if already signed without giving any compensation to the Bidder.

(iv) To recover all sums already paid by the Principal, and in case of an Indian Bidder with interest thereon at 2% higher than the prevailing Prime Lending Rate, while in case of a Bidder from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due by the Principal to the Bidder in connection with any other contract for any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.

(v) To encash the bank guarantee and performance bond/warranty bond, if furnished by the Bidder, in order to recover the payments, already made by the Principal, along with interest.

(vi) To cancel all or any other Contracts with the Bidder.

(vii) To debar the Bidder from entering into any bid from the Principal for a minimum period of five years, which may be further extended at the discretion of the Buyer.

(viii) To recover all sums paid in violation of this pact by the Bidder(s) to any middleman or agent or broker with a view to securing the contract.

(ix) If the Bidder or any employee of the Bidder or any person acting on behalf of the Bidder, either directly or indirectly, is closely related to any of the officers of the principal, or alternatively, if any close relative of an officer of the Principal has financial interest/stake in the Bidder's firm, the same shall be disclosed by the Bidder at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Principal to rescind the contract without payment of any compensation to the Bidder.

The term 'close relative' for this purpose would mean spouse whether residing with the Principal's employee or not, but not include a spouse separated from the Principal's employee by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Principal's employee, but does not include a child or step child who is no longer in any way dependent upon the Principal's employee or of whose custody the Principal's employee has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Principal's employee or to the Principal's employee's wife or husband and wholly dependent upon Principal's employee.

[1] Vigilance Manual- 2018 (Document)

Accessed 10/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf

[p.216] INTEGRITY PACT

Integrity Pacts are a tool for preventing corruption in public contracting. They are essentially an agreement between the government agency offering a contract (the "contracting authority") and the companies bidding for it (the "bidders") that they will abstain from bribery, collusion, extortion and other corrupt practices for the extent of the contract. To ensure accountability, Integrity Pacts also include a monitoring system typically led by civil society organisations.

[4] Annual Report 2017-2018 (Document)

Accessed 10/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.80] 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 subsequently it was further reduced to ` 300 Lakhs from September 2017. The pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

[7] Whistleblower Policy (Document)

Accessed 10/08/2019

http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf

[p.3] 3.0 SCOPE

Various stakeholders of the Company are eligible to make Protected Disclosures under the Policy. These stakeholders may fall into any of the following broad categories:

1. Employees of the Company.
2. Directors of the Company
3. Employees of other agencies deployed for the Company's activities, whether working from any of the Company's offices or any other location.
4. Contractors, vendors, suppliers or agencies (or any of their employees) providing any material or service to the Company
5. Customers of the Company
6. Any other person having an association with the Company

A person belonging to any of the above mentioned categories can avail of the channel provided by this Policy for raising an issue covered under this Policy.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
There is no evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption standards are required throughout the supply chain. Although there is evidence that the company takes steps to ensure the compliance of its suppliers, it is not clear that it applies to sub-contractors and other related entities.
Evidence
<p>[17] Integrity Pact (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Integrity%20Pact.pdf [p. 8] 9.0 Company Code of Conduct: Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.</p> <p>[31] Sub-Contract Procedure 2017 (Document) Accessed 10/08/2019 http://www.bel-india.in/DocumentViews.aspx?fileName=Sub-Contract%20Procedure%2020172017042411463610920180628175540958.pdf [p.100] 9.0 Company Code of Conduct: Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes data on ethical or corruption-related investigations or associated disciplinary actions involving its suppliers. The company publishes some details on its complaints and investigations related to vigilance, however this is not sufficiently clear to merit a score of '1'.
Evidence
<p>[4] Annual Report 2017-2018 (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.21] Vigilance</p> <p>[...]</p> <p>During the year 1158 Purchase Orders/Contracts have been reviewed. CTE Type intensive examination has been restructured with the formation of 5 IE teams. CTE Type of Intensive Examination of 66 High value Procurements Contracts has been taken up during the year. Regular and Surprise checks and Inspections have also been conducted by the field Vigilance Officers. During the year, 54 Complaints, including the Complaints referred by CVC/MOD/CBI were received. A total of 56 Complaints and 5 Complaints referred by CVC/MOD/CBI were disposed. Disciplinary action and System / Process Improvement has been recommended in some cases where lapses were observed. Two Complaints each are pending with CBI, Ghaziabad and Bengaluru for detailed investigation.</p>

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
0
Comments
<p>Based on publicly available information, there is some evidence that the company acknowledges the corruption risks associated with the use of agents, by stating that such entities should not seek or accept bribes.</p> <p>However, the company receives a score of '0' because it does not publish further details of controls to mitigate the specific risks associated with agents. Furthermore, the company does not explicitly commit to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function.</p>
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.219] 7. COMMITMENTS AND OBLIGATIONS OF PRINCIPAL</p> <p>[...]</p> <p>(iii) The Principal and/or its associates (employees, agents, consultants, advisors etc) will not seek any favour, undue benefit or accept bribes for themselves or for third parties.</p> <p>[6] Corruption Risk Management Policy (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf [p.5] 5.2 An individual may incur criminal liability even where:</p> <p>[...]</p> <p>(3) He did not pay or receive the bribe personally, and instead the bribe was paid or received through or by another person, such as an agent, subsidiary company, joint venture partner, friend, spouse or other third party.</p> <p>[p.7] 5.4 Range of persons (both individuals and companies) who may be liable. A wide range of persons could be liable for a corruption offence. For example, a bribe is agreed to be paid by a Vendor side or Contractor side, to the person in office, and in order to conceal the bribe, it is paid by the Sub contractors, agents, intermediaries, representatives of the Vendors, who in turn appoints an individual agent and bribe managers to pay the bribe. In such circumstances, the following may incur liability where they are aware of or are wilfully blind to the corrupt circumstances:</p> <p>(1) those agents, sub contractors, intermediaries, middlemen, 'undesirable persons', reps and bribe managers etc., who makes payments of bribe, attempts to bribe, tacitly or expressly;</p> <p>(2) the persons-in-office who attempt to receive or receives the bribe jointly or conjointly.</p> <p>(3) the contractor and sub-contractor (where they are companies), their liability being incurred through the knowledge and actions of their directors and managers.</p>

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
0
Comments
<p>There is no clear evidence that the company has formal procedures in place to conduct anti-bribery and corruption due diligence prior to engaging and when working with agents and intermediaries. There is some indication that the company has formal procedures to conduct due diligence prior to engaging with consultants and vendors, but it is not clear that this includes agents, nor whether it covers anti-bribery and corruption considerations.</p>
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 10/08/2019 http://www.bel-india.in/DocumentViews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.206] 24. Selection and Employment of Consultants a. Conflicts of Interest: A firm which has been engaged by the PSU to provide goods or works for a Project and any of its affiliates will be disqualified from providing Consulting Services for the same Project. Conversely, a firm hired to provide Consulting Services for the preparation or implementation of a Project, and any of its affiliates, will be disqualified from subsequently providing goods or works or services related to the initial assignment for the same Project. b. Consultants or any or their affiliates will not be hired for any assignment, which by its nature, may be in conflict with another assignment of the consultants. [p.207] c. The Commission has declared that following guidelines be kept in view while finalising the contracts for engaging Consultants:- I. Conflicts of Interest: I. Conflict between consulting activities and procurement of goods, works or non-consulting services II. Conflict among consulting assignments III. Relationship with employer's staff IV. A consultant shall submit only one proposal. If participates in more than one proposal, all such proposals shall be disqualified. ii. Professional Liability: The Consultant is expected to carry out its assignments with due diligence and in accordance with prevailing standards of the profession. As the Consultant's liability to the employer will be governed by the applicable law, the contract need not deal with the matter. The Client (purchaser) may, however, prescribe other liabilities depending on the requirement in each case without any restriction on the Consultant's liability as per the applicable law.</p> <p>[31] Sub-Contract Procedure 2017 (Document) Accessed 10/08/2019 http://www.bel-india.in/DocumentViews.aspx?fileName=Sub-Contract%20Procedure%2020172017042411463610920180628175540958.pdf [p.13] 5.0 ESTABLISHMENT OF VENDORS As Quality, Delivery and Cost are of prime importance, extreme care is to be taken in the selection and establishment of Vendors, in each category, to have a healthy competition. To meet these requirements the committee will be constituted at SBUSs / UNIT level. The process of establishment of vendors shall include the following steps : A. Registration of New Vendors / Development of Alternate Sources B. Source List & Vendor Rating</p>

C. De-registration, Banning and Suspension of Vendors.

A. Registration of New Vendors / Development of Alternate Sources

5.1 Generally all the interested Vendors across the country are uploading their details / credentials in the BEL web portal as continuous process. Central Sub-Contract / ISCO will monitor the list of uploaded new vendors based on their process / category and scrutinise the documents up loaded online. Depending upon the requirements of SBUS / UNIT Sub- Contract departments the list will be distributed once in every three months, to the respective SBUS / UNITs Vendor Evaluation Committee (VEC) for further evaluation.

5.2 The Sub-Contract / VEC head shall select the required process vendors who have registered online and send a questionnaire as per ANNEXURE- 3. On receipt of the reply for the questionnaire the necessary financial and capacity criteria are to be evaluated by the committee as explained in the clause 5.3.

[p.14] 5.3 The vendor Evaluation Committee is appointed by the unit head or competent authority, comprising the following representatives :

- a) Head of the production division : Chairman
- b) Head of Sub-Contracts of respective SBUS s / Units. : Member Secretary
- c) Representative of IED / MS : Member.
- d) Representative of Production control / Indenter : Member.
- e) Representative of Finance : Member.
- f) Representative of Quality control : Member.
- g) Representative of Specialized processes like: Co-opted Member.
Manufacturing PCB, PCB assembly, Lead lining etc.

This committee will study the filled-in Questionnaires, along with the enclosed supporting documents submitted by new Vendors, short-list suitable Vendors and inspect their premises, for assessing their capabilities and infrastructure. If, the facilities available with the Vendor is adequate in all respects and the Vendor meets the required criteria, the Committee will recommend for Registration as Active Vendor for approval by competent authority. On completion of this process the evaluated vendor will be added to the process vendor directory of BEL. This process is to be followed on continual basis as a procedure to expand the vendor base.

[p.15] 5.5 A separate Vendor Evaluation Committee, involving, representatives from Sub-Contract, Quality and Production Departments, will be constituted by SBUS / Unit Head, for assessing the performance of Registered Vendors. The senior-most member in the committee shall be Chairman of the committee. This Committee will review the performance of Registered Vendors.

5.6 The assessment of performance is based on, System Generated Vendor Rating and subsequently, the Committee shall recommend for approval to the SBUS / Unit Head, only if, the Vendor Rating is above desired benchmark (fixed by the Vendor Committee of respective Unit / SBUS), for inclusion in Source List.**The process of maintaining active vendor and deactivating dormant vendors to be done by Central Sub-Contract department in case of BG Cx and respective Sub-Contract Departments in case of other units in coordination with Corporate Standards department.

5.7 Source List should consist of :

5.7.1 Vendors approved by the SBUS / Unit Head after giving trial order and assessing the performance by the Committee, as explained above, and

5.7.2 Vendors continuously giving good performance in regular supplies and whose vendor rating is above benchmark.

5.8 Review of Source List is to be carried out once a year during April / May. New Source List is updated, as and when, Vendors are approved for inclusion and it is a continuous process.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents.
Evidence
No evidence found.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
There is some evidence that the company's prohibition of bribery applies to agents. However, the company receives a score of '0' because there is no indication that the company includes anti-bribery and corruption clauses in its contracts with agents and intermediaries.
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.219] 7. COMMITMENTS AND OBLIGATIONS OF PRINCIPAL</p> <p>[...]</p> <p>(iii) The Principal and/or its associates (employees, agents, consultants, advisors etc) will not seek any favour, undue benefit or accept bribes for themselves or for third parties.</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
There is no publicly available evidence that the company mentions incentive structures as a risk factor in agent behaviour.
Evidence
No evidence found.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no publicly available evidence that the company publishes any details of the agents currently contracted to act for or on behalf of the company.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no publicly available evidence that the company publishes any data on ethical or bribery and corruption related investigations, incidents or associated disciplinary actions involving agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
0
Comments
There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures.
Evidence
No evidence found.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
0
Comments
<p>There is some evidence that the company acknowledges where it could incur liability for corruption when entering into joint venture partnerships. However, there is no evidence that the company commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures. In addition, there is no evidence that it requires anti-bribery and corruption clauses in its contracts with joint venture partners.</p>
Evidence
<p>[6] Corruption Risk Management Policy (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf [p.6] 5.3 Corporate liability. In many jurisdictions, companies may be liable for offences related with corruption risks. This liability may arise in a number of ways including:</p> <p>[...]</p> <p>(2) Through the acts of its related companies or business partners. A company could be liable for a corrupt act committed by a subsidiary or associated company, joint venture or consortium partner, sub-contractor or supplier, where that corrupt act could benefit the company's business. Such liability could arise where the company authorised, approved, condoned or turned a blind eye to the corruption.</p> <p>[p.42] (4) Possible actions by Companies A company may become involved in corruption or may need to report corruption where:</p> <p>(g) The company discovers that it has been the victim of bribery or fraud committed by another company.</p> <p>[4] Annual Report 2017-2018 (Document) Accessed 10/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.80] 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 subsequently it was further reduced to ` 300 Lakhs from September 2017. The pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.</p>

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
There is no publicly available evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures.
Evidence
No evidence found.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
There is no publicly available evidence that the company addresses the corruption risks associated with offset contracting.
Evidence
No evidence found.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
There is no publicly available evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
Evidence
No evidence found.

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no publicly available evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of its offset programme.
Evidence
No evidence found.

Question**8.4 Does the company publish details about the beneficiaries of its indirect offset projects?****Score****0****Comments**

There is evidence that the company publishes some information on its offset obligations. However, the information published is insufficiently detailed to satisfy the requirements of score '1'.

Evidence**[18] Exports & Offsets (Webpage)**

Accessed 10/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=5&CId=1228&LId=1&link=1228>

Exports play a key role in BEL's strategic perspective. The ranges of products and services exported have been increasing over the years. A number of international companies are using the facilities at BEL for contract manufacturing. The broad list of products and services being exported is given below:

PRODUCTS AND SERVICES	COUNTRIES
Defence Communication equipment and spare parts	Botswana, Indonesia, Suriname, Malaysia, France, Russia, Sri Lanka & Switzerland
Radars & Sub-systems	Indonesia, Egypt, Switzerland, Mauritius, Myanmar, Seychelles, Sri Lanka & USA
Electronic Warfare products and services	Russia, Brazil, Malaysia, USA
Opto-electronics products	Sri Lanka, Nepal, Israel, South Africa, Turkey
Semiconductor devices, Microwave Tubes and Transmitting Tubes	Malaysia, Singapore, Turkey, Netherlands, UK, USA, France, Hong Kong, Mauritius, UAE
Solar Products & Systems	Suriname, Germany, Zimbabwe, Botswana, Kenya, Nigeria
Vacuum Interrupters	Malaysia, UAE, Uganda, Turkey, UK, Azerbaijan
Contract Manufacturing & Outsourcing Services	USA, Canada, Belgium, Italy, Germany, France, UAE Germany, Israel, Slovak, Sweden
Electronic Voting Systems	Sri Lanka, Uganda, Malawi, South Africa, Namibia & Nepal
Radio & TV Broadcasting products and Systems	Nepal, Mauritius, Zimbabwe
Telecom and SATCOM systems	Nigeria, Kenya

[19] Services (Webpage)

Accessed 10/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=15&CId=0&LId=1&link=0>
Services

[...]

Offsets: Products and services from BEL for Offset requirements include manufacture of precision mechanical parts and assemblies for use in aircraft on 'Build-to-Print' basis and maintenance for electronic equipment/LRUs used in these aircraft; generation of technical drawings/documentation containing user information and maintenance details in prescribed formats as required by the customer and export of alternate/complementary products such as tank communication, tank upgrades, gun upgrades, communication systems, network elements and interfaces for Integrated Command & Control Networks, Radar Warning Receivers for military/civil aircraft, electronic shelters, solar photovoltaic systems, night vision devices and thermal imaging equipment.

[20] Business Initiatives (Webpage)

Accessed 10/08/2019

<http://www.bel-india.in/Manufacturing.aspx?MId=16&CId=0&LId=1&link=0>

BEL is focusing on the opportunities with OEMs to meet their offset obligations in various RFPs of MOD, on account of the "Offset" policy incorporated in Defence Procurement Procedure (DPP).

[4] Annual Report 2017-2018 (Document)

Accessed 10/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.49] (iv) Thrust on Exports and Offsets :

[...]

BEL is also focusing on opportunities in the areas of Offset obligations of foreign vendors in various RFPs of the Ministry of Defence. The focus is on 'Build to Print', '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.

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
There is some indication that the company acknowledges the risks associated with entering into new markets, however there is no evidence that the company acknowledges or manages the corruption risks associated with different markets, so the company receives a score of '0'.
Evidence
<p>[6] Corruption Risk Management Policy (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf [p.14] 9.0 ROLE OF LEADERSHIP IN BEL:</p> <p>[...]</p> <p>[p.15] 9.5 Periodicity of Corruption risk assessment: The effective Risk assessment to be performed periodically e.g. on annual basis. There also may be triggering events such as entry in to new markets, significant re organisations, mergers and acquisitions that will create opportunities for refreshing the risk assessment. Continually deploying the resources in the most effective manner requires a current and accurate understanding of the risks.</p>

Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

2

Comments

There is some evidence that the company publishes a list of its consolidated and non-fully consolidated holdings. This list is updated on an annual basis and is accompanied by the date and signatures of the company's leadership. The information includes the percentages owned, the country of incorporation and the country of operation for one entity. The company lists the "place of business" for the other two entities, which is understood to represent the country of incorporation.

Evidence**[4] Annual Report 2017-2018 (Document)**

Accessed 11/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.78] 1.Does the Company have any Subsidiary Company/ Companies? Yes.

- i. BEL Optronics Devices Limited, Pune.
- ii. BEL-THALES Systems Limited, Bengaluru

[p.140]

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 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	
BEL Optronics Devices Ltd. (BELOP) - Subsidiary	India	100%	100%	-	-	Manufacture and Supply of Image Intensifier Tubes.
BEL - THALES Systems Ltd. - Subsidiary	India	74%	74%	26%	26%	Design, Develop, Supply and Support of Defence and Civilian Radars.
GE BE Private Limited - Associate	India	26%	26%	74%	74%	Manufacturing of Medical Equipments.

[p.142]

NOTE 32**Interest in Associate :**

Name of the Entity	GE BE Private Limited
Place of Business / Place of Incorporation	India
% of ownership interest	26%
Relationship	Associate
Carrying Amount	20,458 (18,387)

[p.229]

Form AOC-I**Part "A" : Subsidiaries**

(₹ in Lakhs)

Sl. No.	Particulars		
1.	Name of the subsidiary	BEL Optronics Devices Limited	BEL Thales Systems Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4.	Share capital	6,631	5,762
5.	Reserves & surplus	12,189	(750)
6.	Total Assets	45,909	5,820
7.	Total Liabilities	27,089	808
8.	Investments	-	-
9.	Turnover	12,164	312
10.	Profit before taxation	1,268	(249)
11.	Provision for taxation	113	10
12.	Profit after taxation	1,155	(259)
13.	Proposed Dividend	-	-
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 2018
2.	Shares of Associate held by the company on the year end	
	No.	2600000
	Amount of Investment in Associate	260
	Extend of Holding %	26%

[p.230]

(₹ in Lakhs)

Sl. No.	Name of Associates	GE BE Pvt Ltd
3.	Description of how there is significant influence	Voting Rights
4.	Reason why the Associate is not consolidated	Not applicable
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	20,458
6.	Profit / Loss for the year	
	i. Considered in Consolidation	2,378
	ii. Not Considered in Consolidation	-
1.	Names of Associate which are yet to commence operations.	Nil
2.	Names of Associate which have been liquidated during the year.	Nil

For **Suri & Co.,**
Chartered Accountants
Firm Regn No. 0042835

M V Gowtama
Chairman & Managing Director

Koshy Alexander
Director (Finance) & CFO

Natarajan V
Partner
Membership No. 223118

S Sreenivas
Company Secretary

Bengaluru
29 May 2018

[21] BEL Optronics Limited (Webpage)

Accessed 11/08/2019

<http://www.bel-india.in/ContentPage.aspx?Mid=9&CId=57&LId=1&link=57>

BEL Optronics Limited is a subsidiary company of BEL. It has been established for conducting research, development and manufacture of Image Intensifier Tubes and associated high voltage Power Supply Units for use in military, security and commercial systems. The company is located in Bhosari Industrial Area, Pune.

[22] BEL-Thales Systems Limited (Webpage)


Accessed 11/08/2019

<http://www.bel-india.in/ContentPage.aspx?Mid=9&CId=59&LId=1&link=59>

BEL-Thales Systems Limited is a Joint Venture Company (JVC) between Bharat Electronics Limited and Thales. Incorporated on August 28, 2014, the company is located in the BEL Industrial Estate, Jalahalli, Bengaluru.

Design, development, marketing, supply and support of civilian and select defence radars for Indian and global markets is the goal of the company. Benefitting from the confluence of work culture of the parent organizations, the JV is imbibing the best practices of both. With appropriate technologies, the JVC is expected to grow as a centre for development, evolution and customization of products and a trusted supplier.

The company is presently engaged in the co-development of a multi-target tracking Radar with Thales Netherlands to address forthcoming Indian weapon systems projects as well as the global requirements. The company is also involved in providing technical and product support for Air Traffic Management Radars.

Question																																																																																
9.3 Does the company disclose its beneficial ownership and control structure?																																																																																
Score																																																																																
1																																																																																
Comments																																																																																
<p>The company publishes information about the beneficial ownership of shareholders with at least 5% of shares up to March 2019. The company's publicly available information does not provide the names of the specific shareholding entities, and indicates that the Government of India holds between 58.83% and 68.19% of shares.</p> <p>Furthermore, the company does not disclose its ownership in a freely-accessible central public register. It is noted that the company publicly lists shares on the National Stock Exchange of India and the Bombay Stock Exchange, however these exchanges are not specified on the list of regulated markets outlined in the scoring criteria.</p>																																																																																
Evidence																																																																																
<p>[23] Shareholding Pattern (Webpage) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=shareholding-pattern-as-on-31-st-march-2019.pdf</p> <div> Bharat Electronics Limited</div> <p>Shareholding Pattern as on 31st March, 2019</p> <table><tr><th>Sr.</th><th>Category</th><th>No. of shareholders</th><th>No. of shares</th><th>% Holding</th></tr><tr><td>1</td><td>Central Government</td><td>2</td><td>1433326432</td><td>58.83</td></tr><tr><td>2</td><td>Mutual Funds/ UTI</td><td>107</td><td>446806955</td><td>18.34</td></tr><tr><td>3</td><td>Financial Institutions/ Banks</td><td>9</td><td>10106655</td><td>0.41</td></tr><tr><td>4</td><td>Alternative Investments Funds</td><td>2</td><td>117604</td><td>0.00</td></tr><tr><td>5</td><td>Insurance Companies</td><td>22</td><td>100357764</td><td>4.12</td></tr><tr><td>6</td><td>Foreign Institutional Investors</td><td>155</td><td>182605873</td><td>7.49</td></tr><tr><td>7</td><td>Bodies Corporate</td><td>1647</td><td>66889712</td><td>2.75</td></tr><tr><td>8</td><td>Individuals</td><td>286507</td><td>164408891</td><td>6.75</td></tr><tr><td>9</td><td>Trusts</td><td>52</td><td>6230817</td><td>0.26</td></tr><tr><td>10</td><td>NRIs</td><td>7794</td><td>14130515</td><td>0.58</td></tr><tr><td>11</td><td>Foreign Individuals</td><td>1</td><td>506</td><td>0.00</td></tr><tr><td>12</td><td>Clearing Members</td><td>599</td><td>11601892</td><td>0.48</td></tr><tr><td>13</td><td>LLP</td><td>1</td><td>7</td><td>0.00</td></tr><tr><td>14</td><td>Investor Education and Protection Fund Authority Ministry of Corporate</td><td>1</td><td>9320</td><td>0.00</td></tr><tr><td colspan="2">Total</td><td>296899</td><td>2436592943</td><td>100.00</td></tr></table>	Sr.	Category	No. of shareholders	No. of shares	% Holding	1	Central Government	2	1433326432	58.83	2	Mutual Funds/ UTI	107	446806955	18.34	3	Financial Institutions/ Banks	9	10106655	0.41	4	Alternative Investments Funds	2	117604	0.00	5	Insurance Companies	22	100357764	4.12	6	Foreign Institutional Investors	155	182605873	7.49	7	Bodies Corporate	1647	66889712	2.75	8	Individuals	286507	164408891	6.75	9	Trusts	52	6230817	0.26	10	NRIs	7794	14130515	0.58	11	Foreign Individuals	1	506	0.00	12	Clearing Members	599	11601892	0.48	13	LLP	1	7	0.00	14	Investor Education and Protection Fund Authority Ministry of Corporate	1	9320	0.00	Total		296899	2436592943	100.00
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<p>[4] Annual Report 2017-2018 (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.28] 1. Preamble The shares of BEL are listed on National Stock Exchange of India Ltd, Mumbai and Bombay Stock Exchange Ltd, Mumbai.</p> <p>[p.119]</p>																																																																																

iv. Shares in the company held by each shareholder holding more than 5%

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
Government of India	1,627,374,928	66.79%	1,523,039,911	68.19%
Life Insurance Corporation of India *	-	-	117,231,380	5.25%

* Holds less than 5% during the current year.

Question**9.4 Does the company publish a percentage breakdown of its defence sales by customer?****Score****0****Comments**

There is evidence that the company publishes some information about its customers. However, this information is not provided in a format from which the percentage breakdown of defence sales by customer can be deduced, so the company receives a score of '0'.

Evidence**[25] Indian market (Webpage)**

Accessed 11/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=5&CId=1226&LId=1&link=1226>

Over the years, BEL has diversified into manufacturing many civilian products as well. Large turnkey telecommunication solutions are also being offered to the civilian market. A brief list of the Customers in the defence and civilian market segments and the products and services offered to them is given below:

PRODUCTS AND SERVICES	CUSTOMERS
Telecommunication, Terminals & Networks	Dept of Telecommunication, Paramilitary Forces, Railways, Defence Research & Development Organization (DRDO)
Broadcast Systems & Satcom Products	All India Radio (AIR), Doordarshan (DD), Indian Space Research Organization (ISRO)
Electronic Voting Machine	Election Commission of India
Solar Products & Systems	Police, Government & Private Organizations, Individuals
Turnkey Systems, e-Governance Networks	ISRO, Police, State Governments, Public Sector Undertakings
Components	AIR & DD, the National Radio & TV Broadcasters, Instrumentation Industry, Switching Industry, Entertainment Industry, Telephone Industry, Individuals

[26] International Presence (Webpage)

Accessed 11/08/2019

<http://www.bel-india.in/Manufacturing.aspx?MId=16&CId=0&LId=1&link=0>

BEL's products are exported to Algeria, Armenia, Australia, Austria, Bahrain, Bangladesh, Belgium, Botswana, Brazil, Canada, Czech, Egypt, Finland, France, Germany, Ghana, Honduras, Hong Kong, Indonesia, Israel, Italy, Japan, Kenya, Kuwait, Malaysia, Maldives, Mauritius, Myanmar, Namibia, Netherlands, New Zealand, Nigeria, Oman, Philippines, Russia, Saudi Arabia, Scotland, Singapore, Slovakia, South Korea, Sri Lanka, Suriname, Sweden, Switzerland, Turkey, UAE, Uganda, UK, Ukraine, USA, Vietnam, Zambia, & Zimbabwe

[4] Annual Report 2017-2018 (Document)

Accessed 11/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.1] Defence being the mainstay of the Company, has contributed 85% of sales revenue, with the balance 15% coming from the non-defence sector.

[p.12] Major Orders Executed

Major Projects executed during the year for tri services and non-defence customers include : Integrated Air Command and Control System to Airforce, Weapon Locating Radar to Army, Hand Held Thermal Imager to Army, Akash Weapon System to Army, Fire Control System to Navy, Integrated Communication Systems to Navy, 3-D Tactical Control Radar to Army, Electronic Warfare Systems to Navy, Integrated Submarine Sonar Suite to Navy, Home Land Security to ONGC, L70 Gun Upgrade to Army, Electronic Voting Machine (EVM) & Voter Veri able Paper Audit Trail (VVPAT) to ECI, Schilka Gun Tank upgrade to Army, Intelligence Gathering Systems to Airforce.

10. State-Owned Enterprises (SOEs)

Question																			
10.1 Does the SOE publish a breakdown of its shareholder voting rights?																			
Score																			
1																			
Comments																			
The company publishes information about the beneficial ownership of shareholders with at least 5% of shares up to March 2018, and it appears that the share of voting rights that any given shareholder retains is equal to the number of shares owned. However, the information published for March 2019 only provides shareholder by type of entity and does not refer to specific shareholders by name, so the company receives a score of '1'.																			
Evidence																			
<p>[4] Annual Report 2017-2018 (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.29] 8. Parameters to be adopted with regard to Various Classes of Shares The Company has issued only one class of shares i.e. equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share.</p> <p>[p.119]</p> <div><p>iv. Shares in the company held by each shareholder holding more than 5%</p><table><tr><th rowspan="2">Name of Shareholder</th><th colspan="2">As at 31 March 2018</th><th colspan="2">As at 31 March 2017</th></tr><tr><th>No. of Shares</th><th>% of Share holding</th><th>No. of Shares</th><th>% of Share holding</th></tr><tr><td>Government of India</td><td>1,627,374,928</td><td>66.79%</td><td>1,523,039,911</td><td>68.19%</td></tr><tr><td>Life Insurance Corporation of India *</td><td>-</td><td>-</td><td>117,231,380</td><td>5.25%</td></tr></table><p>* Holds less than 5% during the current year.</p></div> <p>[p.120] xii. Terms, Rights, preferences and restrictions attaching to each class of shares a. The Company has only one class of shares viz, Equity Shares. b. Each holder of Equity Shares is entitled to one vote on show of hands and in poll in proportion to the Number of shares held. c. Each Shareholder has a right to receive the dividend declared by the Company. d. On winding up of the Company, the equity shareholders will be entitled to get the realized 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.</p>	Name of Shareholder	As at 31 March 2018		As at 31 March 2017		No. of Shares	% of Share holding	No. of Shares	% of Share holding	Government of India	1,627,374,928	66.79%	1,523,039,911	68.19%	Life Insurance Corporation of India *	-	-	117,231,380	5.25%
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Life Insurance Corporation of India *	-	-	117,231,380	5.25%															

[23] Shareholding Pattern (Webpage)

Accessed 11/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=shareholding-pattern-as-on-31-st-march-2019.pdf>
**Bharat Electronics Limited****Shareholding Pattern as on 31st March, 2019**

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

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company publishes information about its objectives on its website and in the Annual Report. The company states that its primary objectives are to generate growth, fuel technological development and support national defence exports. Although the company does not directly state that these objectives are updated and reviewed on an annual basis, the inclusion of this information in the company's Annual Report is sufficient to satisfy this criterion.</p>
Evidence
<p>[4] Annual Report 2017-2018 (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [iii] Objectives</p> <ul style="list-style-type: none"> • To be a customer focused company providing state-of-the-art products & solutions at competitive prices, meeting the demands of quality, delivery & service. • To generate internal resources for profitable growth. • To attain technological leadership in Defence Electronics through in-house R&D, partnership with defence / research laboratories & academic institutions. • To give thrust to exports. • To create a facilitating environment for employees to realise their full potential through continuous learning & teamwork. • To give value for money to customers and create wealth for shareholders. • To constantly benchmark company's performance with best-in-class internationally. • To raise marketing abilities to global standards. • To strive for self-reliance through indigenisation. <p>[27] Vision, mission & Objectives (Webpage) Accessed 11/08/2019 http://www.bel-india.in/ContentPage.aspx?MId=2&CId=1&LId=1&link=0 VISION To be a world-class enterprise in professional electronics.</p> <p>MISSION To be a customer focussed, globally competitive company in defence electronics and in other chosen areas of professional electronics, through quality, technology and innovation.</p> <p>OBJECTIVES To be a customer focussed company providing state-of-the-art products & solutions at competitive prices, meeting the demands of quality, delivery & service. To generate internal resources for profitable growth. To attain technological leadership in defence electronics through in-house R&D, partnership with defence/research laboratories & academic institutions. To give thrust to exports. To create a facilitating environment for people to realise their full potential through continuous learning & 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.</p>










[28] Quality Policy and Objectives (Webpage)

Accessed 11/08/2019

<http://www.bel-india.in/ContentPage.aspx?MId=27&CId=4191&LId=1&link=4191>

Bharat Electronics Limited is engaged in the business of Defence Electronics, empowering the Nation's Defence Forces and in other chosen areas of Professional Electronics. We recognize the importance of Values and Ethics in Corporate Governance and understand that Vigilance is essentially a Management function.

The Vigilance System in Bharat Electronics Limited is committed to assist the Management to Promote Transparency and Equity in the operations of our Company, in pursuit of Values and Ethics in Corporate Governance, by providing effective service to our stakeholders on a continual improvement basis.

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
1
Comments
<p>There is evidence that the company publishes clear information about the composition of its board and whether each board member is an executive, a state representative or an independent board member. There is information that the Government of India appoints the Directors and Independent Directors.</p> <p>However, the company receives a score of '1' because it does not provide further information about the nomination process for board members, such as which individuals are involved in the nomination and who makes the final appointment decision.</p>
Evidence
<p>[29] Leadership (Webpage) Accessed 11/08/2019 http://www.bel-india.in/Leadership.aspx?MId=3&CId=1&LId=1&link=0 Leadership</p> <p style="text-align: center;"><u>WHOLE TIME DIRECTORS</u></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="text-align: center; margin-bottom: 10px;">  Mr M V Gowtama Chairman & Managing Director </div> <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="text-align: center; margin-bottom: 10px;">  Mr Nataraj Krishnappa Director (Other Units) </div> <div style="text-align: center; margin-bottom: 10px;">  Mrs Anandi Ramalingam Director (Marketing) </div> <div style="text-align: center; margin-bottom: 10px;">  Mr Koshy Alexander Director (Finance) </div> <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="text-align: center; margin-bottom: 10px;">  Mr Mahesh V Director (R&D) </div> <div style="text-align: center; margin-bottom: 10px;">  Mr Vinay Kumar Katyal Director (Bangalore Complex) </div> <div style="text-align: center; margin-bottom: 10px;">  Mr Shivakumaran K M Director (HR) </div> </div> <p style="text-align: center;"><u>PART-TIME GOVERNMENT DIRECTORS</u></p> <div style="display: flex; justify-content: space-around; width: 100%;"> <div style="text-align: center; margin-bottom: 10px;">  Dr. Amit Sahai Joint Secretary (P&C) </div> <div style="text-align: center; margin-bottom: 10px;">  Ms. J Manjula DS & Director General </div> </div> </div> </div>

INDEPENDENT DIRECTORS



Mr. Sunil Kumar Kohli



Mrs. Usha Mathur



Dr. Bhaskar Ramamurthi



Dr. R. K. Shevgaonkar



Mr. Sharad Sanghi



Mr. Mukka Harish Babu



Dr. Vijay S. Madan



Mr. Surendra Singh Sirohi

[4] Annual Report 2017-2018 (Document)

Accessed 11/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf>

[p.26] 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.

[...]

Remuneration Policy & Board Evaluation

The Board has, on the recommendations 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.

[30] Corporate Governance Report Q4 2018-19 (Document)

Accessed 11/08/2019

<http://www.bel-india.in/Documentviews.aspx?fileName=Q4-2018-19-CG-Report-15419.pdf>

[p.1]

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

Regulation 27(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Company : **Bharat Electronics Limited**
Quarter and Year ended : **31st March 2019**

I. Composition of Board of Directors

Title (Mr. / Ms)	Name of the Director	PAN & DIN	Category (Chairperson/ Executive/Non-Executive/Independent /Nominee)	Date of Appointment in the current term /cessation	Tenure	No of Directorship in listed entities including this listed entity (Refer Regulation 25(1) of Listing Regulations)	Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)	No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)
Mr.	M V Gowtama	AFYPM9121M & 07628039	Chairman & Managing Director	Appt date: 08/11/2016 Ces. Date: NA	NA	1	Nil	Nil
Mr.	Nataraj Krishnappa	ACUPK0802C & 07506012	Executive	Appt date:01/05/2016 Ces. Date: NA	NA	1	2	Nil
Mrs	Anandi Ramalingam	ACYPR4590E & 07616518	Executive	Appt date:16/09/2016 Ces. Date: NA	NA	1	1	Nil
Mr.	Ramchander N Bagdalkar	ABPPB1084K & 07715648	Executive	Appt date:23/01/2017 Ces. Date: NA	NA	1	2	Nil
Mr.	Koshy Alexander	AGBPK5502C & 07896084	Executive	Appt date:25/09/2017 Ces. Date: NA	NA	1	2	2
Mr.	Mahesh V	AAVPM9142N & 08130292	Executive	Appt date:01/06/2018 Ces. Date: NA	NA	1	1	Nil
Mr.	Vinay Kumar Katyal	AEGPK1812A & 08281078	Executive	Appt date:27/11/2018 Ces. Date: NA	NA	1	Nil	Nil

[p.2]

Mr.	Amit Sahai	AKHPS0091E & 02188330	Nominee	Appt date:30/10/2017 Ces. Date: NA	NA	1	Nil	Nil
Ms.	J Manjula	ACKPJ0451G & 07684528	Nominee	Appt date:23/04/2018 Ces. Date: NA	NA	1	1	Nil
Mr.	Bhaskar Ramamurthi	AAAPB4527F & 01914155	Independent	Appt date:02/12/2015 Ces. Date: NA	Upto 4 years	1	Nil	Nil
Mr.	Raghunath Kashinath Shevgaonkar	AAEPS6432J & 01500448	Independent	Appt date:02/12/2015 Ces. Date: NA	Upto 4 years	1	1	Nil
Mrs.	Usha Mathur	AAAPM5366K & 07382132	Independent	Appt date:23/12/2015 Ces. Date: NA	Upto 4 years	1	1	Nil
Mr.	Sharad Shyam Sanghi	AKLPS1485N & 00265977	Independent	Appt date:07/01/2016 Ces. Date: NA	Upto 4 years	1	1	1
Mr.	Mukka Harish Babu	ABJPM6314R & 07937907	Independent	Appt date:11/09/2017 Ces. Date: NA	Upto 3 years	1	1	1
Mr.	Surender Singh Sirohi	COSPS8266Q & 07595264	Independent	Appt date:11/09/2017 Ces. Date: NA	Upto 3 years	2	2	Nil
Mr.	Vijay Shanker Madan	AAAPM0206E & 00806142	Independent	Appt date:11/09/2017 Ces. Date: NA	Upto 3 years	1	1	Nil

[p.4]

* The composition of Board of Directors of BEL has an appropriate mix of Executive Directors represented by Functional Directors including CMD and Non- Executive Directors represented by Government Nominees & Independent Directors. As the Chairman is an Executive Director, Independent Directors comprise half of the strength of the Board. There are 2 temporary vacancies of Independent Directors as on 31st March, 2019. All the vacancies were notified to Government for filling up. Being a Govt. Company, all Directors on BEL Board are appointed by the Govt, and the selection process & appointment, which involves various Ministries and approval by the ACC, takes time and is beyond the control of the Company.

Question		
10.4 Is the SOE's audit committee composed of a majority of independent directors?		
Score		
2		
Comments		
Based on publicly available information, there is clear evidence that the company's executive-level audit committee is composed of a majority of independent directors. The company discloses the name and status of each member.		
Evidence		
[30] Corporate Governance Report Q4 2018-19 (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=Q4-2018-19-CG-Report-15419.pdf [p.2]		
II. Composition of Committees		
Name of the Committees	Name of Committee Members	Category (Chairperson/Executive/Non-Executive/independent/Nominee)
1. Audit Committee	Mr. Mukka Harish Babu, Chairman	Independent
	Mrs. Usha Mathur, Member	Independent
	Mr. R K Shevgaonkar, Member	Independent
	Mr. Surendra Singh Sirohi, Member	Independent

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
0
Comments
Based on publicly available information, there is insufficient evidence to suggest that the company has a system in place to manage asset transactions. The company makes some reference to the role of the vigilance organisation in reviewing asset acquisitions and the role of directors in maintaining proper accounting records, but this information does not satisfy the requirements of score '1'.
Evidence
<p>[1] Vigilance Manual- 2018 (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf [p.19-20] The main objective of vigilance function in any organization is to assist the management to achieve its goal by ensuring that all transactions are carried out as per systems and procedures while minimizing the scope of malpractices/misconduct and misuse of funds.</p> <p>[p.40] 2.5.5 PREVENTIVE VIGILANCE FUNCTIONS BY CVO</p> <p>The CVO is expected to take following measures on preventive vigilance side: -</p> <p>[...]</p> <p>(xiii) To ensure prompt observance of Conduct rules relating to integrity, covering (i) statements of assets and acquisitions [...].</p> <p>[4] Annual Report 2017-2018 (Document) Accessed 11/08/2019 http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf [p.24] Directors' Responsibility Statement</p> <p>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 :</p> <p>[...]</p> <p>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;</p>

List of Evidence & Sources

N o.	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Vigilance Manual -2018	07/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=BEL_Vigilance_Manual_2018.pdf
02	Document	Code of Business Conduct and Ethics for Board Members and Senior Management	07/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Revised_Codeofconduct_2016-24-03-2016.pdf
03	Document	BEL PRINCIPLES & POLICIES OF BUSINESS RESPONSIBILITY	07/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Business-Responsibility-Policy.pdf
04	Document	Annual Report 2017-2018	07/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=annual-report-2017-18-28918.pdf
05	Webpage	CVO Profile	07/08/19	http://www.bel-india.in/DocumentViews.aspx?fileName=cvo-english-26419.pdf
06	Document	Corruption Risk Management Policy	07/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Corruption%20Risk%20Management%20Policy%20-%202014.pdf
07	Document	Whistleblower Policy	08/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Whistle%20Blower%20Policy_Revised.pdf
08	Document	Complaints Handling Policy	08/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Complaint%20Handling%20Policy%20-%202014.pdf
09	Webpage	Board of Directors and Committees	08/08/19	http://www.bel-india.in/ContentPage.aspx?MId=17&CId=531&LId=1&link=531
10	Webpage	Training	08/08/19	http://www.bel-india.in/ContentPage.aspx?MId=27&CId=363&LId=1&link=363
11	Webpage	Online Complaint	08/08/19	http://www.bel-india.in/VigilanceComplaint.aspx?MId=27
12	Webpage	Corporate Vigilance	08/08/19	http://www.bel-india.in/ContentPage.aspx?MId=27&CId=1240&LId=1&link=1240
13	Document	Related Party Transactions Policy	08/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Revised%20RPT_Final.pdf
14	Document	CSR and Sustainability Policy	08/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=CSR%20SD%20POLICY%2004-07-2017.pdf
15	Webpage	Integrity Pact and IEMS	08/08/19	http://www.bel-india.in/ContentPage.aspx?MId=27&CId=4195&LId=1&link=4195

16	Document	Adoption of Integrity Pact for Orders / Contracts of value ^` 5 Crores & above	08/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Integrity%20Pact.pdf
17	Document	Integrity Pact	08/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Integrity%20Pact.pdf
18	Webpage	Exports & Offsets	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=5&CId=1228&LId=1&link=1228
19	Webpage	Services	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=15&CId=0&LId=1&link=0
20	Webpage	Business Initiatives	09/08/19	http://www.bel-india.in/Manufacturing.aspx?MId=16&CId=0&LId=1&link=0
21	Webpage	BEL Optronics Devices Limited	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=9&CId=57&LId=1&link=57
22	Webpage	BEL-Thales Systems Limited	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=9&CId=59&LId=1&link=59
23	Webpage	Shareholding Pattern	09/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=shareholding-pattern-as-on-31-st-march-2019.pdf
24	Webpage	Open Ownership Register	09/08/19	https://register.openownership.org/search?utf8=✓&q=Bharat+Electronic+s+
25	Webpage	Indian market	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=5&CId=1226&LId=1&link=1226
26	Webpage	International Presence	09/08/19	http://www.bel-india.in/Manufacturing.aspx?MId=16&CId=0&LId=1&link=0
27	Webpage	Vision, mission & Objectives	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=2&CId=1&LId=1&link=0
28	Webpage	Quality Policy and Objectives	09/08/19	http://www.bel-india.in/ContentPage.aspx?MId=27&CId=4191&LId=1&link=4191
29	Webpage	Leadership	09/08/19	http://www.bel-india.in/Leadership.aspx?MId=3&CId=1&LId=1&link=0
30	Document	Corporate Governance Report Q4 2018-19	09/08/19	http://www.bel-india.in/Documentviews.aspx?fileName=Q4-2018-19-CG-Report-15419.pdf
31	Document	Sub-contract Procedure 2017	09/08/19	http://www.bel-india.in/DocumentViews.aspx?fileName=Sub-Contract%20Procedure%2020172017042411463610920180628175540958.pdf
32	Document	Purchase Procedure 2016	09/08/19	http://www.bel-india.in/DocumentViews.aspx?fileName=Purchase%20Procedure_Complete_10-09-201620161021152640561.pdf