

भारत इलेक्ट्रॉनिक्स लिमिटेड
BHARAT ELECTRONICS LIMITED

(भारत सरकार का उद्यम)

(A Government of India Enterprise)

पंजीकृत व कारपोरेट कार्यालय - आउटर रिंग रोड, नागवारा, बेंगलूर - 560 045

Registered & Corporate Office: Outer Ring Road, Nagavara, Bangalore – 560 045

सूचना / NOTICE

प्रति

सभी शेयरधारक

एतद्वारा सूचना दी जाती है कि भारत इलेक्ट्रॉनिक्स लिमिटेड के शेयरधारकों की सत्तावनवीं वार्षिक सामान्य बैठक सोमवार, दिनांक 26 सितंबर, 2011 को अपराह्न 2.30 बजे ग्रांड बॉल रूम, होटल शेरेटन बेंगलूर, ब्रिगेड गेटवे, 26/1, डॉ राजकुमार मार्ग, राजाजी नगर, बेंगलूर - 560 055 में निम्नलिखित कारोबार संचालित करने हेतु आयोजित की जाएगी -

सामान्य कारोबार

- 31 मार्च 2011 को समाप्त वर्ष हेतु लाभ व हानि लेखा एवं यथा उस तिथि को तुलना पत्र और उसमें निदेशकों व लेखा परीक्षकों के प्रतिवेदनों को प्राप्त करने, उस पर विचार करने और उसे अपनाने हेतु।
- अंतरिम लाभांश संपुष्ट करने हेतु तथा साम्या शेयरों पर अंतिम लाभांश घोषित करने हेतु।
- श्री एच एन रामकृष्णा, जो चक्रानुक्रम से निवृत्त हो रहे हैं और पात्र होने के कारण वे स्वयं को पुनः नियुक्ति के लिए प्रस्तुत करते हैं, के स्थान पर निदेशक नियुक्त करने हेतु।
- ले जन (नि) जी श्रीधरन, जो चक्रानुक्रम से निवृत्त हो रहे हैं और पात्र होने के कारण स्वयं को पुनः नियुक्ति के लिए प्रस्तुत करते हैं, के स्थान पर निदेशक नियुक्त करने हेतु।
- श्री एम एस रामचंद्रन, जो चक्रानुक्रम से निवृत्त हो रहे हैं और पात्र होने के कारण स्वयं को पुनः नियुक्ति के लिए प्रस्तुत करते हैं, के स्थान पर निदेशक नियुक्त करने हेतु।

विशेष कारोबार

सामान्य संकल्प

- निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना सामान्य संकल्प के रूप में पारित करने हेतु -

“संकल्प किया गया कि श्री एन सीताराम, जिन्हें 28 जनवरी, 2011 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।”

TO

ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the fifty seventh Annual General Meeting of the Shareholders of Bharat Electronics Limited will be held on Monday, the 26th of September 2011, at 2.30. p.m. at Grand Ball Room, Hotel SHERATON BANGALORE at Brigade Gateway, 26/1, Dr. Rajkumar Road, Rajaji Nagar, Bangalore – 560 055, to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
- To confirm the Interim Dividend and declare Final Dividend on Equity Shares.
- To appoint a Director in place of Mr H N Ramakrishna, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Lt Gen (Retd.) G Sridharan, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr M S Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

ORDINARY RESOLUTION

- To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

"RESOLVED THAT Mr N Sitaram who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 28th of January, 2011, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."



7. निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना सामान्य संकल्प के रूप में पारित करने हेतु -

“संकल्प किया गया कि प्रो अनुराग कुमार, जिन्हें 28 जनवरी, 2011 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।”

8. निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना सामान्य संकल्प के रूप में पारित करने हेतु -

“संकल्प किया गया कि प्रो. जी माधवन नायर, जिन्हें 28 जनवरी, 2011 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।”

9. निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना सामान्य संकल्प के रूप में पारित करने हेतु -

“संकल्प किया गया कि प्रो. आर वेंकट रॉव, जिन्हें 28 जनवरी, 2011 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।”

10. निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना सामान्य संकल्प के रूप में पारित करने हेतु -

“संकल्प किया गया कि डॉ. एस एन दाश, जिन्हें 28 जनवरी, 2011 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।”

मंडल के आदेशानुसार,

कृते भारत इलेक्ट्रॉनिक्स लिमिटेड

सी आर. प्रकाश
कंपनी सचिव

बंगलूर
19 अगस्त 2011

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT Prof. Anurag Kumar who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 28th of January, 2011, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.”

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT Prof. G Madhavan Nair who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 28th of January, 2011, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.”

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT Prof. R Venkata Rao who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 28th of January, 2011, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.”

10. To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

“RESOLVED THAT Dr. S N Dash who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 28th of January, 2011, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation.”

By order of the Board,
For Bharat Electronics Limited

C R Prakash
Company Secretary

Bangalore
19th August 2011



टिप्पणी

1. यथा उपरोक्त विशिष्ट कारोबार के संबंध में कंपनी अधिनियम, 1956 (अधिनियम) की धारा 173(2) के तारतम्य में संबंधित व्याख्यात्मक विवरण यहाँ संलग्न है और इस सूचना का भाग है।
2. **वार्षिक सामान्य बैठक ("बैठक") में सम्मिलित होने और मतदान करने के हकदार सदस्य उनकी ओर से सम्मिलित होने और मतदान करने के लिए परोक्षी नियुक्त करने के हकदार हैं और परोक्षी को कंपनी का सदस्य होना आवश्यक नहीं है।** बहरहाल, परोक्षी को नियुक्त करने के विलेख को बैठक के प्रारंभ होने से पहले, किंतु 48 घण्टों से पहले नहीं, विधिवत् पूर्ण रूप से कंपनी के पंजीकृत कार्यालय में प्रस्तुत किया जाना चाहिए।
3. बैठक में सम्मिलित होने वाले प्राधिकृत प्रतिनिधि को भेजने का आशय रखने वाले कारपोरेट सदस्यों से अनुरोध है कि वे बैठक में उनकी ओर से भाग लेने और मतदान करने हेतु अपने प्रतिनिधि को प्राधिकृत करते हुए मंडल के संकल्प की प्रमाणित प्रति कंपनी को भेजें।
4. भारत सरकार की हरित पहल के भाग के रूप में, कारपोरेट कार्य मंत्रालय (एमसीए) ने अपने परिपत्र सं. 17/2011 तथा 18/2011 दिनांक क्रमशः 21 अप्रैल, 2011 तथा 29 अप्रैल, 2011 के माध्यम से, तुलन-पत्र, लाभ व हानि लेखा, लेखा परीक्षकों का प्रतिवेदन, निदेशकों का प्रतिवेदन, व्याख्यात्मक विवरण तथा अन्य दस्तावेजों के साथ वार्षिक सामान्य बैठक की सूचना इलेक्ट्रॉनिक मेल द्वारा प्रेषित करने की अनुमति कंपनियों को दी है।

एक जिम्मेदार कारपोरेट नागरिक के रूप में कंपनी एमसीए द्वारा किए गए हरित पहल को आगे बढ़ाते हुए अपने शेयरधारकों को उनके संबंधित डिमैट खातों में उनके द्वारा दिए गए तथा निक्षेपकर्ताओं द्वारा कंपनी को उपलब्ध कराए गए ईमेल पता पर इलेक्ट्रॉनिक माध्यम के जरिए वार्षिक सामान्य बैठक की सूचना और अन्य दस्तावेज भेजेगी।

बहरहाल, कृपया नोट करें कि कंपनी के सदस्य के रूप में आपकी ओर से आवश्यकता की सूचना प्राप्त करने पर, आप लाभ व हानि लेखा और लेखा परीक्षकों के प्रतिवेदन सहित कंपनी के तुलन-पत्र और उसके साथ विधि द्वारा संलग्न किए जाने वाले अन्य सभी दस्तावेजों की हार्ड प्रति निःशुल्क प्राप्त करने के लिए हकदार होंगे।

यदि आप ऊपर उल्लिखित दस्तावेज भौतिक रूप में प्राप्त करना चाहते हैं तो कृपया कंपनी के पंजीयक, मे. इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि., को अपने डिमैट खाते के ब्यौरे विधिवत् देते हुए bel@iepindia.com पर यथाशीघ्र सूचित करें।

एमसीए द्वारा उसके उपरोक्त परिपत्रों में यथा निर्देशित, कंपनी इन दस्तावेजों को शेयरधारकों के सूचनार्थ एवं उनके द्वारा डाउनलोड करने के लिए कंपनी की वेबसाइट नामतः <http://www.bel-india.com> पर भी उपलब्ध कराएगी। साथ ही, वार्षिक प्रतिवेदन की भौतिक प्रतियाँ कार्य घण्टों के दौरान निरीक्षण के लिए कंपनी के पंजीकृत कार्यालय में उपलब्ध होंगी।

हम सरकार द्वारा की गई इस पहल के प्रति आपके सहयोग और समर्थन की अपेक्षा करते हैं जिससे हमारी पृथ्वी को हरा-भरा और शीतल रखने में मदद मिलेगी।

5. कंपनी ने साम्या शेयरों पर लाभांश, यदि बैठक में घोषित किया जाए, के लिए पात्र सदस्यों के नामों को निर्धारित करने के लिए सदस्यों की पंजी और शेयर अंतरण बही

NOTE

1. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 (the Act), in respect of Special Business as set out above is annexed hereto and forms part of the Notice.
2. **A Member entitled to attend and vote at the Annual General Meeting (the "meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company duly completed, not less than 48 hours before the commencement of the meeting.**
3. **Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.**
4. As part of Government of India's Green Initiatives, the Ministry of Corporate Affairs (MCA) vide its Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively, has permitted companies to dispatch Notice of AGM with Balance Sheet, Profit and Loss Account, Auditors' Report, Directors' Report, Explanatory Statement and other documents through electronic mail.

The Company, as a responsible corporate citizen, in furtherance of the Green initiatives taken by MCA, will be sending in future the Notice of AGM and other documents to its shareholders through electronic mode to the email address furnished by the shareholders in their respective Demat Accounts and made available to the Company by the Depositories.

However, please note that you will be entitled to be furnished free of cost with a hard copy of Balance Sheet of the Company and all other documents required to be attached thereto by law, including the Profit and Loss Account and Auditors' Report, upon receipt of a requisition from you, as a member of the Company.

If you wish to receive the above mentioned documents in physical form please give the intimation to the Company's Registrars, M/s. Integrated Enterprises (India) Ltd., at the e-mail ID: bel@iepindia.com duly quoting your Demat A/c details.

As directed by MCA vide its above circulars, the Company would also make available these documents on the Company's website viz. <http://www.bel-india.com> for perusal and download by the shareholders. Also, the physical copies of Annual Report would be available at the Registered Office of the Company for inspection during office hours.

We look forward for your kind co-operation and support to the initiative undertaken by the Government which would help in keeping our Planet Earth Green and Cool.

5. The Company has already notified closure of Register of Members and Share Transfer Books from 15/09/2011 to 26/09/2011 (both days



को दिनांक 15/09/2011 से 26/09/2011 तक (दोनों दिनों सहित) बंद रखने की सूचना पहले ही दे दी है।

6. वर्ष 2010-11 हेतु अंतिम लाभांश, यदि वार्षिक सामान्य बैठक में घोषित हो, लाभांश की घोषणा की तिथि से 30 दिनों के भीतर उन सदस्यों को प्रदेय होगा जिनके नाम यथा 14 सितंबर, 2011 को कंपनी के सदस्यों की पंजी में प्रकट होते हैं।

कंपनी जहाँ कहीं संभव हो, लाभांश भुगतान ईसीएस (इलेक्ट्रॉनिक क्लियरिंग सिस्टम) द्वारा तथा अन्य मामलों में लाभांश वारंट / बैंक मांग पत्र द्वारा करेगी। इलेक्ट्रॉनिक रूप में धारित शेयरों के मामले में, लाभांश का भुगतान यथा 14 सितंबर, 2011 को कारोबारी घण्टों की समाप्ति पर इस प्रयोजन हेतु निक्षेपकर्ताओं (एन एस डी एल तथा सी डी एस एल) द्वारा दिए गए हिताधिकारी स्वामित्व ब्योरों के आधार पर किया जाएगा। इलेक्ट्रॉनिक रूप में शेयर धारित करने वाले सदस्य नोट करें कि उनके संबंधित निक्षेपागार खातों के समक्ष दर्ज बैंक विवरणों का प्रयोग कंपनी द्वारा लाभांश के भुगतान हेतु किया जाएगा। कंपनी या इसके पंजीयक बैंक संबंधी विवरणों या बैंक आज्ञा में किसी परिवर्तन के लिए इलेक्ट्रॉनिक रूप में शेयर धारित करने वाले सदस्यों से सीधे प्राप्त किसी अनुरोध पर कार्रवाई नहीं कर सकते हैं। ऐसे परिवर्तनों को सदस्यों के निक्षेपागार सहभागी को ही सूचित किया जाना है। जिन सदस्यों ने निक्षेपागार खाता खोलने के बाद अपना बैंक खाता परिवर्तित किया है और निक्षेपागार खाता खोलते समय विनिर्दिष्ट खाते के अलावा खाते में लाभांश प्राप्त करना चाहते हैं, ऐसे सदस्यों से अनुरोध है कि वे 10 सितंबर, 2011 से पहले अपने निक्षेपागार सहभागी से अपना बैंक खाते के ब्योरे (नौ अंकों के बैंक कूट सहित) में परिवर्तन / सुधार कर लें।

7. अधिनियम की धारा 205ए (5) के तहत कंपनियों को अदत्त लाभांश खाते में कंपनियों द्वारा अंतरित ऐसी राशि जो सात वर्षों की अवधि हेतु दावा न की गई/अदत्त रहती है, को अधिनियम की धारा 205 सी के तहत सरकार द्वारा स्थापित निवेशक शिक्षा व संरक्षा कोष (कोष) में अंतरित करना आवश्यक है। इस अधिनियम की धारा 205 सी के अनुसार, कोष को इस प्रकार अंतरित अलग-अलग राशियों के संबंध में कोष या कंपनी के समक्ष कोई दावे नहीं होने चाहिए तथा ऐसे किसी भी दावे के संबंध में कोई भुगतान नहीं किया जाएगा। वर्ष 2010-11 के दौरान, कंपनी ने वर्ष 2002-2003 हेतु अदत्त लाभांश खाते से 81,795/- ₹. की राशि को कोष में अंतरित किया है। वर्ष 2003-2004 के लिए दावा न किए गए / अदत्त लाभांश 2011 में निधि में अंतरित करने हेतु नियत है। इसे कार्यान्वित करने के लिए संबंधित शेयरधारकों को सूचनाएँ भेज दी गई हैं ताकि वे दावा कर राशि प्राप्त कर सकें। कंपनी ने अपनी वेबसाइट www.bel-india.com में 2003-2004 से लेकर अब तक के लाभांश भुगतान के ब्योरे “निवेशकों के लिए सूचना” नामक एक पृथक पृष्ठ में तथा अदत्त लाभांश का दावा करने की मार्गदर्शी सूचना लगाई है। शेयरधारकों से निवेदन है कि वे अदत्त / दावा न किए गए लाभांश का दावा करने के लिए इसमें दिए गए फार्म का प्रयोग करें।

8. कंपनी के लेखों के संबंध में कोई भी सूचना प्राप्त करने के इच्छुक सदस्यों से अनुरोध है कि वे अपने प्रश्न, लिखित में, कंपनी के पंजीकृत कार्यालय में ऐसे भेजें कि वे बैठक से कम से कम 7 दिन पहले पहुँच जाएँ ताकि अपेक्षित सूचना बैठक में उपलब्ध हो सके।

9. सदस्यों से अनुरोध है कि वे वार्षिक प्रतिवेदन और सूचना की अपनी प्रतियाँ बैठक में साथ लेकर आएँ।

inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the Meeting.

6. The Final Dividend for the year 2010-11, if declared at the Meeting, will be payable within 30 days from the date of declaration, to those members whose names shall appear on the Company's Register of Members as on 14th September, 2011.

Company will be making the dividend payment by ECS (Electronic Clearing Services), wherever possible and by dividend warrant / Bank demand drafts in other cases. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership details furnished by the Depositories (NSDL & CDSL), as at the close of business hours on 14th September, 2011, for this purpose. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the Members. Members who have changed their bank account after opening the Depository Account and want to receive dividend in an account other than the one specified while opening the Depository Account, are requested to change/correct their bank account details (including the nine digit Bank code) with their Depository Participant, before 10th of September, 2011.

7. Under Section 205A(5) of the Act, companies are required to transfer to the Investor Education and Protection Fund (the Fund) established by the Government under Section 205C of the Act the money transferred by the companies to the Unpaid Dividend Account and which remain unclaimed/unpaid for a period of seven years. As per Section 205C of the Act no claims shall lay against the Fund or the Company in respect of individual amounts thus transferred to the Fund and no payment shall be made in respect of any such claims. During the year 2010-11 the Company transferred to the Fund an amount of ₹ 81,795/- from the unpaid Dividend Account for the year 2002-03. The unclaimed/unpaid dividend for the year 2003-04 is due for transfer to the Fund in 2011. Notices to this effect have been sent to the respective shareholders to enable them to claim and receive the amount. Company has posted on its website www.bel-india.com in a separate page titled “Information for Investors” the details of dividend payment since 2003-04 onwards and guidance information for claiming unpaid dividend. Members are requested to make use of the claim form provided therein to claim unpaid/unclaimed dividend.

8. Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries, in writing, to the Company at the Registered Office so as to reach at least 7 days before the meeting so that the required information can be made available at the meeting.

9. Members are requested to bring their copies of the Annual Report and the Notice to the meeting.



10. बैठक में सम्मिलित हो रहे सदस्यों / परोक्षियों से अनुरोध है कि वे संलग्न उपस्थिति पर्ची भरकर उसे बैठक के प्रवेश स्थल पर सुपुर्द करें ।
 11. बैठक में भाग लेने वाले संयुक्त धारकों के मामले में, केवल ऐसे संयुक्त धारक जो नामों के क्रम में ऊपर होंगे, मतदान करने के हकदार होंगे ।
 12. शेयरों को भौतिक रूप में धारित करने वाले सदस्यों से अनुरोध है कि वे अपने पते में हुए किसी भी परिवर्तन के बारे में कंपनी के पंजीयक व अंतरण एजेन्ट मेसर्स इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि., 30, रमणा रेसिडेन्सी, भूतल, 4 था क्रॉस, सम्मिंगे रोड, मल्लेश्वरम, बेंगलूर - 560003, दूरभाष 080 - 23460815 - 18, फैक्स 080 - 23460819 को लिखित सूचना भेजते हुए तुरंत सूचित करें । शेयरों को डीमैट रूप में धारित करने वाले सदस्यों से अनुरोध है कि वे संबंधित निक्षेपागार सहभागियों से संपर्क करें जिनके साथ उन्होंने डीमैट खाता खोला है और पते में हुए परिवर्तन को दर्ज कराएँ ।
 13. शेयरों को अब भी भौतिक रूप में धारित करने वाले शेयरधारकों को सलाह दी जाती है कि वे शेयर प्रमाण-पत्रों के खो जाने / गलत स्थान पर रखे जाने / चोरी / जालसाजी से पैदा होने वाली परेशानियों से बचने के लिए अपने हित को ध्यान में रखते हुए शेयरों को डीमैट करा लें । कंपनी ने शेयरधारकों को बी ई एल के शेयरों को डीमैट कराने हेतु दोनों निक्षेपागारों अर्थात् एन एस डी एल और सी डी एस एल के साथ करार किए हैं । सदस्य इस संबंध में कृपया पंजीयक व अंतरण एजेन्ट, मेसर्स इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि., से संपर्क करें ।
10. Members/Proxies attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue.
 11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 12. Members holding shares in physical form are requested to notify to the Company's Registrars and Transfer Agent, M/s Integrated Enterprises (India) Ltd., 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore-560003, Tel. 080-23460815-18, Fax. 080-23460819 immediately any change in their address, by sending a written communication. Members who are holding shares in demat form are requested to contact the respective Depository Participants with whom they have opened the Demat Account and get the change of address recorded.
 13. Members still holding shares in physical form are advised to dematerialise the shares in their own interest to avoid difficulties arising from loss/ misplacement/ theft/ forgery of share certificates. Company has entered into agreements with both the depositories, viz. NSDL and CDSL to enable the shareholders to dematerialise BEL shares. Members may please contact the Registrar and Transfer Agent, M/s Integrated Enterprises (India) Ltd., in this connection.

सूचना का संलग्नक

कंपनी अधिनियम, 1956 की धारा 173(2) के तारतम्य में व्याख्यात्मक विवरण ।

मद सं. 6 - 10 के संबंध में

चूँकि आपकी कंपनी एक सरकारी कंपनी है, इसके मंडल के निदेशक भारत सरकार (सरकार) द्वारा नियुक्त किए जाते हैं । सरकार ने दिनांक 21.12.2010 को कंपनी के निदेशक मंडल में 3 वर्षों की अवधि के लिए निम्नलिखित निदेशकों को नियुक्त किया है -

- i) श्री एन सीताराम, पूर्व मुख्य नियंत्रक (अनु.व.वि.), डीआरडीओ
- ii) प्रो. अनुराग कुमार, प्रोफेसर, भा.वि.सं., बेंगलूर
- iii) प्रो. जी माधवन नायर, पूर्व अध्यक्ष, इसरो
- iv) प्रो. आर वेंकट रॉव, कुलपति, राष्ट्रीय विधि विश्वविद्यालय, बेंगलूर तथा
- v) डॉ. एस एन दाश, पूर्व सचिव, भारत सरकार

कंपनी अधिनियम 1956 की धारा 260 तथा कंपनी की अंतर्नियमावली के अनुच्छेद 71सी के तारतम्य में निदेशक मंडल ने दिनांक 28.01.2011 को हुई बैठक में उपरोक्त व्यक्तियों को अगली वार्षिक सामान्य बैठक की तिथि तक पदधारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया है ।

तत्पश्चात, कंपनी ने अधिनियम की धारा 257 के तहत उपरोक्त व्यक्तियों को कंपनी के निदेशक के रूप में नियुक्त करने का प्रस्ताव करने के आशय को स्पष्ट करते हुए सदस्यों से लिखित में तीन सूचनाएँ प्राप्त की हैं और इन सूचनाओं के साथ प्रत्येक के लिए ₹ 500/- का जमा प्राप्त किया है ।

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

In respect of item No.6 - 10

Your Company being a Government Company, the Directors on the Board are appointed by the Government of India (Government). Government has on 21.12.2010 appointed the following Directors on the Board of Directors of the Company, for a period of 3 years:

- i) Mr N Sitaram, former Chief Controller (R&D), DRDO
- ii) Prof Anurag Kumar, Professor, IISc, Bangalore
- iii) Prof G Madhavan Nair, former Chairman, ISRO
- iv) Prof R Venkata Rao, Vice-Chancellor, National Law University, Bangalore and
- v) Dr S N Dash, former Secretary to Government of India

Pursuant to Section 260 of the Companies Act, 1956 and Article 71C of the Articles of Association of the Company, the Board of Directors at Board meeting held on 28-01-2011 appointed above persons as Additional Directors to hold office upto the date of the next Annual General Meeting.

Subsequently, the Company has received five notices in writing under Section 257 of the Act from members signifying their intention to propose the appointment of above persons as Directors of the company and a deposit of ₹ 500/- each has been received along with notices.



स्टाक एक्सचेंजों के सूचीकरण करार के अनुसार शेयरधारकों को अप्रोषित किए जाने हेतु आवश्यक ब्यौरे सहित उपरोक्त नए निदेशकों के संक्षिप्त जीवन-वृत्त संलग्न है। आपके निदेशक महसूस करते हैं इन व्यक्तियों के ज्ञान तथा समृद्ध अनुभव से कंपनी को प्रचुर लाभ होगा और तदनुसार सूचना की मद सं. 6-10 में प्रस्तावित संकल्प पारित करने की संस्तुति करते हैं।

अतिरिक्त निदेशकों (इन संकल्पों में निदेशकों के रूप में नियुक्त किए जाने हेतु प्रस्तावित व्यक्ति) को छोड़कर कोई भी निदेशक मद सं. 6-10 में दिए गए संकल्प में किसी भी प्रकार से संबद्ध या इच्छुक नहीं है।

पुनःनियुक्त / नियुक्त किए जाने हेतु प्रस्तावित निदेशकों का संक्षिप्त जीवन-वृत्त

पुनःनियुक्त किए जाने हेतु प्रस्तावित निदेशकगण

श्री एच एन रामकृष्णा मैसूर विश्वविद्यालय से बी.एससी. और बीई (इलेक्ट्रॉनिक्स) हैं और भारतीय विज्ञान संस्थान, बंगलूर से एम.ई. (इलेक्ट्रॉनिक्स) धारक हैं। निदेशक (विपणन) के रूप में अपनी नियुक्ति से पूर्व वे बंगलूर काम्पलेक्स में महाप्रबंधक (सैन्य संचार) के रूप में कंपनी में सेवाएँ प्रदान करते रहे हैं। उन्होंने वर्ष 1977 में परिवीक्षाधीन अधिकारी के रूप में बीईएल में कार्यग्रहण किया था और वर्ष 2006 में महाप्रबंधक बने। 32 वर्षों के कार्यकाल के दौरान उन्होंने कंपनी में विभिन्न उत्तरदायी पदों पर कार्य किया और उन्हें सैन्य संचार उत्पादों के अभिकल्प, नव-उत्पाद मूल्यांकन, आर एवं एम अध्ययन तथा विफलता विश्लेषण एवं सैन्य संचार उत्पादों तथा जटिल वायुवाहित इलेक्ट्रॉनिक प्रणालियों के निर्माण का दीर्घ अनुभव है। वे 3 वर्षों तक भारत इलेक्ट्रॉनिक्स गुणता संस्थान के संकाय सदस्य भी रहे। श्री एच एन रामकृष्णा किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

ले. जन. (नि.) जी श्रीधरन सैन्य इलेक्ट्रॉनिकी एवं मेकेनिकल अभियांत्रिकी महाविद्यालय (एमसीईएमई) से प्रौद्योगिकी स्नातक हैं। वे एमसीईएमई से औद्योगिकी अभियांत्रिकी में स्नातकोत्तर डिप्लोमा धारक, अभियंता संस्थान से एमआईई (इलेक्ट्रॉनिक्स) तथा इलेक्ट्रॉनिक्स एवं दूरसंचार अभियंता संस्थान से एमआईईटीई धारक भी हैं। इससे पहले उन्होंने रक्षा उत्पादन विभाग, रक्षा मंत्रालय में महानिदेशक, गुणता आश्वासन के रूप में भी अपनी सेवाएँ प्रदान की हैं। उनके द्वारा किए गए कार्यों में रणनीतिक योजना, सूक्ष्म-स्तरीय नीति संरचना, निर्णय लेना, संसाधन प्रबंधन तथा लॉजिस्टिक प्रबंधन शामिल हैं। उन्हें नेतृत्व-क्षमता एवं प्रबंधन में 35 वर्षों से अधिक तथा गुणता प्रबंधन में 18 वर्षों का अनुभव है। उनकी प्रमुख क्षमताएँ परियोजना प्रबंधन, टीम निर्माण तथा गुणता प्रबंधन में हैं। ले. जन. (नि.) जी श्रीधरन किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल की लेखा परीक्षा समिति तथा निवेशकों/शेयरधारकों की शिकायत समिति के अध्यक्ष हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

श्री एम एस रामचंद्रन इंडियन ऑयल कारपोरेशन लि. के पूर्व अध्यक्ष हैं। उन्होंने 1966 में अभियांत्रिकी महाविद्यालय, गुडंडी, चेन्नै से मेकेनिकल अभियांत्रिकी में स्नातक किया है। अशोक लेलैंड में लगभग 4 वर्षों तक कार्य करने के बाद, उन्होंने वर्ष 1969 में आईओसी में कार्यग्रहण किया था। आईओसी में उन्होंने 2005 तक लगभग 36 वर्षों तक कार्य किया। इन 36 वर्षों के दौरान, उन्होंने कार्यकारी निदेशक, निदेशक (योजना एवं कारोबार विकास) और अंततः अध्यक्ष सहित विभिन्न उत्तरदायी पदों को धारित किया। 1998-2000 के दौरान वे कार्यकारी निदेशक, ऑयल समन्वयन समिति रहे। तथ्यतः विनियामक निकाय तथा पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय की विस्तारित शाखा के प्रमुख के रूप में उन्होंने आयात, वस्तुसूची, प्रबंधन एवं पर्यावरण-मैत्रीपूर्ण उत्पाद प्रारंभ करने सहित उद्योग भर के लिए आपूर्ति तथा लॉजिस्टिक योजना का नेतृत्व किया। उन्होंने इस क्षेत्र का अवस्थाबद्ध

Brief resume of the above new directors including the details required to be forwarded to the Shareholders as per Listing Agreement with Stock Exchanges, enclosed. Your Directors feel that the Company would immensely benefit from the knowledge and rich experience possessed by these persons and accordingly recommend the passing of the resolutions proposed at items No. 6-10 of the Notice.

No Director other than the Additional Directors (the persons proposed to be appointed as Directors in these resolutions) is in any way concerned or interested in the resolutions set out at items No. 6-10.

Brief Resume of Directors Proposed to be Reappointed/Appointed

Directors Proposed to be Reappointed

Mr H N Ramakrishna is B. Sc., & BE (Electronics) from Mysore University and ME (Electronics) from Indian Institute of Science, Bangalore. Prior to his appointment as Director (Marketing), he has been serving the Company as General Manager (Military Communication) at its Bangalore Complex. He joined BEL in the year 1977 as Probationary Officer and rose to become General Manager in the year 2006. During the span of 32 years he has held various responsible posts in the Company and has wide experience in design of Military Communication products, New Product Evaluation, R&M studies and failure analysis and manufacture of military communication products and complex airborne electronic systems. He has also been a faculty member of the Bharat Electronics Quality Institute for 3 years. Mr. H N Ramakrishna is not on the Board of any other Company. He does not hold any shares in BEL.

Lt. Gen. (Retd.) G Sridharan is Bachelor of Technology in Electronics Engineering from Military College of Electronics and Mechanical Engineering (MCEME). He also holds a post graduate diploma in Industrial Engineering from MCEME, MIE (Electronics) from Institution of Engineers and MIETE from Institution of Electronics and Telecommunication Engineers. Earlier, he served as Director General Quality Assurance in the Department of Defence Production, Ministry of Defence. The job included strategic planning, macro-level policy formulation, decision-making, resource management and logistics management. He has over 35 years of experience in leadership and management and 18 years experience in quality management. He has core competencies in project management, team building and quality management. Lt. Gen. (Retd.) G Sridharan is not on the Board of any other company. He is the Chairman of BEL Audit Committee and the Investors/Shareholders Grievance Committee. He does not hold any shares in BEL.

Mr M S Ramachandran is the former Chairman of the Indian Oil Corporation Ltd. He graduated in Mechanical Engineering from the College of Engineering, Guindy, Chennai in 1966. After working for about 4 years in Ashok Leyland he joined IOC in the year 1969. He worked with IOC for about 36 years till 2005. During these 36 years he held various responsible positions including that of Executive Director, Director (Planning & Business Development) and finally as Chairman. During 1998-2000 he was Executive Director, Oil Co-ordination Committee. As head of the de facto regulatory body and an extended arm of the Ministry of Petroleum and Natural Gas, led industry-wide supply and logistics planning including imports, inventory,

विनियमन का भी पर्यवेक्षण किया जिसमें प्रचालित मूल्य-निर्धारण व्यवस्था को विखंडित करना और बाजार संबद्ध मूल्य-निर्धारण प्रारंभ करना शामिल थे । श्री एम एस रामचंद्रन बीईएल के अलावा 4 कंपनियों के मंडलों में निदेशक हैं - (1) आईसीआईसीआई बैंक लि., (2) ऐस्टर इंडस्ट्रीज़ लि., (3) गल्फ ऑयल कारपोरेशन लि., तथा (4) सुप्रीम पेट्रोकेमिकल्स लि. । वे बीईएल, आईसीआईसीआई बैंक लि तथा ऐस्टर इंडस्ट्रीज़ लि. में लेखा परीक्षा समितियों के सदस्य हैं । वे बीईएल में कोई शेयर धारण नहीं करते ।

नियुक्त किए जाने हेतु प्रस्तावित निदेशक

श्री एन सीताराम जो रक्षा अनुसंधान एवं विकास संगठन (डीआरडीओ) के पूर्व मुख्य नियंत्रक (अनु.व.वि.) हैं, भारतीय विज्ञान संस्थान (आईआईएससी), बेंगलूर से बी.ई. डिग्री तथा भारतीय प्रौद्योगिकी संस्थान (आईआईटी) कानपूर से एम. टेक. डिग्री धारक हैं । उनकी विशेषज्ञता के क्षेत्रों में सैन्य संचार एवं सूचना प्रणालियाँ हैं । डीआरडीओ के साथ अपने 40 वर्षों के लंबे सहकार के दौरान, विशिष्ट वैज्ञानिक तथा अनुसंधान एवं विकास के मुख्य नियंत्रक (इलेक्ट्रॉनिक्स एवं कंप्यूटर विज्ञान) के रूप में पदोन्नत होने से पहले उन्होंने रोबोटिक्स एवं आसूचना प्रणाली संस्थान (आईआरआईएस), इलेक्ट्रॉनिक्स एवं रेडार विकास संस्थापना (एलआरडीई, संचार प्रभाग) तथा एआई एवं रोबोटिक्स केन्द्र (सीएआईआर) जैसी रक्षा अनुसंधान प्रयोगशालाओं का नेतृत्व किया । सीसीआर एवं डी के रूप में, उनके पास डीआरडीओ की 11 अनु. व.वि. प्रयोगशालाओं का अधिकार-क्षेत्र था जिनमें बेंगलूर में एलआरडीई, सीएआईआर तथा एमटीआरडीसी, हैदराबाद में डीएलआरएल, दिल्ली में एलएएसटीईसी, एसएसपीएल तथा एसएजी और देहरादून में डीईएल और आईआरडीई शामिल हैं । वे संयुक्त साइफर ब्यूरो (जेसीबी) के मुख्य समन्वयक, एकीकृत सर्किट प्रौद्योगिकी एवं व्यावहारिक अनुसंधान सोसाइटी (सितार) के शासी परिषद के अध्यक्ष तथा भारत सरकार की साइफर नीति समिति के सह-अध्यक्ष भी थे । उन्होंने रेडार, संचार, इलेक्ट्रॉनिक युद्धपद्धति, सूचना प्रणालियाँ, इलेक्ट्रो-ऑप्टिकल साधनों / उपकरणों, सूक्ष्मतरंग ट्यूबों आदि सहित अनेक विषय-क्षेत्रों की व्यापक श्रृंखला में प्रमुख प्रणाली विकास परियोजनाओं तथा प्रौद्योगिकी विकास कार्यक्रमों का संचालन किया । श्री एन सीताराम किसी अन्य कंपनी के मंडल में नहीं हैं । वे बीईएल में कोई शेयर धारण नहीं करते ।

प्रो. अनुराग कुमार भारतीय विज्ञान संस्थान, बेंगलूर में वैद्युत संचार अभियांत्रिकी विभाग में प्रोफेसर तथा वैद्युत विज्ञान प्रभाग के अध्यक्ष हैं । वे बी.टेक. और पीएच. डी. हैं और उनकी विशेषज्ञता का क्षेत्र "संचार नेटवर्क" है । वे भारतीय विज्ञान संस्थान, बेंगलूर में 1998 से वैद्युत संचार अभियांत्रिकी विभाग में संकाय सदस्य हैं और उन्होंने सहायक प्रोफेसर, एसोसिएट प्रोफेसर और प्रोफेसर जैसे विभिन्न पदों को धारित किया है । वे 2004-2007 के दौरान वैद्युत एवं संचार अभियांत्रिकी विभाग के अध्यक्ष तथा 2000-2003 के दौरान एसोसिएट अध्यक्ष भी रह चुके हैं । मई से नवंबर 1996 के दौरान वे बेतार सूचना नेटवर्क प्रयोगशाला, रुटजर्स विश्वविद्यालय, यूएसए में विज़िटिंग अनुसंधान स्कोलर थे । 1981-1988 के दौरान वे कार्य-निष्पादन विश्लेषण विभाग, एटी एंड टी बेल लेबोरेटरीज़, यूएसए में सदस्य, तकनीकी स्टाफ थे । उन्होंने 2 पुस्तकें, 52 जर्नल पत्र प्रकाशित की हैं और 99 सम्मेलन कार्यवाही पत्रों को संदर्भित किया है । प्रो. अनुराग कुमार किसी अन्य कंपनी के मंडल में नहीं हैं । वे बीईएल में कोई शेयर धारण नहीं करते ।

प्रो. जी माधवन नायर, पूर्व अध्यक्ष, इसरो तथा वीएसएससी के विशिष्ट प्रोफेसर ने 1966 में अभियांत्रिकी में स्नातक किया और भाभा परमाणु अनुसंधान केन्द्र (बीएआरसी), मुंबई में प्रशिक्षण प्राप्त किया । भारतीय अंतरिक्ष अनुसंधान संगठन के साथ उनका सहयोग तब प्रारंभ हुआ जब 1967 में उन्होंने थुम्बा इक्वेटोरियल रॉकेट लॉन्चिंग स्टेशन (टीईआरएलएस)

management and eco-friendly product introduction. He also oversaw the phased deregulation of this sector, including dismantling of the administered pricing mechanism and introduction of market linked pricing. Mr M S Ramachandran is a Director on the Boards of 4 companies other than BEL: (1) ICICI Bank Ltd., (2) Ester Industries Ltd., (3) Gulf Oil Corporation Ltd. and (4) Supreme Petrochemicals Ltd. He is a member of the Audit Committees in BEL, ICICI Bank Ltd., and Ester Industries Ltd. He does not hold any shares in BEL.

DIRECTORS PROPOSED TO BE APPOINTED

Mr. N. Sitaram, former Chief Controller (R&D), Defence Research & Development Organisation (DRDO), has a B.E. degree from Indian Institute of Science (IISc), Bangalore and a M.Tech. degree from Indian Institute of Technology (IIT) Kanpur. His area of specialisation is Military Communication & Information Systems. During his 40 years long association with DRDO, he headed Defence Research laboratories such as Institute for Robotics & Intelligent Systems (IRIS), Electronics & Radar Development Establishment (LRDE, Communication Division) and Centre for AI & Robotics (CAIR), before being elevated as Distinguished Scientist & Chief Controller of Research & Development (Electronics & Computer Science). As CCR&D he had jurisdiction over as many as 11 R&D labs of DRDO, including LRDE, CAIR and MTRDC at Bangalore, DLRL at Hyderabad, LASTEC, SSPL and SAG at Delhi, and DEAL and IRDE at Dehradun. He was also Chief Co-ordinator for joint Cipher Bureau (JCB), Chairman of the Governing Council for Society for integrated Circuit Technology and Applied Research (SITAR) and Co-chairman of Cipher Policy Committee of Government of India. He steered major systems development projects and technology development activities in a wide range of disciplines, including Radar, Communication, Electronic Warfare, Information Systems, Electro-optical Devices/ Instruments, Microwave Tubes, etc. Mr N Sitaram is not on the Board of any other company. He does not hold any shares in BEL.

Prof. Anurag Kumar is a Professor in the Dept. of Electrical Communication Engg. and Chairman, Division of Electrical Sciences at the Indian Institute of Science, Bangalore. He is B. Tech. & Ph. D. and his area of specialization is "Communication Network" He has been a faculty member in the Dept. of Electrical Communication Engineering of the Indian Institute of Science, Bangalore since 1998 and held various positions such as Asst. Professor, Associate Professor and Professor. He has also been the Chairman of Dept. of Electrical and Communication Engineering during 2004 – 2007 and Associate Chairman during 2000 – 2003. During May 1996 – November 1996 he was Visiting Research Scholar, Wireless Information Network Lab, Rutgers University, USA. During 1981-1988 he was a Member of Technical Staff, Performance Analysis Dept., AT&T Bell Laboratories, USA. He has published 2 books, 52 journal papers and referred 99 conference proceedings papers. Prof. Anurag Kumar is not on the Board of any other Company. He does not hold any shares in BEL.

Prof. G Madhavan Nair, former Chairman, ISRO and VSSC Distinguished Professor, graduated in Engineering in 1966 and underwent training at Bhabha Atomic Research Center (BARC), Bombay. His association with Indian Space Research began when he joined Thumba Equatorial Rocket Launching Station



में कार्यग्रहण किया। तब से, उन्होंने विभिन्न पदों को धारित किया, अपने मार्ग में अनुकरणीय मील-पत्थर स्थापित किए और इसरो के अध्यक्ष बने। इसरो के अध्यक्ष के रूप में उन्हें भारत में व्यक्ति और समाज की समस्याओं का समाधान करने के लिए अंतरिक्ष प्रौद्योगिकी और उसके अनुप्रयोगों के विकास की जिम्मेदारी सौंपी गई। इसरो के अध्यक्ष / सचिव, अंतरिक्ष विभाग के रूप में अपने कार्यकाल के दौरान उन्होंने 25 सफल मिशनों को पूरा किया। उन्होंने अंतरिक्ष प्रणालियों की क्षमता को बढ़ाने और साथ ही अंतरिक्ष तक पहुँच की लागत को कम करने के लिए भावी प्रौद्योगिकियों के विकास की ओर पहल किया। उन्होंने सामान्यतः समाज की जरूरतों को पूरा करने के लिए, टेली-शिक्षा तथा टेली-मैडिसिन जैसे अनुप्रयोग विकसित करने वाले कार्यक्रमों पर प्रमुख जोर दिया। अंतरिक्ष आयोग के अध्यक्ष के रूप में श्री माधवन नायर देश में अंतरिक्ष अनुसंधान के लिए भावी योजना तैयार करने के लिए उत्तरदायी थे। उन्होंने ऐस्ट्रोटेक तथा चंद्रयान मिशनों का प्रयोग करते हुए बाहरी अंतरिक्ष में वैज्ञानिक समन्वेष में प्रमुख जोर दिया। सामाजिक जरूरतों को पूरा करने के लिए संचार सुदूर संवेदन तथा अनुप्रयोग कार्यक्रम के लिए वे लांच यान, अंतरिक्ष यानों से संबंधित नई प्रौद्योगिकी विकास कार्य करने के लिए अपना मार्गदर्शन एवं नेतृत्व भी प्रदान कर रहे हैं। प्रो. माधवन नायर किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

प्रो. रामभट्टला वेंकट रॉव, कुलपति, भारतीय राष्ट्रीय विधि विद्यालय विश्वविद्यालय एम.ए., एम.एल. और पीएच. डी. हैं और उनकी विशेषज्ञता के क्षेत्रों में हैं - मानवाधिकार एवं मानवीय कानून, आपराधिक कानून, विधि-शास्त्र एवं अंतर्राष्ट्रीय कानून। उन्हें 30 वर्षों का स्नातकोत्तर शिक्षण, अनुसंधान एवं पीएच.डी. के विद्यार्थियों का मार्गदर्शन करने सहित 32 वर्षों का शिक्षण अनुभव है। विगत में उनके द्वारा धारित अन्य पदों में शामिल हैं - डीन, संकाय सदस्य, आंध्र विश्वविद्यालय, प्राचार्य, विश्वविद्यालय विधि महाविद्यालय, आंध्र विश्वविद्यालय, विशाखापट्टनम, उपाध्यक्ष, भारतीय अंतर्राष्ट्रीय विधि महाविद्यालय, नई दिल्ली, नामित सदस्य, शैक्षिक समिति, भारतीय लोक प्रशासन संस्थान (आईआईपीए), नई दिल्ली, चयनित सदस्य, शासी परिषद, भारतीय विधि संस्थान, शासी परिषद, 2009-2012 तक तीन वर्षों के लिए भारतीय विधि संस्थान, नई दिल्ली के शासी परिषद के लिए नामित, वर्ष 2010-2011 के लिए शासी मंडल, एशियन विधि संस्थान (एसएसएलआई) के अध्यक्ष के रूप में चयनित, आदि। उन्होंने राष्ट्रीय और अंतर्राष्ट्रीय स्तर के प्रतिष्ठित जर्नलों में 100 से अधिक पत्र प्रकाशित किए हैं और 90 राष्ट्रीय / अंतर्राष्ट्रीय संगोष्ठियों में पत्र प्रस्तुत किए हैं। प्रो. आर. वेंकट रॉव हिन्दुस्तान एरोनॉटिक्स लि. के निदेशक मंडल के भी सदस्य हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

डॉ. सत्यनारायण दाश, पूर्व प्रशासनिक सेवा के अधिकारी हैं जो भारी उद्योग एवं लोक उद्यम मंत्रालय में भारी उद्योग विभाग के सचिव के रूप में मार्च, 2010 को सेवानिवृत्त हुए थे। उनकी शैक्षिक योग्यताओं में शामिल हैं- एम.एससी (भौतिकी), दिल्ली विश्वविद्यालय, एम.ए. (अर्थशास्त्र), केरल विश्वविद्यालय, पीएच.डी (अर्थशास्त्र), बोस्टन विश्वविद्यालय, यूएसए तथा प्रबंधन एवं मानव संसाधन प्रबंधन में स्नातकोत्तर डिप्लोमा एवं इंदिरा गांधी राष्ट्रीय मुक्त विश्वविद्यालय से एमबीए। भारत सरकार में उनके द्वारा धारित पदों में शामिल हैं - सचिव, भूतपूर्व सैनिक कल्याण विभाग, र.मं., प्रधान सलाहकार, योजना आयोग, सदस्य (वित्त), भारतीय राष्ट्रीय राजमार्ग प्राधिकरण तथा संयुक्त सचिव / अपर सचिव, स्टील मंत्रालय। केरल सरकार में, उन्होंने गृह एवं सतर्कता, वित्त, उद्योग एवं वाणिज्य, समाज कल्याण एवं परिवहन, उत्पाद शुल्क, निगमित योजना आदि जैसे विभिन्न विभागों में उच्चतर पद धारित किया है। अपनी पीएच. डी. करते समय उन्होंने बोस्टन विश्वविद्यालय, यूएसए के अर्थशास्त्र विभाग में कुछ समय तक शिक्षण एवं अनुसंधान का भी कार्य किया। डॉ. एस. एन. दाश किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

(TERLS) in 1967. Since then, he has held various positions, posting illustrious milestones on his way to the position of Chairman ISRO. As Chairman, ISRO, he was entrusted with the responsibility of development of space technology and its applications to solve the problems of man & society in India. During his tenure as Chairman, ISRO/Secretary, DOS, 25 successful missions have been accomplished. He has taken initiatives towards development of futuristic technologies to enhance the space systems capabilities as well as to reduce the cost of access to space. He has given major thrust for evolving application programmes such as tele-education and telemedicine for meeting the needs of the society at large. Mr Madhavan Nair as Chairman, Space Commission was responsible for chalking out the future plan for space research in the country. Major thrust are in scientific exploration of outer space using the Astrosat and Chandrayaan (moon) missions. He is also providing guidance and leadership in undertaking new technology developments related to launch vehicle, spacecrafts for communication remote sensing and applications programme to meet societal needs. Prof. Madhavan Nair is not on the Board of any other Company. He does not hold any shares in BEL.

Prof. Rambhatla Venkata Rao, Vice Chancellor, National Law School of India University, is M.A., M.L. and Ph.D and his areas of specialization are: Human Rights and Humanitarian Law, Criminal Law, Jurisprudence and International Law. He has 32 years of Teaching experience including 30 years Post Graduate Teaching, Research and guiding Ph.D. students. The other positions held by him in the past include: Dean, Faculty Law, Andhra University, Principal, University College of Law, Andhra University, Vishakhapatnam, Vice President, Indian Society of International Law, New Delhi, Nominated Member, Academic Committee, Indian Institute of Public Administration (IIPA), New Delhi, Elected Member, Governing Council, Indian Law Institute, been nominated to the Governing Council, Indian Law Institute, New Delhi for three years from 2009-2012, elected as the Chairman, Board of Governors, Asian Law Institute (ASLI) for the year 2010-2011, etc. He has published more than 100 papers in Journals of National and International repute and presented papers at 90 National/International Seminars. Prof. R Venkata Rao is also a member of the Board of Directors of Hindustan Aeronautics Ltd.. He does not hold any shares in BEL.

Dr. Satyanarayana Dash, is a former Indian Administrative Service Official retired in March, 2010 as Secretary Department of Heavy Industry in the Ministry of Heavy Industries and Public Enterprises. His academic qualifications include M.Sc. (Physics) Delhi University, M.A. (Economics), University of Kerala, Ph. D (Economics), Boston University, USA and Post Graduate diplomas in Management, Human Resources Management and MBA from IGNOU. The positions held by him in the Government of India includes: Secretary, Department of Ex-Servicemen Welfare, MoD, Principal Advisor, Planning Commission, Member (Finance), National Highway Authority of India and Joint Secretary / Additional Secretary, Ministry of Steel. In the Government of Kerala, he held higher positions in various Departments such as Home & Vigilance, Finance, Industries & Commerce, Social Welfare & Transport, Excise, Corporate Planning, etc. While doing his Ph. D. he had a stint in teaching & Research in the Dept. of Economics, Boston University, USA. Dr. S N Dash is not on the Board of any other Company. He does not hold any shares in BEL.



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Chairman's Letter



Dear shareholders

It is a great pleasure to communicate to you directly once again and to share with you the highlights of the achievements of your Company during the past year and the future outlook for the Company.

Highlights of the year

In FY 2010-11, new records have been set for order acquisition, revenues, order book, profits and exports. Your Company achieved a turnover of ₹ 552,969 lakhs in 2010-11 as against ₹ 521,977 lakhs in 2009-10, registering a growth of 5.94%. Exports sales saw a quantum jump from US \$ 23.67 millions in 2009-10 to US \$ 41.53 millions in 2010-11, an increase of 75.45%. The order book more than doubled from ₹ 1,135,000 lakhs as on 1st April 2010 to ₹ 2,360,000 lakhs as on 1 April 2011.

All the nine manufacturing Units of the Company have performed well and earned profits during the year. Our efforts to streamline our costs and execution capabilities yielded dividends, which resulted in increase of Profit After Tax for 2010-11 to ₹ 86,147 lakhs from ₹ 72,087 lakhs last year, an increase of 19.50% in spite of the additional cost of wage revision. R&D continues to be our thrust area and our expenditure on R&D was ₹ 38,818 lakhs, which is 7% of the sales revenue.

Defence being our mainstay, the sector contributed 80% to our sales revenue with the balance of 20% coming from the civilian sector. Indigenously developed products contributed 78% to the turnover out of which 57% came from in-house developments and 21% from products developed by other

indigenous agencies. 22% of the turnover was contributed by products using foreign technology.

A few of the other highlights are:

- The Defence Minister inaugurated the newly set up Product Support Centre at Kalamessery, Kochi, for providing product support to Southern Naval Command.
- A modern D&E facility with Embedded Systems Lab was started at BEL's Hyderabad Unit.
- During FY 2010-11, BEL took up some major and prestigious projects like Akash Weapon System, Humsa NG, Integrated Fire Detection and Suppression System for Tanks and Armoured Vehicles, and Coastal Security System for the Indian Coast Guards.
- Four numbers of India's first and wholly indigenous Nuclear, Biological and Chemical Recce Vehicles developed by BEL in association with DRDO were delivered to the Indian Army.
- On the civil business side, Ministry of Home Affairs has nominated us for the creation of the National Population Register for the Country.

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

- The Gold trophy for "SCOPE Meritorious Award for Corporate Governance" for the year 2009-10.
- Award for the Top Indian Company under the Electrical and Electronic Equipment, Technology Development Sector for the Dun and Bradstreet-Rolta Corporate Awards 2010.
- International Aerospace Awards 2011 under the category of "Most Influential Company of the Year" and "Excellence in Innovation".

Future outlook

The Govt. of India has put in place a policy for replacing and acquiring weapon systems/platforms for its defence and paramilitary forces. Helped by the steady economic growth in the Country, the Govt. is in a position to provide the required resources too.

The Govt's modernisation drive for its security forces will provide business opportunities for BEL in future. Starting with an all time high order book, we are targeting a turnover of



₹ 620,000 lakhs during 2011 - 12. As stated before, segments like radar, communications, network centric warfare and weapon systems will drive the Company's growth. While pursuing our forays into new businesses like nuclear instrumentation, solar/clean energy solutions and homeland security, we are continuing our efforts in forging alliances in the areas of radars for civilian and select defence applications, seekers for missiles, and RF & microwave components. Radars are and will continue to be one of our primary business segments in future also. Another major segment will be defence communication equipments and systems. The weapon systems segment is emerging as a major area along with command and control systems. Electro optics will grow due to its demand from both defence and civil sectors. Defence will continue to be our priority and provide close to 80% of our revenues while civilian business will continue to provide the balance 20%.

It is extremely important for BEL to stay abreast of technology and develop new products regularly. Thrust on R&D across the Company will continue. I am pleased to inform you that during the last year, your Company developed many new products and systems. Some of the major new products/systems introduced during 2010-11 include Akash Weapon System, New Generation Humsa Sonar, Mobile Communication Terminal, and Combat Management Systems for ships.

The year 2011-12 looks promising as well as challenging. The Defence Sector is increasingly being opened up for private sector participation and changes are being brought into the Defence Purchase Procedure. All this has pushed the Company towards much higher competitiveness and productivity. Apart from strengthening its in-house R&D, the Company is also laying greater emphasis on working closely with DRDO labs, other research institutions and academic institutions for development of new products and systems.

This year the Company will work for many strategically important projects like Akash Weapon System, Battlefield Surveillance System, Upgraded Weapon Locating Radar, next generation Electronic Warfare Systems and Coastal Surveillance System. On the exports front, we shall be

achieving growth through offsets as well as export of Coastal Security Network for Government of Mauritius.

Governance and sustainability

Your Company takes pride in constantly adopting and maintaining the highest standards of ethics in all its business activities. The tenets of Corporate Governance are implemented in letter and spirit and the results are obvious through recognition of this fact by SCOPE. A detailed report on compliance with the Corporate Governance guidelines/norms as per Clause 49 of the Listing Agreement with Stock Exchanges and the DPE Guidelines on Corporate Governance for CPSEs forms part of the Directors' Report.

The major principles for fulfilling its social, environmental and economic responsibilities have been integrated and embedded in the core business processes of BEL, and these principles have been incorporated into its strategy for responsible business. Sustainability in BEL is the outcome achieved by balancing the social, environmental and economic impacts of business. This process ensures that the business goals are pursued without compromising any of the three elements.

Acknowledgements

I deeply appreciate the continuing support of our customers, especially Ministry of Defence and Defence Services, our business associates, shareholders, my colleagues and members of the Board for their support and guidance.

I also wish to express my sincere gratitude to all the officers and employees of BEL for their dedication and commitment, which is a major strength for driving growth in the Company. It shall be our continuous endeavour to build on these strengths to face future challenges to continue the journey of profitable growth.

Best wishes,

Sincerely,

Bangalore
12th August 2011

Ashwani Kumar Datt
Chairman & Managing Director



Corporate Vision, Mission, Values and Objectives

Vision

To be a world-class enterprise in professional electronics.

Mission

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

Values

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

Objectives

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



Board of Directors

Wholetime Directors

1. Mr Ashwani Kumar Datt, Chairman & Managing Director
2. Mr M L Shanmukh, Director (Human Resources)
3. Mr H S Bhadoria, Director (Bangalore Complex)
4. Mr I V Sarma, Director (Research & Development)
5. Mr M G Raghuvver, Director (Finance)
6. Mr H N Ramakrishna, Director (Marketing)
7. Mr Anil Kumar, Director (Other Units)

Part-time Government Directors

8. Mr Satyajeet Rajan, IAS, Joint Secretary (Electronics), Ministry of Defence, Department of Defence Production
9. Lt Gen P Mohapatra, PVSM, AVSM, ADC, Signal Officer-in-Chief, Army Headquarters

Part-time Independent Directors

10. Lt Gen (Retd.) G Sridharan, Former Director General Quality Assurance, Ministry of Defence
11. Mr M S Ramachandran, Ex-Chairman, Indian Oil Corporation Ltd.
12. Prof V K Bhalla, Professor, FMS, University of Delhi
13. Mr Anil Razdan, Ex-Secretary to Government of India
14. Mr N Sitaram, former Chief Controller (R&D), Defence Research & Development Organisation
15. Prof Anurag Kumar, Professor, Indian Institute of Science, Bangalore
16. Prof G Madhavan Nair, former Chairman, Indian Space Research Organisation
17. Prof R Venkata Rao, Vice-Chancellor, National Law School of India University, Bangalore
18. Dr S N Dash, former Secretary to Government of India

Permanent Special Invitees to all the Board meetings

1. Vice Admiral Ganesh Mahadevan, AVSM, VSM, Chief of Material, Indian Navy
2. Mr P K Kataria, Additional Financial Advisor & Joint Secretary, Ministry of Defence



Principal Executives

CORPORATE OFFICE

Chief Vigilance Officer

Mr M N Krishnamurthy, IPS

General Managers

Mr Ramesh Chandra Nautiyal

Mr H S Bhatia

Mr M V Gowtama

Mr Vipin Katara

Mr M M Joshi

Mr Ghanshyam Narain

Mr V V Balakrishnan

Company Secretary

Mr C R Prakash

UNITS

Executive Directors/General Managers

Bangalore

Mr A A Mohan Ram
Executive Director

Mr S Ramachandran
Executive Director

Mr Philip Jacob
Mr Sunil Kumar Sharma

Mr Amol Newaskar
Mr C Nageshwar Rao

Mr Manmohan Handa
Mr Girish Kumar

Mr A R Krishna Murthy
Mr P C Jain

Mr M Vijayaraghavan
Mr Sanmoy Kumar Acharya
Mr K R Natarajan

Chennai

Mr D K Mehrotra

Ghaziabad

Mr Chandra Prakash
Executive Director

Mr Sushil Chand Jain
Executive Director

Mr R K Handa

Hyderabad

Mr G Raghavendra Rao

Kotdwara

Mr Vijay Gundannavar

Machilipatnam

Mr R Chandra Kumar

Panchkula

Mr N Suresh

Pune

Mr A R Vaidya

Navi Mumbai

Mr S S Gokhale

CRL, Bangalore

Dr Ajit T Kalghatgi
Chief Scientist

CRL, Ghaziabad

Mr K C Pandita
Chief Scientist

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Patiala
State Bank of Travancore
State Bank of Mysore
State Bank of Bikaner & Jaipur

HDFC Bank
Canara Bank
Syndicate Bank
Vijaya Bank
Bank of Baroda
Andhra Bank

AUDITORS

Statutory Auditors
M/s R G N Price & Co

Branch Auditors

M/s Mittal Gupta & Co
M/s Argade Shyam & Co
M/s N Koteswara Rao & Co



The Past Decade

(₹ in lakhs)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Sales & Services	194199	250802	279859	321209	353628	395269	410254	462369	521977	552969
Value of Production	202998	253639	280783	323497	345003	401275	411137	527327	524788	552080
Other Income	2960	5511	9199	12228	11858	19781	27824	22997	37641	38931
Materials	108663	147907	147977	175823	185063	213522	206889	304106	302454	313577
Salaries, Wages & Benefits	36388	36761	43826	44161	43693	51968	65917	75579	100958	104186
Depreciation / Amortisation	4909	5528	6227	7147	7944	8459	9264	10560	11594	12204
Interest	2026	1197	506	906	2564	80	25	1077	53	43
Manufacturing & Other Expenses (including Excise Duty & Exceptional items)	25499	29141	44544	39092	32071	41780	39736	49319	42867	44886
Profit Before Tax	28473	38616	46902	68596	85526	105247	117130	109684	104502	116115
Provision For Tax	8505	12555	15292	23964	27225	33431	34456	35108	32415	29968
Profit After Tax	19968	26061	31610	44632	58301	71816	82674	74576	72087	86147
Dividend	4000	5600	8000	8,960	11680	14400	16560	14960	15360	17280
Equity Capital	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Reserves & Surplus	73854	92997	115582	150008	194931	249231	313295	370368	424526	490571
Loan Funds	8368	4075	3295	1536	881	171	138	121	73	41
Gross Block	86265	94165	104096	112928	124031	132480	143076	157990	170217	178900
Cumulative Depreciation / Amortisation	66174	70943	75298	80994	86993	93913	101727	111245	121221	130529
Inventory	94130	94795	101529	106496	103714	124635	135157	242096	244871	246077
Debtors	62971	71224	66754	69912	101769	169341	205571	227653	216836	290325
Working Capital	59433	70441	84952	110903	151777	200996	263090	313556	365629	426765
Capital Employed	79524	93663	113750	142832	188817	239563	304438	360301	414625	475136
Net Worth	77712	97486	122908	157637	202705	257135	321295	378368	432526	498571
Earning per Share (in Rupees)	24.96	32.58	39.51	55.79	72.88	89.77	103.34	93.22	90.11	107.68
Book Value per share (in Rupees)	97.14	121.86	153.64	197.05	253.38	321.42	401.62	472.96	540.66	623.21
No. of Employees	13572	13750	13038	12390	12262	12357	12371	11961	11545	11180



Directors' Report

To the Members,

Your Directors are pleased to present the 57th Annual Report of the Company, together with the Audited Accounts for the financial year ended 31st March 2011.

Performance Highlights

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

(₹ in lakhs)

	2010-11	2009-10
Value of Production	552,080.34	524,788.20
Turnover (Gross)	552,969.32	521,977.40
Profit Before Depreciation, Interest and Tax	128,362.22	116,150.06
Interest	43.36	53.48
Depreciation	12,204.23	11,594.23
Provision for Tax	29,967.78	32,415.25
Profit After Tax	86,146.85	72,087.10
Add: Balance brought forward from previous year	191,303.51	177,236.84
Less: Amount transferred to Capital Reserve	41.98	90.77
Balance available for Appropriation	277,408.38	249,233.17
Interim Dividend @ ₹ 6 per share on paid up Capital of ₹ 8,000 lakhs	4,800.00	4,800.00
Proposed Final Dividend @ ₹ 15.60 per share on paid up Capital of ₹ 8,000 lakhs	12,480.00	10,560.00
Tax on Dividend	2,821.79	2,569.66
Transfer to General Reserve	40,000.00	40,000.00
Transfer to Capital Reserve	41.98	90.77
Reserves & Surplus	490,570.65	424,525.59
Net Worth	498,570.65	432,525.59
Earnings Per Share (in ₹)	107.68	90.11
Book Value Per Share (in ₹)	623.21	540.66

Distribution of Value of Production for 2010-11 is given below:

	Amount (₹ in lakhs)	Percentage
Materials	313,576.95	56.80
Employee Cost	104,186.17	18.87
Other Expenses (Net)	5,955.00	1.08
Depreciation	12,204.23	2.21
Interest	43.36	0.01
Provision for Tax	29,967.78	5.43
Profit After Tax	86,146.85	15.60
Total	552,080.34	100.00

Company's sales turnover during the year 2010-11 has increased to ₹ 552,969.32 lakhs from ₹ 521,977.40 lakhs in 2009-10, registering a growth of 5.94 %. Profit after Tax for the year was ₹ 86,146.85 lakhs as against ₹ 72,087.10 lakhs, an increase of 19.50 % in spite of additional burden due to revision of wages for workmen. Exports turnover has registered a growth of 75.45% from US \$ 23.67 million in the previous year to US \$ 41.53 million during 2010-11. Supplies to the Defence Services contributed to 80% of the turnover. The turnover from indigenously developed products is 78%. All the nine manufacturing Units of your Company performed well and earned profits during the year.

Other Highlights

Union Defence Minister, Mr A K Antony, inaugurated BEL's Product Support Centre at Kalamassery in Kochi, Kerala, on February 8, 2011. The Centre has been set up to provide waterfront support for the Southern Naval Command and to support outsourcing of Naval system projects to BEL's outsourcing partner, KELTRON. It is also envisaged to co-ordinate equipment supply and support to the Air Defence Ship Project at Cochin Shipyard Limited and to support Sonar development projects at the National Physical & Oceanographic Laboratory (NPOL), Kochi, a DRDO lab.

Dr V K Saraswat, Scientific Advisor to Defence Minister, inaugurated a modern D&E facility at BEL's Hyderabad Unit on December 24, 2010. The facility is equipped with Embedded Systems Lab, Software Development Lab, Communication Systems and Integration Labs, Video Conferencing, etc.

Four numbers of India's first wholly indigenous Nuclear, Biological and Chemical (NBC) Recce Vehicles, designed and developed by DRDO and integrated with NBC instruments at BEL's Pune Unit, were handed over to the Indian Army on December 21, 2010. The NBC Recce Vehicle surveys, detects, identifies and marks areas of radiological and chemical contamination.

Major Orders Executed

Some of the important equipment/systems supplied to customers by your Company during the year include: 3-D Central Acquisition Radar (Rohini), Surveillance Radar Element, Artillery Combat Command Control System, Battle Field Surveillance Radar, L-Band Surveillance Radar, Fire Control Systems, Shipborne Electronic Warfare System, Integrated Communication Network System for ships, Mobile Radar band Electronic Intelligence System, Mobile Communication Terminal, Handheld UHF Radios, Secure Communication Network, Passive Night Vision Weapon Sight and Doppler Weather Radar.



Among the many projects executed during the year, the following merit special attention:

Artillery Combat Command Control System - The system automates artillery functions with the use of latest technologies such as Tactical Computers integrated with communication capabilities, Geographical Information System (GIS) and Global Positioning System (GPS) to achieve quick and accurate fire. The system has been developed by BEL with indigenous technology and security solution from DRDO.

Surveillance Radar Element - It is an S band Air Traffic Control Radar suited for Terminal Control applications with a range of 130 km. It is a fully solid state modular transmitter with integrated IFF. It detects and automatically tracks a large number of aircraft within Local Flying Area under all weather conditions and is configured for high availability.

3-D Central Acquisition Radar (Rohini) - It is a 3-D surveillance radar in S band. It has an integrated IFF (Identify Friend or Foe) with co-mounted antenna and has been developed jointly with LRDE for the Indian Air Force.

Combat Net Radio - It is a VHF Frequency Hopping Communication Radio, fitted in Armored vehicle. It has been developed with indigenous technology by DRDO and engineered by BEL.

VPS Mk III - It is a UHF Handheld Radio, compact and light-weight, with built-in High Grade Digital Secrecy. Interface is provided for handset/headgear and Crypto key loading. The operator interface is user-friendly with minimum number of controls. The radio set is provided with various types of antenna for use in different types of terrains, ranges and roles.

Battle Field Surveillance Radar - Medium Range (BFSR-MR) with Mast - It is a ground surveillance and acquisition radar capable of automatically detecting and displaying diverse moving targets such as pedestrians, vehicles, tanks, low-flying helicopters, etc.

RAWL 02 Mk III - It is a long-range surveillance radar. It is designed for use onboard large and medium Naval ships and for shore establishments and provides long-range air warning and target detection. It has stabilised hydraulic-driven antenna platforms.

Ground Based Mobile ELINT - An Electronic Intelligence Gathering System (Radar band) used during peacetime. The system has location-fixing and Radar Finger Printing capability.

Composite Communication System - CCS Mk III - This system enables internal and external communication for Naval ships. It has been developed by BEL with indigenous technology.

Naval Heliborne ESM System - It is a lightweight ESM system for helicopters of the Navy. It has higher threat-handling capability and improved DF accuracy. It has been developed by BEL with indigenous technology.

Air Defence Control & Reporting System - ADC&RS is a Command & Control System for integration of various Radars and other Army Systems for Air Defence. It has been developed by DRDO and engineered by BEL with indigenous technology.

Advanced Naval Gun Fire Control System (LYNX U-I) - This state-of-the-art system has been developed by BEL to be installed onboard IN ships for short/medium range Gun Fire Control using high accuracy tracking radar and electro optic tracking system.

Doppler Weather Radar - It is an S-band Radar, meant for long-range weather surveillance (up to 500 km). It can forecast storms, cyclones and other severe weather conditions. It uses Pulse Doppler techniques for accuracy and has been developed as a national initiative involving IMD, ISRO and BEL.

Business Initiatives

Business initiatives during the year include:

- BEL is in the process of signing a Technology Collaboration Agreement (TCA) with Optelian International Corporation for establishing a long-term partnership between the two Companies for the manufacture and design of optical networking systems in India. BEL expects to address a business of about ₹ 60,000 lakhs in the next five years from this initiative.
- As a proactive step for addressing the Offset business for defence programmes like the Medium Multi-Role Combat Aircraft (MMRCA), Very Short Range Air Defence (VSHORAD) and the Mine Counter Measures Vessel (MCMV) program, BEL has discussed and signed MoUs with OEMs participating in these programs. From these MoUs, an Offset business of approx. US \$ 300 million is expected in the next 5-7 years from now.
- BEL is in discussions with a reputed foreign OEM for forming an Indian Joint Venture in the area of civilian radars & select defence radars.
- The business plan for setting up a JVC with BHEL for manufacture of Solar PV wafers, cells and modules has been finalised.



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- BEL is working on establishing a Company for the design, development and manufacture of RF and Microwave components and subsystems.

From these JVCs, BEL expects a turnover of about ₹ 200,000 lakhs per year in four to five years from the starting of these companies.

Exports

Your Company's export turnover during the year was US \$ 41.53 Million, registering an impressive growth of 75.45% over previous year export of US \$ 23.67 million.

The range of products and sub-assemblies exported includes- Lynx II, Radar Warning Receivers, Composite Communication System, Night Vision Devices, Versatile Communication System (VCS), IFF Interrogator, LRF, X-Ray tube, Radar Finger Printing system, ESM system, V/UHF search receivers, Shelters, PCB assembly, Cable Harness, Components, Mechanical assemblies, etc. Countries to which the products were exported include Italy, USA, Sri Lanka, Switzerland, Zimbabwe, Philippines, UK, Malaysia, Canada, Germany, France, Israel, Namibia, Indonesia, etc.

A very significant portion of the export is related to offset. The Company executed large offset contracts for companies such as M/s Fincantieri, Italy, Boeing, USA and Northrop Grumman, USA.

BEL has over the years taken a number of initiatives to increase exports. The Company plans to increase its exports through direct exports and offsets. It has identified African and South East Asian countries for special focus on product exports. It has a very significant opportunity in the offset business related to various platforms such as:

- Air platform
- Naval platform
- Radar and Missile platforms
- Gun platforms

Your Company is closely working with various major foreign Aerospace and Defence companies to secure business under the mandatory Offset clause in the RFPs for Indian Defence Procurement. BEL has signed MoU/NDAs with various OEMs for offsets in respect of RFPs issued by Indian MoD. With the above initiatives the Company expects to achieve significant increase in export turnover in the coming years.

Order Book Position

The order book position of your Company as on 1 April 2011

was ₹ 2,360,000 lakhs, out of which orders worth ₹ 560,000 lakhs are executable during 2011-12. The balance will get executed in 2012-13 and beyond.

Finance

During the financial year 2010-11, your Company has met all its fund requirements towards additional investments on Capital equipments and incremental working capital needs without any borrowing. This has been possible through efficient cash management which has ensured that the Company continues to be debt free. The Company has been able to retain the highest rating by ICRA for both short term and long term sanctioned bank limits, which will help in continuing to secure the best rates for any of the services, availed from the consortium banks. Based on the user requirements many changes have been incorporated in the online ERP system which should help in better information flow to all concerned.

The inventory position of the Company as on 31st March 2011 was ₹ 246,077 lakhs (Net), as against ₹ 244,871 lakhs (Net) as on 31st March 2010. The inventory as on 31st March 2011 works out to 164 days of the Value of Production (DPE) for the year 2010-11 as against the corresponding position at 172 days as on 31st March 2010. Efforts will be made during the current year to reduce the inventory levels further without compromising the production plan for the forthcoming year.

The position of sundry debtors as on 31st March 2011 was ₹ 290,325 lakhs (Net) as against ₹ 216,836 lakhs (Net) as on 31st March 2010. The debtors as on 31st March 2011 works out to 192 days of the Sales for the year 2010-11 with the corresponding position at 152 days as on 31st March 2010. The increase in sundry debtors as at the end of the financial year is mainly due to the following reasons:

- (a) Higher sales in the last quarter, particularly in March as compared to the corresponding period of the previous year;
- (b) Non-realisation of bills due to budgetary constraints of the Customers;
- (c) Payment terms in the sale contracts where the release of money is linked to certain specific milestones, even after delivery of the items like Harbor Acceptance Trials/Sea Acceptance Trials, etc.

The debtors realisation will continue to be closely monitored to ensure speedy collection which should result in a reduction in debtors in number of days of sales by the end of this financial year.

The Company does not have any public deposit scheme at



present. However, the matured past public deposits with the Company was ₹ 38.55 lakhs as on 31st March 2011. Of these, 34 deposits amounting to ₹ 36.50 lakhs are claimed but not paid as these accounts are frozen on advice by Karnataka Lok Ayukta. Remaining past deposits of ₹ 2.05 lakhs as on 31st March 2011 is unclaimed. The entire amount of public deposits outstanding as on 31st March 2011 is included in the current liabilities, Schedule No. 12 of the Balance sheet.

Research & Development

Research and Development is the core strength of BEL and focused attention was given during the year for planning and reviewing of development of technology modules and products. Apart from in-house efforts, BEL's association with DRDO, other national research and development agencies and academic institutes has been further strengthened. Research & Product development has been carried out in all the business segments, namely, Radars, Naval Systems, Missile Systems, Communication, Encryption, Electronic Warfare, Command Control Systems, Opto-electronics, Tank & Weapon electronics, Fire Control Systems, Avionics, Civilian equipment & systems and Components during the year 2010-11. Development & Engineering (D&E) Divisions attached to the Strategic Business Units of Bangalore and Other Units outside Bangalore concentrated on the development of products and associated technologies in their respective areas of business segments. Central-D&E and two Central Research Laboratories of the Company supported the D&E Divisions of all the units by way of developing core technology modules and software required for the development of products and systems.

The analysis of turn over of the Company for the year 2010-11 indicates that 57% of the turn over is due to BEL designed products, 21% of the turn over due to DRDO and other indigenous agencies developed products and remaining 22% is due to products for which technologies were acquired through foreign ToTs.

During 2010-11, the R&D Divisions of BEL have completed development of more than 35 new products. Some of the new products/systems introduced during the year include Akash Weapon System, New Generation HUMSA Sonar, Mobile Communication Terminal, ATM based Integrated Shipboard Data Network, Semi Ruggedised Automatic Exchange MK-II, Low Power Jammer, Combat Management System, Integrated Fire Detection and Suppression System for BMP-2/2K, IRLM Radio etc. Brief information about some of the introduced products is given below:

- (a) *Akash Weapon System*: This is a surface-to-air medium range air defence missile system which provides air defence against multifarious air threats to mobile, semi-mobile and static vulnerable forces and areas. The system is capable of simultaneous engagement of many targets with multiple missiles. The system has been developed with technology transfer from DRDO.
- (b) *New Generation Advanced Hull Mounted Sonar*: This is an advanced version of the existing HUMSA sonar for fitment in naval ships. The system is capable of detecting, localizing, classifying and tracking under water targets in both active and passive modes. The system is capable of automatic tracking of multiple targets simultaneously and provides long range detection of threats. The system has been developed with technology transfer from DRDO.
- (c) *ATM based Integrated Shipboard Data Network*: This is a multi-services shipboard network designed to cover all voice traffic, real time video and traditional data communications onto a single broadband infrastructure. The system integrates all weapons, sensors and communication services on board the naval ship onto the single broadband network and provides integrated and simultaneous transmission of voice, video and data.
- (d) *Semi Ruggedised Automatic Exchange MK-II*: This semi-ruggedised Automatic Exchange is an Automatic Telephone Exchange designed to meet communication requirements of an Army unit or formation. The system is portable as well as designed for vehicle mounting. The system provides communication services to Auto Subscribers and ISDN subscribers and can be interfaced to other exchanges.
- (e) *Low Power Jammer*: This is a light vehicle based communication Electronic Warfare System capable of doing rapid search, detection, monitoring, recording, replay, analysis and jamming of hostile transmissions in V/UHF, GSM and extended GSM bands.
- (f) *Combat Management System*: This system facilitates automatic handling of tactical data from ship's various sensors including helicopters/aircrafts in the fleet through data link to collate, process, integrate and present a comprehensive tactical picture of the area of operation to provide the decision support to the Command.
- (g) *Integrated Fire Detection and Suppression System*: This is a micro controller based fire detection and suppression system for armored vehicles and tanks. IR Sensors of the detector unit detects the fire in the crew compartment and the control logic sends the confirmation of fire to Master Control Unit, which activates the audiovisual alarm and actuates the squib of the fire extinguishers to extinguish the fire.



Scientists from Central Research Laboratories and other R&D divisions of BEL have contributed 49 technical papers in the national and international journals during the year. Following Awards have been received by R&D teams during the year:

- ELCINA-EFY Award (Certificate of Merit) for Outstanding achievements in R&D for 2009-10
- SODET Award (Gold) for Technology Innovation (2009-10)
- Raksha Mantri's Awards for Import Substitution, Design Effort and Innovation (2008-09)
- Indian Semiconductor Association's Technovation Award for the development of Best Electronic Product of the year 2011 in the Aerospace sector for developing High Voltage Relay Driver ASIC.

New Product Development: Considering the need for developing new technologies and products to meet the requirements of customers, BEL has initiated a number of actions for providing the necessary thrust. Technology roadmap and a three year R&D plan have been prepared to set goals for all R&D divisions. Resources have been augmented and enhanced budgets have been sanctioned for R & D to realise the plans. A number of joint development programs with DRDO labs also have been initiated. Software Defined Radio, a futuristic communication equipment, Radio Relays for Military backbone networks, Military Wimax, Battle field Surveillance System, Combat Management System for different class of ships, Medium power Radar, Surface Surveillance Radar, and Tablet PCs are some of the important projects whose development will be completed in the next one to two years.

Quality

The Company adopted the Total Quality Management (TQM) philosophy in the year 1990 under the acronym "TORQUE" which stands for **T**otal **O**rganisational **Q**uality **E**nhancement. TORQUE is based on the premise that the quality of products and services is not only the responsibility of the production/shop floor personnel, but other support services also have a role to play in meeting and exceeding customer's expectations through supply of quality products and services. Following are the thrust areas of TORQUE in BEL to improve operational excellence:

- Deployment of Reliability & Maintainability concepts during design stage of product development.
- Improvement in Quality of design through DFSS projects.
- Continual improvement of products and processes through deployment of six sigma methodology.
- Key processes stabilisation and capability improvement through Statistical Process Control (SPC) techniques.

- Reduction in cycle time of key business processes.
- Introduction of lean manufacturing concepts to achieve on-time delivery.
- Employee motivation and empowerment through introduction of QCC and Suggestion Schemes.
- Customer satisfaction surveys to measure and improve satisfaction level of customers.

Company has adopted CII-EXIM Bank Business Excellence Model to improve its overall Business and strategic excellence. Adoption of this Model since 2002 has helped the Company in understanding the expectations of various stakeholders and in enhancing their satisfaction level. During the year 2010-11, five of the BEL Units/SBUs participated in the 'CII-EXIM Bank Award for Business Excellence'. MILCOM SBU and Kotdwara Unit achieved Level-II recognition i.e. 'Commendation Certificate for Significant Achievement'. Components SBU, Export Manufacturing SBU and Panchkula Unit received 'Commendation Certificate for Strong Commitment to Excel' under this Award scheme.

BEL Quality Institute has been imparting training on Six Sigma since July 1999 and has trained 1,264 officers so far. During the year 2010-11, 134 Six Sigma projects were completed, resulting in cost reduction, process improvement and customer satisfaction.

Reliability & Maintainability are essential features of a well-designed product. Application of the principles of R&M at design stage can ensure robustness of the product during its entire life cycle. Keeping this in mind the Company has embarked on getting its design engineers certified as reliability professional from Centre for Reliability, STQC Directorate, Chennai. During the year 2010-11, a total of 28 engineers were certified as Reliability Professionals by the Centre for Reliability.

All the key and special manufacturing processes in the Company are being brought under Statistical Process Control (SPC) which is an on-line process monitoring, control and improvement technique. During the year 2010-11, 18 processes were identified and brought under SPC. Control Charts and Process Capability studies of these processes have been put into practice.

In order to monitor the quality performance of various Units and SBUs of the Company, a Quality Index metric has been developed during the year 2010-11. The main attributes of this Index are procurement efficiency, manufacturing efficiency, employee involvement, customer related measurement and external audit/assessment scores.



As a part of Company's endeavor to enhance the customer satisfaction level, the Company has been conducting customer satisfaction surveys every year. This survey is being conducted through a third party to bring in objectivity. Based on the feedback obtained from the survey, corrective actions are taken to improve our processes so as to enhance the satisfaction level of customers. During the year 2010-11 the customer satisfaction survey was conducted for five products, each belonging to different Unit/SBU. Overall customer satisfaction index was found to be 80.52%.

BEL won the ELCINA-EFY Award for Excellence in Quality (first prize) for the year 2010-11.

Another award won by the Company during the year is 'QCI-DL Shah National Award on Economics of Quality' under the Category 'Projects submitted by Public Sector & Government Enterprises'. The award has been instituted with a view to establish that bottom line benefits are achieved through quality initiatives.

SAP Implementation

BEL has undertaken implementation of SAP across all the Units/Offices. Implementation of SAP R/3 including Payroll Product Lifecycle Management module at all Units and Offices of BEL were completed in a phased manner by July 2008. A number of improvements, checks and validations have been incorporated in the system based on user feedback.

Pilot implementation of the following new dimension modules of SAP was done in 2010-11.

- Supplier Relationship Management (SRM)
- Knowledge Management (C Folders)
- Employee Self Service (ESS)
- Strategic Enterprise Management (SEM) Consolidation
- Business Objects Reporting Tool
- Procurement for Public Sector (PPS) module

SRM version 5.0 was upgraded to SRM version 7.0 to implement Procurement for Public Sector (PPS) module. This module facilitates e-procurement with 2 Part Bidding, Accounting of Earnest Money Deposit, opening of Bids by Tender Opening Committee etc. Customer Relationship Management (CRM), and Supply Chain Management (SCM) are in final stages of implementation and testing. Standard SAP package does not cater to several requirements such as Consignment Receipt Report, Export Documentation etc. These features have been developed in SAP platform. A number of process improvements such as automation of accounting of inter unit transactions, bar code for issue and accounting of materials from stores etc.

Security measures, such as, Firewall and Intrusion Prevention Systems have been implemented to secure Data Centre and DR site which are in BEL's Intranet. Similarly, security measures, such as, Web Application Firewall, Reverse Proxy, Firewall, Intrusion Prevention System are under implementation for secure Internet access by customers and vendors to SRM and CRM servers.

Human Resources

Your Company employed 11,180 persons as on 31st March 2011 as against 11,545 as on 31st March 2010. Of this, 3,670 were engineers/scientists. Women employees were 2,366 as on 31st March 2011. A total of 353 executives consisting of engineers, scientists and other professionals were inducted during the year.

The particulars of SC/ST and other categories of employees as on 31st March 2011 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	796	64	1172	115
Scheduled Tribe	235	8	125	29
OBC	782	67	934	66
Ex-Servicemen	91	149	309	113
Physically Handicapped	79	7	164	18

In order to address the learning and organisation development needs, various management development programmes as well as technology programmes were organised during 2010-11 through premier training institutions for all grades of executives. The Company-wide per capita training man-days for the year 2010-11 was 3.37 as against 3 in 2009-10. A detailed write up on Company's HR philosophy and specific HR initiatives during the year is provided separately in the Management Discussion and Analysis Report attached.

Employee Relation & Welfare

Employee relations continued to be conducive marked by industrial harmony and mutual trust. Regular interactions take place among the management, executives and the workmen through the apex forums, viz. the Joint Standing Committee consisting of Negotiating Trade Unions and Apex Joint Council consisting of Officers Associations and TC Cadre and also separately with respective Trade Unions and Officers Associations. Revised wage scales, allowances and perquisites for workmen were discussed and settled during the year for a period of 10 years w.e.f. 1.1.2007.

Various programmes were organised for the benefit of all sections of employees and their families, some of which were



exclusively for women employees, SC/ST employees and differently abled employees to improve their awareness in legal issues, safety matters, etc., and to address matters specific to these sections of employees. Various cultural programmes were organised by the Fine Arts Clubs in the Units for recreation of employees and their families. Various summer camps/sports programmes were organised for the employees' children.

Your Company's comprehensive medical scheme covers all employees, their dependent family members as well as retired employees and their spouses. BEL Hospital at Bangalore extends outpatient medical treatment to the residents of neighbouring villages and employees of BEL associate institutions/societies in addition to its own employees, their dependents and retired employees/their spouses. Welfare programmes organised by BEL Hospital during the year includes: Pulse Polio Immunisation programme, Uro-Gynaecology camp, screening programmes for Respiratory diseases, Eye camps for employees, their dependants and retired employees covered under BERECHS, etc. BEL Hospital also conducted Growth and Development medical camp for the kids between 9 to 11 years of age and prizes were awarded to the healthy children.

Educational institutions run by the Company for education of children of employees and also of neighboring villages, performed well during the year.

Awards & Recognition

Important Awards and recognitions received during the year by your Company and its employees include:

- Standing Conference of Public Enterprises (SCOPE) Meritorious Award for Corporate Governance for the year 2009-10.
- SCOPE Award for R&D, Technology Development & Innovation for the year 2007-08.
- Raksha Mantri's Awards in the categories of Best Performing Division, Import Substitution, Design Effort and Innovation for the year 2008-09.
- Selected as the top Indian Company under the Electrical & Electronic Equipment, Technology Development sector for the Dun & Bradstreet-Rolta Corporate Awards 2010.
- International Aerospace Awards 2011 under the categories of 'Most Influential Company of the Year' and 'Excellence in Innovation'.
- Gold prize in the Heavy Industries category of DNA-Dainik Bhaskar India Pride Award (2010) for 'Excellence in PSUs'.
- BEL employees received the prestigious Prime Minister's Shram Awards for the year 2005, 2006 and 2007 in the categories

of Shram Bhushan, Shram Devi, Shram Vir/Veerangana and Shram Shree, respectively. A Senior Technical Assistant of Bangalore Complex has been selected for the Prime Minister's Shram Ratna for the year 2008.

Environment Management

Over the years, commitment to maintaining clean and green environment has taken deep roots in the organisation as evidenced by improved results in prevention of pollution, energy conservation, water conservation, use of renewable energy and hazardous waste reduction, besides introduction of eco-friendly processes and materials. Sustenance of Zero discharge, Legal compliance, measurement and monitoring, verdant surroundings and afforestation are a way of life in BEL. The Company, with its ISO 14001 (2004) certified Environmental Management System, addresses environmental issues in a wider perspective with a firm resolve to reduce all forms of pollution. The workforce, aware of the consequences of environmental degradation, passionately participates in our environmental endeavours to promote an environment free of pollution. Some of the initiatives taken are presented below:

Cleaner Technology

Relentless effort to introduce cleaner technologies in manufacturing processes has reduced the generation of pollutants to a large extent. BEL has recognised that a more effective contribution to clean environment begins at design stage itself. Our Research and Development Departments search and introduce environment-friendly components. Further our Corporate Standards published guidelines connected to environment-friendly materials, components and manufacturing process to be used across the Company. Corporate standards have already commenced standardisation and introduction of many RoHS (Restriction of Certain Hazardous Substance) items complaint to European and other International directives. Based on the above guidelines, many of the RoHS compliant processes have been introduced in PCB manufacturing and metal finishing process. Low smoke halogen cables have been introduced in manufacturing of Naval based electronic equipments. Low VOC metal finishing operation (Poly urethane) and anti IR coating system are adopted in the process to contain pollution. Eco-friendly Chlorine-free copier paper for photocopying and laser printing has been standardised for lower environmental impact.

Emission To Air

Emission to air from processes is much below the pollution control norms. Even this low level of emission is checked through stack monitoring and with appropriate air pollution control equipments.



The results are substantiated with ambient air quality measured at different locations within the factory. Not to leave out any possible improvement opportunity, Lead fume extraction systems have been introduced at soldering stations to prevent release of fumes containing lead and flux vapour to atmosphere.

Water Pollution

Waste water generated in the processes are treated to meet reusable standards and recycled for production purpose. We have an in-built capacity to treat about 900 Kilo Litres of process wastewater per day (KLPD). In the same way domestic wastewater generated in the factory and colony is treated and recycled for horticulture purpose. We have an in-built capacity to treat about 1800 Kilo Litres of domestic waste water per day (KLPD) at Bangalore Complex.

Hazardous Waste Management System

By introduction of appropriate chemicals that generate less hazardous sludge in detoxification of wastewater and by adaption of cleaner technology, hazardous waste generation has been reduced at the process level itself. Besides introduction of Cyanide-free Zinc and Copper plating processes, use of sodium hydrides, sodium hypochlorite and sodium Meta bisulphate in place of lime, bleaching powder and ferrous sulphate, help in reduction of large volume of hazardous sludge. Hazardous wastes generated are disposed of scientifically as per the direction of the State Pollution Control Board. There is a drastic reduction in sludge-generation as a result of several process improvements carried out.

Biomedical Waste

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

Solid Waste Management

BEL is taking utmost care by disposing of Municipal Solid Waste in a scientific manner. BEL was quick enough to understand the issues posed by unscientific methods of disposal of municipal and other solid waste. Presently such waste is sent for processing at a well-established solid waste treatment facility in Bangalore.

On Site Emergency Plan and Systems

In our effort to reduce the impact of storage of hazardous materials, a significant move was made in eliminating the hazards in storing inflammable gas by changing over from LPG bullet system to LPG manifold system.

Water Management

There is a consistent reduction of water consumption every year in the past ten years, which is mainly due to implementation of number of water conservation projects. Our consumption of potable water stood at 888 ML in 2010-11 against 906 ML in 2009-10. Rainwater harvesting and innovative recharging of bore wells enable us to collect the runoff water and recharge the ground water table. The large-scale rainwater-harvesting reservoir at Bangalore unit has a capacity of 170 million litres with expected annual yield of around 234 million litres. By rainwater harvesting and recharging of bore wells ground water yield has improved.

BEL has been awarded 'Excellent Water Management Industry' under 'Within the Fence' competition and 'Efficient Water Management Industry' under 'Beyond the Fence' by CII-Godrej in 2010-11.

OHSAS 18001(2007)

In addition to caring for the environment, BEL equally respects the well being of its workforce through OHSAS 18001(2007) implementation.

Subsidiary/Joint Ventures

Your Company's subsidiary at Pune, BEL Optronnic Devices Ltd (BELOP) recorded a turnover of ₹ 5,236.06 lakhs as against the turnover of ₹ 5,874.48 lakhs in the previous year. BELOP achieved Profit After Tax of ₹ 445.23 lakhs as against ₹ 227.43 lakhs in the previous year. BELOP manufactures mainly Image Intensifier Tubes (I.I. Tubes). These Tubes are supplied to the Defence customers and also used in the Night Vision Devices manufactured by BEL.

The Company has availed the general exemption under Section 212(8) of the Companies Act 1956 granted vide Ministry of Corporate Affairs Circular No. 5/12/2007-CL-III dated 8th February 2011. Hence, Annual Accounts of the Subsidiary Company, BEL Optronnic Devices Ltd, are not attached to the Balance Sheet of BEL. A copy of the Annual Accounts of BELOP and the related information will be made available upon request by any member of BEL or BELOP. The Annual Accounts of BELOP are kept for inspection by investors at the registered office of BEL and BELOP. Any investor interested to inspect the same may please contact the Company Secretary of BEL or BELOP. A statement as per Section 212 of the Act relating to the Subsidiary Company, BELOP, is annexed to this report. Further, the information required to be disclosed as per the directions contained in the MCA Circular No. 5/12/2007-CL-III dated 8th February 2011 is also provided in this Annual Report.



The Joint Venture Company (JVC) with General Electric, USA, viz., GE BE Pvt Ltd., manufacturing CT Max and other latest version X-Ray Tubes continues to perform well. BEL supplies some parts required for the products manufactured by this JVC. GE BE Pvt Ltd achieved a turnover of ₹ 44,239.20 lakhs as against ₹ 50,928.95 lakhs in the previous year. The Profit After Tax was ₹ 5,754.79 lakhs as against ₹ 6,608.33 lakhs in the previous year. The JVC declared 100% dividend for the year 2010-11 and accordingly BEL received ₹ 260 lakhs as dividend from this JVC on BEL's share of investment.

The other JVC, viz., BEL Multitone Pvt. Ltd., jointly promoted by BEL and Multitone plc, UK was set up to supply, install and service Private Paging Systems and Pagers. The JVC is presently in shell stage with no business transactions being effected, and action is in progress to close down this Company, as there are no business prospects for paging systems in the Country.

Consolidated Accounts

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

Vigilance

The performance of Vigilance Department during 2010-11 has been satisfactory. 99.8% of the Executives of the Company have filed their Annual Property Returns. 1400 Purchase Orders/Contracts and 451 high value Orders/Contracts were reviewed/scrutinised during the year and found to be in order. As per the CVC/CTE Guidelines, 2 teams for Inspection of Works Contracts and 2 teams for Inspection of Purchase Orders have been constituted. During 2010-11, 11 Works Contracts and 16 high value POs have been inspected by in-house inspection teams. During the year, 2630 regular/surprise inspections were conducted.

During the year 219 Executives and 15 Non-executives have taken part in Vigilance Awareness Training Programme. 2 Executives have been trained in the Principles of Natural Justice & Domestic Enquiry Training Programme (for Dy. Mgrs. & above). 39 Executives & 32 Non Executives working in sensitive areas for 3 years and above have been moved to different posts.

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

- Application forms for Registration of Subcontractors/Vendors online for being included in the Approved Vendors

List and applications for recruitment have also been facilitated online.

- Details of awarded Contracts/Purchase Orders valuing more than Rs. 10 lakhs in respect of works contracts, service contracts, capital items and non-production items are being published on BEL website.
- Details of awarded Contracts/Purchase Orders issued on nomination/single tender basis value exceeding Rs. 5 lakhs are being published on BEL website.
- Details of awarded Purchase Orders/Sub Contract Orders for production items with a threshold value of Rs. One Crore and above are being published on BEL website.
- Vendor Payments Information System is made available on BEL website.

In addition to the above, a new Vigilance page has been put on BEL website (www.bel-india.com). E-procurement is under development and it is expected to be implemented shortly.

In addition to revised Purchase Procedure Manual released during December 2009, BEL has revised the Sub Contract Procedure and issued an Office Order on 01.07.2010 for adoption by all Units of BEL. The Company has also revised its Works Contract Manual and issued an Office Order on 09.07.2010 for adoption by all Units of BEL.

BEL has adopted Integrity Pact on 31.07.2010 for all Orders/Contracts of value ₹ 20 Crores and above. As per CVC's recommendation, BEL has appointed Mr N K Sinha, IAS (Retd.), former Secretary, Planning Commission and former Chairman, PESB as one of the IEM for BEL.

Implementation of Official Language

The Committee of Parliament on Official Language visited BEL, Ghaziabad Unit on 31st May 2010 and BEL Regional Office, Mumbai on 25th June 2010. Your Company is committed to adhere with the OL policies of the Government of India. Official Language Implementation is a continuous process in the Company. During the year, two more Units, viz. Bangalore Complex and Hyderabad Unit were notified under rule 10(4) of OL rules. With this, total 11 Units/Offices have been notified under rule 10(4) of OL rules. Orders have been issued under rule 8(4) of OL Rules for those having proficiency in Hindi to do their Official work in Hindi. Hindi workshops for those having working knowledge in Hindi were conducted. Action plan has been made for Unicode activation on all the PCs Company wide and training sessions covering Executives and Employees. Process is on for giving Indian names for all BEL Products.



Implementation of RTI Act

The information required to be provided to citizens under Section 4(1)(b) of the RTI Act 2005 has been posted on the website of Company, www.bel-india.com. The information posted on the website contains general information about the Company, powers and duties of employees, information about decision-making, rules, regulations, manuals and records held by BEL, directory of the Company's officers, pay scales, procedure for requesting additional information about the Company by citizens and associated request formats. During the year 2010-11 the Company received and attended to 184 requests for information under RTIA.

Directorate

Following changes took place in the Directorate of your Company since the last report. Five Independent Directors, viz. (i) Prof Anurag Kumar, Professor, IISc, Bangalore, (ii) Dr S N Dash, former Secretary to Government of India, (iii) Prof G Madhavan Nair, former Chairman, ISRO, (iv) Mr N Sitaram, former Chief Controller (R&D), DRDO and (v) Prof R Venkata Rao, Vice-Chancellor, National Law School of India University, Bangalore, have been appointed w.e.f. 20th Dec 2010. Air Marshal P K Barbora, PVSM, VM, ADC, Vice Chief of Air Staff and Permanent Special Invitee to BEL Board Meetings exited the Board on his retirement from Service on 31st Dec 2010. Subsequently, Government has nominated Air Marshal N A K Browne, PVSM, AVSM, VM, ADC, Vice Chief of Air Staff as Permanent Special Invitee to BEL Board Meetings. Government has nominated Mr P K Kataria, Addl. Financial Adviser & Joint Secretary, Ministry of Defence also as one more Permanent Special Invitee to BEL Board Meetings.

Directors' Responsibility Statement

Pursuant to the provisions under Section 217(2AA) of the Companies Act, 1956 your Directors state:

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and in respect of Accounting Standard 17, necessary explanation for departure has been given in Note No. 18 of the Notes to Accounts (Schedule 21);
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records

in accordance with the provisions of the Companies Act 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the directors have prepared the annual accounts on a going concern basis.

Auditors

Pursuant to Section 619(2) of the Companies Act 1956, the Comptroller and Auditor General of India re-appointed M/s R G N Price & Co., Chartered Accountants, Chennai as Statutory Auditors for the year 2010-11 for audit of accounts of Bangalore Complex, Hyderabad and Chennai Units and Corporate Office. M/s Mittal Gupta & Co., Chartered Accountants, New Delhi, were appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for 2010-11. M/s Argade Shyam & Co, Chartered Accountants, Pune were reappointed as Branch Auditors for Pune and Taloja Units for 2010-11. M/s N Koteswara Rao & Co, Chartered Accountants, Guntur were reappointed as Branch Auditors for Machilipatnam Unit for 2010-11.

Auditors' Report

Auditors' Report on the Annual Accounts for the financial year 2010-11 and Comments of the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956 on the Annual Accounts are appended to this report.

Corporate Governance

Your Directors are happy to inform you that your Company has won the Standing Conference of Public Enterprises (SCOPE) Award for Corporate Governance 2009-10. The SCOPE Awards 2009-10 were decided by an Independent panel of Judges under the Chairmanship of Justice P N Bhagwati, former Chief Justice of India and included Dr Abid Hussain, former Ambassador to USA, Dr M B Athreya, a well known Management Consultant, Mr M A Pathan, former Chairman, IOC, Mr C P Jain, former CMD, NTPC, Dr U D Choubey, DG, SCOPE and Prof B K Srivastava and his team of professors from International Management Institute.

A report on Corporate Governance along with a Compliance Certificate from the Auditors as prescribed under the Listing Agreements with the Stock Exchanges on which BEL's shares are listed as well as Govt. Guidelines on Corporate Governance for Central Public Enterprises, is annexed to this Report.



Management Discussion and Analysis Report

Management Discussion and Analysis Report required under the Listing Agreements with the Stock Exchanges on which BEL's shares are listed as well as Government Guidelines on Corporate Governance for Central Public Enterprises, is annexed to this Report.

Other Disclosures

Information required to be disclosed in accordance with Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, is attached to this report.

The particulars of employees to be furnished as per Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended, are 'NIL' for 2010-11.

Acknowledgement

Your Directors acknowledge with a deep sense of appreciation the support and co-operation received from the Government of India, Ministry of Defence, Departments of Defence

Production, Defence Acquisition, Defence Finance and Defence Research & Development Organisation. The Board also gratefully acknowledges the patronage extended to the Company by its esteemed customers, particularly the Indian Army, the Indian Navy, the Indian Air Force, the para-military forces and others. We thank the Comptroller and Auditor General of India, Chairman, Members and employees of the Audit Board, Statutory Auditors and Branch Auditors, Company's Bankers, collaborators and vendors. The Board appreciates the untiring efforts and contribution by the employees at all levels, which enabled your Company to achieve the significant performance during the year. The Board of Directors also wishes to place on record its appreciation and gratitude to all the shareholders/investors for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of your Company in the coming years.

For and on behalf of the Board

Place : Bangalore
Date : 12th August 2011

Ashwani Kumar Datt
Chairman & Managing Director



Annexure to Directors' Report

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 RELATING TO SUBSIDIARY COMPANY

1. Name of the Subsidiary : BEL Optronnic Devices Limited
2. Holding Company's Interest at the end of the financial year 2010-11 (as at 31st March 2011)
 - (a) The number of equity shares held : 1700223 shares of ₹ 100 each fully paid
 - (b) Extent of interest in the capital of subsidiary : 92.79%
3. The net aggregate amount, so far as it concerns members of the holding Company and is not dealt with in the Company's accounts, of the subsidiary's profits after deducting its losses or vice versa :
 - i) for the financial year of the subsidiary as aforesaid : ₹ 413 lakhs
 - ii) for the financial years/period of the subsidiary since it became the holding Company's subsidiary : ₹ 2,391 lakhs (cumulative profit)

The net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa

- i) for the financial year of the subsidiary aforesaid : NIL
- ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary : NIL

so far as those profits are dealt with, or provision is made for those losses, in the Company's accounts.

Place : Bangalore
Date : 29th June 2011

(C R Prakash)
Company Secretary

(M G Raghuveer)
Director (Finance)

(Ashwani Kumar Datt)
Chairman & Managing Director

INFORMATION FOR THE INVESTORS AS REQUIRED BY THE MINISTRY OF CORPORATE AFFAIRS

Information Related to BEL Optronnic Devices Ltd, Subsidiary Company of Bharat Electronics Ltd for the Financial Year Ended 31st March 2011

		(₹ in lakhs)	
(a) Capital	: 1,832.29	(f) Turnover (Gross)	: 5,236.06
(b) Reserves & surplus	: 1,731.17	(g) Profit Before Tax/(Loss)	: 668.67
(c) Total assets (Gross Block)	: 5,026.26	(h) Provision for Taxation	: 223.44
(d) Total liabilities	: 96.17	(i) Profit After Tax	: 445.23
(e) Details of investment	: NIL	(j) Proposed dividend (%)	: NIL



Annexure to Directors' Report

Information required to be provided under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988

A. Conservation of Energy

(a) Energy Conservation Measures taken during the year 2010-11

Energy conservation measures taken during the year 2010-11 include the following:

- Replacement of old low efficient chillers in AC plants with Energy Efficient screw chillers for meeting variable cooling load demand.
- Incorporation of variable frequency drives for AHU's, cooling towers and centrifugal pumps.
- Replacement of old AC units with energy efficient 5 star rated split air conditioners and Optimisation of Air conditioning area at buildings.
- Optimising compressed air system operation through decentralised compressed air systems.
- Optimisation of pressure settings at Nitrogen Separation Plant and Air Compressor Plants.
- Incorporation of lighting Management system and day light harvesting.
- Provision of Wind-driven roof ventilators in place of conventional electrical exhaust systems.
- Incorporation of energy efficiency standards in specifications during the procurement stage.
- LED light fittings for streetlights.
- Optimising loading of process equipments and test chambers.

(b) Additional investments and proposals being implemented for Reduction of Consumption of Energy

Additional investments made during the year for implementing the measures at (a) above, was around ₹ 192 lakhs.

(c) Impact of Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

- The electrical energy consumption in KWhrs per each lakh rupee of production has come down to 89 units during 2010-11 from 100 units during 2009-10.
- The electrical energy consumption for the year 2010-11 is 49.6 MKWhrs as against 51.8 MKWhrs during 2009-10.

- During the year 2010-11, about 8.95 MKWhrs of electrical energy was wheeled from wind power plants installed at Davanagere and Hasan, Karnataka state for captive consumption.

B. Technology Absorption

Form B

R&D Activities

I. Specific areas in which R&D was carried out by the Company

During 2010-11, the Company has carried out R&D activities in all the areas of its business as already mentioned in the Directors' report under section Research and Development. Some of the completed R&D projects during the year in the various business areas of the Company are:

Radar	: Aslesha, Bharani, Upgraded WLR, IFF Mk-XI for FLR
Communication	: 100W HF Radio for BSS, V/UHF Radio (LUP329), Integrated Radio and Line Modem (IRLM), MEX-910, ULSB MK-III, Tactical Router, SDN for P-28, AISDN for P-15A, CCS MK-IV for Naval Ships.
Naval Systems	: Mini CMS, HUMSA NG for P15A & P28
Electronic Warfare	: Eagle Eye, Modkit-D29, Stride (Production model), Satcom Monitoring Test Bed, LADC, NC-NC Demo of KITE MK-II for IAF
Command & Control Systems	: Systems of IACCS Network, CMS-SNF, Concept proving of BMS Test Bed
Fire Control & Gun Upgrades	: LYNX UI Gun Fire Control System for P-28, Slewing System for FLR
Opto-electronics	: Eye Safe LRF Modules, LRF for PASS & SP Gun, Electronic Fuses, Cooled TI for Flycatcher, Multi Function HHTI, TI Sight for ATGM, TI for ADSP guns
Tank Electronics	: IFDSS for BMP-2/2K & T-72, NBC Recce vehicle.



Other Products : EVM for Graduate Constituency, CSS for Mauritius, CBRN Shelter for CWG-2010, Dual 4KW Tx for Airborne system for Boeing, Ground based Down Converter System for Boeing, Gamma MOSFET Detectors.

2. Benefits derived as a result of R&D activities

Large number of new products are developed due to research and development activities in BEL. New products will bring new business to the Company. The indigenous development of components, modules, products and software ensure saving of foreign exchange. Also, BEL is striving for self reliance in defence through indigenous R&D activities.

3. Future plan of action

Three year R&D Plan has been made for each R&D division of BEL based on customers' perspectives and technology road map. Infrastructure, Capital items and requisite manpower as required for the R&D divisions have been identified and being allocated on priority. In-house development efforts will be given the top most priority. Co-operation with DRDO, other National Labs, design agencies and academic institutions will be strengthened for other indigenous developments. Interactions with foreign companies for taking up of joint development projects will be encouraged where necessary.

4. Expenditure on R&D

During 2010-11, BEL has spent a sum of ₹ 38,818 lakhs on R&D. The expenditure on Revenue account was ₹ 35,027 lakhs and on Capital account was ₹ 3,791 lakhs. The total expenditure as percentage of turnover during the year was 7%.

5. Technology Absorption, Adaptation and Innovation:

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

R&D divisions of BEL take interest in the absorption of state-of-art technologies in the areas of BEL's business acquired either through indigenous or imported routes other than its own in-house developments.

In respect of indigenous technologies, BEL R&D divisions have worked closely with various Defence Research and Development Organisations (DRDO) Laboratories, other National Laboratories, private design houses, academic institutions etc., for either technology absorption of state-of-art products developed by them or by taking up of joint development programmes with them.

During 2010-11, R&D Engineers of BEL have completed development of products like AKASH Weapon System, Doppler Weather Radar, New Generation HUMSA Sonar, Aslesha & Bharani Radars, Upgraded Weapon Locating Radar etc by working closely with DRDO/ISRO adapting technologies absorbed.

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

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

(c) Information regarding Technology Imported during the last 5 years

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

C. Foreign Exchange Earnings and Outgo

Detailed information on export has been provided in the Directors' Report. Foreign Exchange Earnings on account of export (FOB) was ₹ 16,169.97 lakhs as against ₹ 9,936.71 lakhs in the previous year. Foreign Exchange Outgo was ₹ 187,509.04 lakhs as against ₹ 214,573.86 lakhs in the previous year.



Annexure to Directors' Report (Contd.)

Management Discussion and Analysis Report

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

(a) *General outlook of economy, industry in which the Company operates, Government Budget, particularly the Defence Budget and how these impact the Company:*

The Indian economy has continued to grow at 8.6% in 2010-11 and is expected to grow at 9% in the coming year. India has emerged as a strong growing economy in spite of setbacks due to global slowdown during 2007-08 and natural calamities during 2008-10 at home. The growth of economy is substantiated by 7.8% growth in general Index of Industrial Production (IIP) over the growth of last year. The cumulative growth in index of Manufacturing sector in 2010-11 has been 8.1%.

This year's Defence budget is shielded from the fiscal consolidation process of the Government of India and there is an increase in total Defence allocation from ₹ 14,734,400 lakhs to ₹ 16,441,500 lakhs. Share of Capital Expenditure in the defence budget is projected as 42% with a growth of 15% compared to last year. This is in line with Indian Government's focus on modernisation of Armed forces.

The present defence business scenario provides an opportunity as well as a challenge to BEL. The challenge is to keep pace with technological developments so that state-of-the-art products can be offered to the Defence customer. The Government's desire to enhance indigenous production of defence equipment will provide a bigger opportunity to BEL in its field of operations. Also as a step towards self-reliance in design, development and production of defence equipments and weapon systems, Ministry for the first time has released a Defence production policy supporting domestic defence industrial base. This policy comes at a time when India's modernisation agenda offers attractive opportunities to foreign OEMs and is likely to make way for some key partnerships in India. The offset policy can be used to leverage these opportunities. Export revenues of BEL have grown

substantially last year due to offset contracts and this trend is likely to continue in future.

(b) *SWOT Analysis*

Strengths:

- Clearly defined Vision, Mission, Objectives and Values
- Good image and reputation resulting from performance and track record
- Strong multi layered in-house R&D resulting in Technology and New product development.
- Good Infrastructure, Manufacturing facilities and world-class processes
- Well established systems & procedures including ERP
- Skilled & committed manpower with excellent domain knowledge and core competencies in all areas of defence electronics
- Wide product range with strong product support network
- Strong relationship with Defence & Govt. agencies
- Active learning from domestic & foreign collaborators.

Weaknesses:

- Slower response time
- Lower risk taking
- Limited value addition in certain Projects
- Limited experience in certain Marketing related functions
- Less proactive in some of the functions.

Opportunities:

- Growing Defence and Security needs
- Increased Offset opportunities
- Policy of self reliance in Defence
- Increased impetus on modernisation of Central Paramilitary forces
- Emerging business in Aerospace, Homeland security, nuclear instrumentation, renewable energy and e-governance.
- Growing opportunities in Maintenance, Repair, Overhaul and Upgrade programmes of Defence.
- Major infrastructural investments in Roads, Railways, Airports

**Threats:**

- Increasing competition from Private industry in defence sector
- Rapid changes in technology
- Difficulty in sourcing certain critical technologies.
- Emergence of Joint Venture companies—foreign OEMs with Indian private industries.

(c) *Major initiatives undertaken and planned to ensure sustained performance and growth of the Company*

1. Technology updation and R&D:**Challenges:**

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

Measures:

BEL has responded to the above challenges with a positive note and has identified various measures to meet them. The measures include strengthening the technology development process through short, medium and long term technology roadmaps, increased investments in R&D and setting up of a Company-wide knowledge Management system to harness the complete potential of the R&D Engineers and sharing of accumulated R&D knowledge in various fields amongst the R&D engineers. In addition to enhancing its efforts for in-house developments, BEL is also further strengthening the close co-operation with DRDO Labs, other national research laboratories and R&D organisations including academia to enhance indigenous developments. BEL is also taking adequate initiatives for joint developments with reputed foreign companies to quickly harness specialised technologies into the new products.

Initiatives:

Following are some of the new initiatives undertaken by BEL in the areas of R&D and Technology development during the year 2010 - 11:

- Core design groups have been formed in the areas of Computing elements and Microwave Super components for In-house design of these elements.
- R&D Committees have been formed in core business areas to implement R&D plans.
- Dedicated design center for R&D groups has been established and a core software development team has been formed at BEL, Hyderabad, for EW systems.
- Company-wide Knowledge Management System to serve R&D Engineers across the Company has been established.

2. Manufacturing:

- Super components facility at Bangalore Complex upgraded for manufacture of Microwave Modules.
- Facility at BEL-Bangalore for the manufacture of 10 million Smart Cards.
- Network Centric Systems Division at Bangalore is under modernisation.
- Two Walk-in-Chambers installed and commissioned for environmental stress screening of products.
- Order placed for Humiseal Spray equipment by Military Radar SBU at BEL-Bangalore.
- Chemical polishing facility for Aluminum set up at Machilipatnam Unit.
- EMI/EMC test facility for MIL-STD-461E established at Chennai Unit to help in qualifying BEL's products for EMI/EMC specification.
- X-Ray Machine (DAGE, UK make) installed at Panchkula Unit for inspection of PCBs. Conformal coating booth set up for applying conformal coat on PCBs.
- EMI/EMC Lab, new buildings for Electronic Assembly/Testing of 3-D Central Acquisition Radar and for the Antennae of Weapon Locating Radar, Battery Level Radar and Low Level Transportable Radar projects are being envisaged at Ghaziabad Unit.
- New EMI/EMC and shock & vibration facilities inaugurated at QA Division in Bangalore Unit.



- Installation and commissioning of Anechoic chamber upto 40 GHz and order placed for altitude chamber at QA Division, Bangalore.
- Anechoic Chamber Test facility established at Hyderabad Unit.
- New EW&A building in Bangalore Unit is under construction.
- New NS (RS&FCS) building in Bangalore Unit is under construction.
- New Management Block/building in Bangalore unit is under construction.
- Management block in MR SBU in Bangalore Unit is modernised.
- Establishment of Indigo Integration facility at NS SBU in Bangalore Unit.

3. New initiatives taken, diversification/expansion plans

Your Company is adapting itself to the fast changing external environment by taking proactive steps to meet the new challenges of technological upgradation, execution, upgradation of skills of its human resource base, infrastructure upgradation as given below:

(i) Preparation of Vision 2020 document- Preparedness for next decade

Today BEL sees an opportunity for an accelerated growth in traditional defence segments as well as new business segments. At the same time it needs to overcome several challenges, both internal and external, in the current defence business scenario due to increased participation from foreign and Indian private companies.

Therefore, BEL has launched an initiative for assessing its preparedness for the next decade. It is preparing the roadmap for Major Products/Systems, their Development plans and the requirement of manufacturing infrastructure and manpower and launching various initiatives to maintain the leadership in defence business.

Few selected areas for priority action during the Plan Period have also been identified. A comprehensive plan for next 2 years i.e. 2011 - 13 has been prepared as a milestone for the Vision 2020 preparedness.

(ii) Strategic alliances for emerging businesses through Co-development, Co-production, Product manufacture through Technology transfer.

BEL has entered into the following alliances for addressing various emerging markets with suitable partners/defence labs. These are being pursued proactively and addressed at SBU/Unit level in their area of operation and strength.

- Development of Crypto Algorithm for RS Combat Net Radio (CNR) with CAIR Bangalore
- Production of Homodyne receivers for EW Systems with ToT from DLRL, Hyderabad
- Modernisation of NBC system for BMP 2/2K in collaboration with Defence lab, Jodhpur
- Development and supply of MEMS sensors in collaboration with BARC, Mumbai for DAE applications
- Development of Routers & switches for TCS project with M/s Infosys technologies, Bangalore .

(iii) Forming of Joint Ventures/Acquiring Technology companies (for both existing/emerging business areas)

- BEL is discussing with a reputed foreign OEM for forming Indian Joint Venture in the area of civilian Radars & select defence Radars. The proposal is in advanced stage of discussion.
- BEL is in discussion with BHEL for setting up a JVC for manufacturing Solar PV wafers, cells and modules.
- BEL is also working on establishing a Company for the design, development and manufacture of RF and Microwave components and subsystems.

(iv) Identified areas of Diversification

Recently, BEL has started executing a large strategic weapon system contract and many such similar programs are on the anvil. BEL has also designed a Coastal Surveillance System which is being installed along the vast coastline of India. These projects have necessitated BEL to assess and create necessary infrastructure to handle such large programs.

In the prevailing business environment, in order to sustain & enhance the growth of the Company and be in the forefront of technology, BEL considers further diversification of its business into new areas a necessity. It plans to extend the knowledge and experience gained in serving Defence over



several decades and by offering spin off products from technologies of Defence for use in Civilian business segments.

Efforts are underway on the following new segments for diversification:

- Homeland Security
- e-Governance:
 - Mission Mode Projects-National ID (UID), National Population Register (NPR)
- Nuclear Power Instrumentation & Control
- Energy Efficiency solutions

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

1. Risk Management:

The Risk Management Committee constituted by the Company has identified the various risks associated with different areas of operations of the Company and recommended risk mitigation measures. These measures are being implemented. To address the product and technology related risks, two separate Divisions have been set up at the Corporate Office, viz., (i) "Strategic Business Planning Group" and (ii) "Technology Planning Group".

The Company has adopted the Project Management concept to minimise/mitigate the risk of losses on Liquidated Damages due to delays in execution of projects and project managers and associated executives are being trained on latest Project Management systems/tools.

The marketing function is also being strengthened and marketing executives are imparted intensive training on marketing skills in a competitive environment. To enhance marketing skills to compete in a fast changing market, marketing executives are continuously nominated for a 6-months residential Marketing program at IMI, New Delhi. The program is focused on providing key marketing knowledge and skills required for business.

All the assets of the Company are covered by Insurance. Necessary measures are being taken to manage risks associated with FE variation and other areas of Finance, HRD, etc.

A comprehensive "Risk Management Framework" recommended by the Risk Management Committee has been approved by the Management & issued to all the units for implementation.

2. Cost Reduction:

In the past few years, liberalisation in the economy has changed the market dynamics by creating increasing competitive environment for electronic products/systems, both Defence & Non Defence. Looking for alternate suppliers/alternate components alternate design and such other activities were necessitated by these emerging situations. Under these circumstances, BEL has been evolving internal strategies and action plans to achieve cost competitiveness in its products & technology. Company adopted "Cost Reduction strategy as one of the Thrust Areas from late 90s. The cost reduction activities cover all the aspects of the Company viz. production & non-production activities. Various avenues like Design Change, Alternate Material, Labour, Indigenisation, Alternate Sourcing, Inventory Management, Process Improvement, Quality Initiatives, Energy Conservation, etc., are identified for Cost Reduction. During 2010-11, 56 Task forces worked on Cost Reduction in Units/SBUs and achieved a cost reduction of ₹ 20,000 lakhs

3. Indigenisation:

Indigenisation is one of the key areas for cost reduction. Indigenisation activity in BEL is an ongoing & continuous activity and enough avenues are created to help the process of indigenisation. Each of the SBU/Unit has indigenisation committees and the chairman of the committee periodically reviews the indigenisation activities of all Units/SBUs. At the beginning of each year, every business unit, identifies the thrust areas for indigenisation, be it a project through in-house R&D, through DRDO or ToT route. Through the active participation of the Standards Department and others involved in the project from the business unit, actions are taken to indigenise the identified items and evaluate the items for the intended applications. BEL has also instituted an Award Scheme to encourage its employees in contributing towards indigenisation in achieving self-reliance. BEL is also recipient of prestigious RM Awards in the category of Import Substitution. The turnover achieved from Indigenous technology during 2010-11 is around 78%.

B) Internal Control System and its Adequacy

Your Company has well-established Internal Control systems and procedures commensurate with its size and nature of business for achieving effectiveness and



efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The system comprises well defined organisation structure, pre-identified authority levels and procedures issued by Management covering all vital and important areas of activities, viz., Budget, Purchase, Material Management, Works, Finance & Accounts, Human Resources, etc. These procedures are updated from time to time and are subject to strict compliance.

Your Company has implemented ERP (SAP) System in all of its manufacturing Units/Offices. This has further strengthened the Internal Control Systems with its in-built checks and balances at various levels of operations.

The Company has an Internal Audit Department, which continuously reviews compliance with Company's procedures, policies, applicable laws and regulations with well-defined annual audit programme. Significant audit observations are reported to the Management level Audit Committee/Audit Committee of Board of Directors. The Internal Audit function is headed by General Manager (Internal Audit) reporting to the Chairman & Managing Director.

The Internal Control Systems are reviewed by the Audit Committee. The adequacy of Internal Control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. BEL being a Government Company, is subject to Government Audit also.

C) Financial/Operational Performance

I. Strategy & Objectives

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

- (i) To make available the required funds through internal accruals and/or by effective cash flow management with a view to have the least interest cost.
- (ii) To maintain the highest credit rating in the short-term to be able to raise funds at most economical rate if required.
- (iii) To meet the expectations of the various stakeholders.
- (iv) To effectively execute tax planning thereby improving the post tax yield to the shareholders.
- (v) To maintain highest standards of financial reporting by following the mandatory as well as recommendatory accounting standards.

Each of the objectives listed continue to be accorded the highest priority by BEL. During the financial year, the entire working capital needs and the funding for capital expenditure was met from the internal resources without resorting to any external borrowing.

2. Performance Highlights

(₹ in lakhs)

	Year ended 31 March 2011	Year ended 31 March 2010
Gross Sales/Income from Operations	552,969.32	521,977.40
Total Expenditure Before Interest	474,853.12	457,873.56
Profit Before Interest and Tax	116,157.99	104,555.83
Operating Margin (PBIT/Gross Sales) Ratio	21.01%	20.03%
Profit After Tax	86,146.85	72,087.10
No. of Days Inventory/Value of Production (DPE Method)	164	172
No. of Days Sundry Debtors/Sales & Services	192	152
Current Ratio	1.52	1.74
Debt Equity Ratio	0.000082	0.00017

3. Analysis of Financial Performance of 2010-11

- Turnover registered a growth of 5.94% from ₹ 521,977.40 lakhs in 2009-10 to ₹ 552,969.32 lakhs in 2010-11
- Value of Production has increased from ₹ 524,788.20 lakhs in 2009-10 to ₹ 552,080.34 lakhs in 2010-11. Increase of 5.20%.
- 19.50% increase in Profit After Tax, from ₹ 72,087.10 lakhs in 2009-10 to ₹ 86,146.85 lakhs in 2010-11.
- Increase in PAT to Sales Ratio from 13.81% in 2009-10 to 15.58% in 2010-11.
- Sales per employee has increased from ₹ 45.21 lakhs in 2009-10 to ₹ 49.46 lakhs in 2010-11
- Earning per Share has increased from ₹ 90.11 in 2009-10 to ₹ 107.68 in 2010-11
- Book Value Per Share has increased from ₹ 540.66 in 2009-10 to ₹ 623.21 in 2010-11
- Net Worth has grown from ₹ 432,525.59 lakhs in 2009-10 to ₹ 498,570.65 lakhs in 2010-11.



D) Development in Human Resources

The global business environment is highly competitive and the future depends on enhancing our capability to achieve exponential growth at a rapid pace.

BEL recognises that highly trained and motivated employees form the backbone of a world-class organisation. New idea generation, flexibility and innovation through human capital is essential and hence sustained development of our employees both at the individual and team level has been the philosophy of your Company's human resource development initiatives.

The Company-wide per capita training mandays for the year 2010-11 was 3.37. The MoU score for HRD for the year was "Excellent" at 1.26. The training programs are designed to enhance competencies in various areas like Technical, Functional, Managerial/Leadership.

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

Apart from this, 360-degree feedback and Leadership Development programs were conducted to equip the senior managers with Leadership competencies required for building world-class leaders and organisations. 117 senior executives underwent the program last year. Post training effectiveness initiatives are also in place to assess the impact of the training after a period of 6 months to 1 year in this program. Further, to inculcate a global mindset in our senior managers, a program on "Developing Global Leaders" was organised at a premier institute.

Driving significant change is one of the most challenging tasks that any large organisation faces. It requires that new paradigms replace established ways of doing business. The Company's "Leading the Change" Program for senior executives aims at aligning the thinking and attitudes of its senior executives to that required for a global organisation. 88 senior executives underwent the program last year. The Company conducted an Organisation Culture Assessment Survey in 2010 to understand the facilitating and hindering factors in its Culture. Action Planning and improvement initiatives as an outcome of the Employee Engagement Survey were also undertaken.

The advantages of teamwork are reinforced in an Outward-bound learning program. This training takes the participant away from the comfort zone, in an informal

risk-free environment, thereby enabling the participant to experiment and explore the hidden potential. 6 cross-functional teams across various units of BEL attended the program during the year 2010-11.

Competency Building is vital for achieving business results. Development Centres (DCs) have been conducted to assess the competency gaps of AGM grade executives through an external HR Consultant. 41 senior executives have undergone the DCs and Individual Development Plans have been made for addressing their developmental needs. Competency Awareness Workshops were conducted for senior executives to familiarise them on the Competency Model and its implication for business. About 300 senior executives attended the program last year.

A "Strategic Human Resource Management" Program was organised to enable HR executives to be strategic partners and contribute in implementing various HR initiatives in BEL. Senior HR executives from various Units participated in this program.

Advanced Management Program is being organised for General Managers with an international component for enhancing their awareness on global management practices. 4 General Managers attended this program.

In order to strengthen the marketing cadre, a dedicated 6-months Marketing program was conducted through a premier Management Institute. 19 executives attended the Program.

Technology Programs to enhance knowledge of our engineers in various technology areas were conducted. Some of the programs were in the area of RF & Microwave Technology, Data Communication, Digital Microwave Radio Theory, Advanced Digital Signal Processing, Advanced FPGA, VLSI Signal Processing, Designing with VHDL etc. 6 modules of basic level technology programs were launched in E-Learning mode in 2010-11. The modules were hosted on the SAP system.

E) Corporate Social Responsibility (CSR)

BEL Corporate Social Responsibility (CSR) Policy has identified the following broad areas for providing benefit to the stakeholders:

- Health care
- Education
- Rural development
- Environment protection
- Conservation of natural resources



During 2010-11 the Company has spent ₹ 208 Lakhs on the following CSR activities:

Name of Agency	Project
Prathmic Vidyalaya, Maharajpur, Ghaziabad	Augment facilities in the School
Nagar Palika Balika Inter College, Ghaziabad	Infrastructure assistance to College
Palna Home—Unit of Delhi Council of Child Welfare	Assistance for an Ambulance, X Ray Machine and other Medical Equipments
Helpage India, New Delhi	Provision of Mobile Medicare Units
Helpage India, New Delhi	Provision of Fitness and Wellness Centre which includes Physiotherapy and Orthotic Equipments
Govt. Inter College and Primary Schools, Kotdwara	Infrastructure assistance and furniture for students
NGO in Hyderabad—MEANS, FBA Home for destitutes Urban Health Centre	Providing material for infrastructure
Hellen Kellen Institute, Hyderabad	Provision of Group hearing aids
Police HQs. Navi Mumbai	Infrastructure assistance for Police post
Govt. Junior Secondary School, Panchkula	Providing assistance for infrasture upgradation
ITI (Run by Army Ambala)	Donation of Test Equipments
Home of Hope, Bangalore	Infrastructure assistance
Indian Red Cross Society, Bangalore	Assistance for vehicles
Holy Cross Hospital, Bangalore	Assistance for a vehicle
Sikshana Namma School Library project, Bangalore	Infrastructure assistance for Govt. Schools
Agastya International, Bangalore	Assistance for establishing Mobile Labs



Annexure to Directors' Report (Contd.)

Corporate Governance Report

Philosophy and Code of Governance

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

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

Board of Directors

Composition

The composition of BEL Board of Directors is in line with Clause 49 of Listing Agreements with Stock Exchanges and the

guidelines on Corporate Governance issued by the Government of India. BEL Board of Directors consists of 7 Wholtime Directors (Executive Directors), including the Chairman & Managing Director, 2 Govt. Directors (Non-executive Directors) and 9 Non-executive Independent Directors. In addition, as per Govt. directives, (i) the Vice Chief of Air Staff, Indian Air Force (ii) the Chief of Material, Indian Navy and (iii) the Additional Financial Advisor & Joint Secretary from the Ministry of Defence are Permanent Special Invitees to all the Board Meetings of the Company.

Meetings and Attendance

During the financial year ended 31st March 2011, seven Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 30th April 2010, 17th May 2010, 25th June 2010, 30th July 2010, 29th Oct 2010, 27th Jan 2011 and 28th Jan 2011. Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other directorships/ committee memberships held by them during 2010-11 etc., are given below:

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 28 Sept 2010	No. of other directorships held	* Number of Committee membership across all companies	
						As Chairman	As Member
Wholtime (Executive) Directors							
1	Mr A K Datt	7	7	Yes	1	Nil	Nil
2	Mr M L Shanmukh	7	6	Yes	1	1	1
3	Mr H S Bhadoria	7	7	Yes	2	Nil	1
4	Mr I V Sarma	7	7	Yes	2	Nil	1
5	Mr M G Raghuveer	7	7	Yes	2	Nil	2
6	Mr H N Ramakrishna	7	7	Yes	Nil	Nil	Nil
7	Mr Anil Kumar	7	7	Yes	Nil	Nil	1



Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 28 Sept 2010	No. of other directorships held	* Number of Committee membership across all companies	
Part-time Govt (Non-Executive) Directors							
8	Mr Satyajeet Rajan	7	5	No	Nil	Nil	1
9	Lt Gen P Mohapatra	7	3	No	2	Nil	Nil
Non-Executive Independent Directors							
10	Lt Gen (Retd.) G Sridharan	7	6	Yes	Nil	2	-
11	Mr Anil Razdan	7	5	No	2	Nil	1
12	Prof V K Bhalla	7	7	No	4	1	3
13	Mr M S Ramachandran	7	6	No	5	Nil	1
14	Prof Anurag Kumar (w.e.f. 21st Dec 2010)	2	2	-	Nil	Nil	Nil
15	Prof G Madhavan Nair (w.e.f. 21st Dec 2010)	2	0	-	Nil	Nil	Nil
16	Dr Satyanarayana Dash (w.e.f. 21st Dec 2010)	2	1	-	Nil	Nil	Nil
17	Mr N Sitaram (w.e.f. 21st Dec 2010)	2	2	-	Nil	Nil	Nil
18	Dr R Venkata Rao (wef 21st Dec 2010)	2	2	-	Nil	Nil	Nil

Note: * As per Clause 49, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee are considered.

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

Code of Conduct

Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company as per Clause 49 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Dept of Public Enterprises (DPE Guidelines). The Code of Conduct has been posted on the Company's website, www.bel-india.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct during the year 2010-11. A declaration to this effect signed by the Chairman & Managing Director is attached to this Report.

Audit Committee

The composition of the Audit Committee is in line with Section 292A of the Companies Act 1956, Clause 49 of Listing Agreements with Stock Exchanges and the guidelines on Corporate Governance issued by the Government of India. The Company's Audit Committee consisted of four Independent Directors, one Govt. Director and one Wholetime Director. In addition, the Statutory Auditors of the Company, the Director (Finance) and the General Manager (Internal Audit) are also invited to attend the meetings of the Audit Committee, regularly. The Company Secretary is the Secretary to the Audit Committee. Chairman of the Audit Committee is an Independent Director. Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 28th Sept 2010. The terms of reference of the Audit Committee are as specified in Section 292A of the Act, Clause 49 and the DPE Guidelines.

During the year ended 31st March 2011, the Audit Committee met six times on 30th April 2010, 25th June 2010, 30th July 2010, 29th Oct 2010, 9th Dec 2010 and 28th Jan 2011.



The attendance of the Chairman and members of the Audit Committee in these meetings were as follows:

Name	Meetings held during respective tenure of Director	No. of meetings attended
Lt Gen (Retd) G Sridharan	6	6
Mr Satyajeet Rajan	6	4
Mr Anil Razdan	6	4
Prof V K Bhalla	6	6
Mr M S Ramachandran	6	6
Mr H S Bhadoria	6	6

Remuneration Committee/Remuneration Policy

Being a Central Govt. Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Govt. of India, and hence the Company has not constituted any Remuneration Committee. The Govt. letter appointing the Chairman & Managing Director and other Functional Directors indicate the detailed terms and conditions of their appointment, including the period of appointment, basic pay, scale of pay, dearness allowance, city compensatory allowance, entitlement to accommodation, etc., and it also indicates that in respect of other terms and conditions not covered in the letter, the relevant rules of the Company shall apply.

Details of remuneration of Wholetime Directors during the year 2010-11 are given below:

(in ₹)

Name of Director	Salary	Benefits *	Company contribution to PF & Incremental Gratuity	Incentive	Leased Accommodation	Total
Mr A K Datt	2,746,358	51,179	234,399	839,175	687,500	4,558,611
Mr M L Shanmukh	2,743,448	52,903	311,720	655,974	600,000	4,364,045
Mr H S Bhadoria	2,615,099	45,678	230,005	638,688	600,000	4,129,470
Mr I V Sarma	2,254,029	42,667	366,273	606,964	555,744	3,825,677
Mr M G Raghuvier	2,173,371	39,251	507,245	465,604	0	3,185,471
Mr H N Ramakrishna	2,190,453	47,469	318,903	428,251	0	2,985,076
Mr Anil Kumar	2,153,904	33,410	340,256	251,958	0	2,779,528

* Medical and other perquisites valued as per IT Rules.

Part-time Govt. Directors (Non-executive Directors) are not paid any remuneration. They are also not paid sitting fees for attending Board/Committee meetings. Non-executive Independent Directors are paid sitting fees of ₹ 20,000 per meeting of the Board/Committee of the Board attended. However, if the same Non-official Part-time Director attends more than one meeting (of Board/Committee) on the same day, the sitting fees payable for each of such additional meeting is ₹ 10,000. Details of sitting fees paid to the Independent Directors during the year 2010-11 are given below:

(in ₹)

Name	Sitting Fees		Total
	Board Meetings	Committee Meetings	
Lt Gen (Retd) G Sridharan	120,000	180,000	300,000
Mr Anil Razdan	100,000	40,000	140,000
Prof V K Bhalla	140,000	60,000	200,000

Mr M S Ramachandran	120,000	60,000	180,000
Prof Anurag Kumar (w.e.f. 21st Dec 2010)	40,000	0	40,000
Prof G Madhavan Nair (w.e.f. 21st Dec 2010)	0	0	0
Dr Satyanarayana Dash (w.e.f. 21st Dec 2010)	20,000	0	20,000
Mr N Sitaram (w.e.f. 21st Dec 2010)	40,000	0	40,000
Dr R Venkata Rao (w.e.f. 21st Dec 2010)	40,000	0	40,000

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



The Chairman & Managing Director and other Functional Directors are appointed by the Govt. initially for a period of 5 years from the date of appointment or up to the date of superannuation of the individual or promotion to next grade, or until further orders of the Govt. whichever is the earliest. Depending on the age and performance and on meeting other stipulated conditions the initial period is extendable for further period of 5 years or up to the date of superannuation or promotion to next grade, whichever is earlier. The Part-time Govt. Directors are ex-officio appointees and their term is co-terminus with the term of respective position held by them in Govt. at the time of appointment on the Company's Board. The Non-executive Independent Directors are appointed for a period of 3 years.

Directors' Shareholding

Mr Ashwani Kumar Datt and Mr Satyajeet Rajan hold 100 shares each in the Company, on behalf of the Govt. of India. No other Directors of the Company hold any BEL shares or convertible instruments of the Company as on 31st March 2011.

Shareholders/Investors Grievance Committee

Your Company has constituted a Shareholders/Investors Grievance Committee for reviewing and resolving grievances of shareholders/ investors. The Shareholders/Investors Grievance Committee consists of following members of the Board:

- | | | | |
|----|---------------------------|---|----------|
| 1. | Lt Gen (Retd) G Sridharan | : | Chairman |
| 2. | Mr M L Shanmukh | : | Member |
| 3. | Mr Anil Kumar | : | Member |

Transfer requests and complaints from the shareholders are attended to promptly as and when they are received. Five grievances from shareholders, mainly relating to dividend payment, were received and resolved during the year. No grievance was pending as on 31st March 2011. There were no pending share transfers at the close of the financial year.

Other Board Subcommittees

Your Directors have constituted the following Subcommittees of the Board:

1. Procurement Committee consisting of the Chairman & Managing Director, Govt. Director representing the Administrative Ministry, Director (Finance), concerned operational Director [ie, Director (BC)/Director (OU)] and one Independent director to consider and approve:
 - (i) purchase of capital items, plant, machinery and equipment and material for capital works valuing

more than ₹ 1,000 lakhs per purchase order and approve the terms of purchase, and

- (ii) purchase of direct or indirect materials and sub-contracts on outside parties with or without the Company's materials to meet the needs of the planned production and sales and approve the terms of purchase valuing more than ₹ 3,000 lakhs per purchase/subcontract.
2. R&D Committee consisting of the Chairman & Managing Director, Govt. Director representing the Administrative Ministry, Director (R&D), Director (Finance) and one Independent Director to consider and approve research, development and engineering proposals with expenditure exceeding ₹ 500 lakhs and up to ₹ 1,500 lakhs in each case.
 3. Investment Committee consisting of the Chairman & Managing Director, the Director (Other Units) and the Director (Finance) to approve investment of short-term surplus funds.
 4. Appointments Committee consisting of the Chairman & Managing Director and Wholetime Directors of relevant functional areas and one Part-time Director for filling up vacancies in the posts of General Managers/Executive Directors.

Compliance Officer

Mr C R Prakash, Company Secretary, is the Compliance Officer. His contact details are:

Mr C R Prakash, Company Secretary,
Bharat Electronics Ltd., Regd. & Corp. Office
Outer Ring Road, Nagavara, Bangalore-560045
T. 080 25039300; F. 080 25039266; E. secretary@bel.co.in

General Body Meetings

Details of last three Annual General Meetings are as follows:

Year	Location	Date & Time
2007-08	The Kalinga Hall, Hotel Grand Ashok, Kumara Park, High Grounds, Bangalore - 560001	29th September 2008 at 2.30 pm
2008-09	Magadh Hall, The Lalit Ashok Hotel, Kumara Park, High Grounds, Bangalore - 560001	29th September 2009 at 2.30 PM
2009-10	Kalinga Hall, The Lalit Ashok Hotel, Kumara Park, High Grounds, Bangalore - 560001	28th September 2010 at 2.30 PM



All the resolutions, set out in the respective notices of last three Annual General Meetings were passed by the shareholders. No resolutions were put through postal ballot last year.

Disclosures

- (a) Related Party Transactions are disclosed in Note No. 22 of Notes to the Accounts (Schedule 21 to the Profit & Loss Account of the Company for the year-ended 31st March 2011). The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.
- (b) There were no cases of non-compliance by the Company and no penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.
- (c) No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees/ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in books of accounts.
- (d) Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.
- (e) Administrative and office expenses as a percentage of total expenses and reasons for increase, if any:

Administrative and office expenses were 3.48% of the total expenses for the year 2010-11 as against 3.02% in the previous year. The increase is nominal.

Training of Directors

Directors were sponsored for training programme on Corporate Governance conducted by the Institute of Public Enterprises, Hyderabad in the earlier year. This practice is being continued and some more Directors will be nominated for training during the year 2011-12.

Presidential Directives and Guidelines

Your Company has been following the Presidential Directives and guidelines issued by the Govt. of India from time to time regarding reservation for SCs, STs and OBCs in letter and

spirit. Liaison Officers are appointed at various Units/Offices all over the Country to ensure implementation of the Govt. Directives. Officials dealing with the subject were provided necessary training to enable them to update their knowledge on the subject and perform their job effectively. BEL has been implementing the Govt. Directives on reservation and the representation of SC/ST/OBCs in BEL as on 31st March 2011 are as under:

Category of Employees	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	796	64	1172	115
Scheduled Tribe	235	8	125	29
OBC	782	67	934	66

Your Company has been implementing the Govt. Directives on reservation for Persons with Disabilities and Ex-Servicemen and their representation as on 31st March 2011 are as under:

Category of Employees	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Physically Handicapped	91	149	309	113
Ex-Servicemen	79	7	164	18

On receipt of DPE OM dated 09.11.2006, a Joint Wage Negotiating Committee (JWNC) comprising both Management and Negotiating Trade Union (NTU) representatives of nine constituent Units including Corporate Office was constituted to discuss and settle the Charter of demands of non-executive employees. The committee discussed and settled various issues [pertaining to wages and allowances of non-executive employees]. The revised wages & allowances were implemented with effect from 01.01.2007.

Means of Communication

The quarterly and annual financial results of the Company are sent to the Stock Exchanges by facsimile/e-mail and letter by courier immediately after the Board has taken them on record. The quarterly unaudited financial results are published in one of the newspapers, ie, Economic Times/Mint Express/Business Standard/ Financial Express/Business Line/Business Bhaskar (in English/Hindi) and Samyuktha Karnataka/Times of India, Kannada/Prajavani/ Kannada Prabha (in Kannada).

The quarterly unaudited results are simultaneously posted on the Company's website, viz., www.bel-india.com. The Company has been filing all Corporate Announcements, quarterly results,



shareholding pattern, other information submitted to the Stock Exchanges on the NSE/BSE managed common platform, viz. www.corpfiling.co.in. Investors may please log on to www.corpfiling.co.in to view the information filed by the Company on this common platform. Press releases are also being sent to the Stock Exchanges and posted on your Company's website.

No presentations have been made to institutional investors or to the analysts. Based on a request a Plant Visit was organised for representatives of some of the Institutional Shareholders to our Bangalore Plant on 09th June 2011 and a general overview of Company's Business profile was shown to them.

Code for Prevention of Insider Trading

In accordance with the SEBI (Prohibition of Insider Trading) Regulations 1992, the Company has put in place a Code of Conduct and Disclosure Procedure (the Code) to prevent insider trading in the Company's securities and for transparent/streamlined disclosure/dissemination of information to the investors/public. The Code is applicable to all Directors, officers (top three tiers in all the Units/Offices of the Company) and certain other specified employees at the Corporate Office.

Reconciliation of Share Capital Audit

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

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

MCA-21 Compliance

The e-governance initiative of the Ministry of Corporate Affairs in the administration of the Companies Act 1956 (MCA-21) provides the public, corporate entities and others an easy and secure online access to the corporate information including the filing of documents and public access to the information required to be in public domain under the statute, at any time and from anywhere. The Company has complied with all mandatory e-filing requirements under MCA-21, during 2010-11.

Listing on Stock Exchanges

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

1. Bangalore Stock Exchange Ltd
Stock Exchange Towers
No. 51, 1st Cross,
J C Road
Bangalore - 560 027
2. Bombay Stock Exchange Ltd
25th Floor,
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001
3. National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C / 1
G Block, Bandra - Kurla Complex
Bandra (E), Mumbai - 400 051

The Company has paid listing fees for the financial year 2010-11 and 2011-12 to all the three Stock Exchanges.

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

Stock Exchange	Stock Code
Bangalore Stock Exchange Ltd	BEL
Bombay Stock Exchange Ltd	500049
National Stock Exchange of India Ltd	BEL
Demat Share ISIN	INE263A01016

Custody Fees to Depositories

The Company has paid annual custody fees for the financial year 2010-11 and 2011-12 to both the Depositories, viz., NSDL and CDSL.

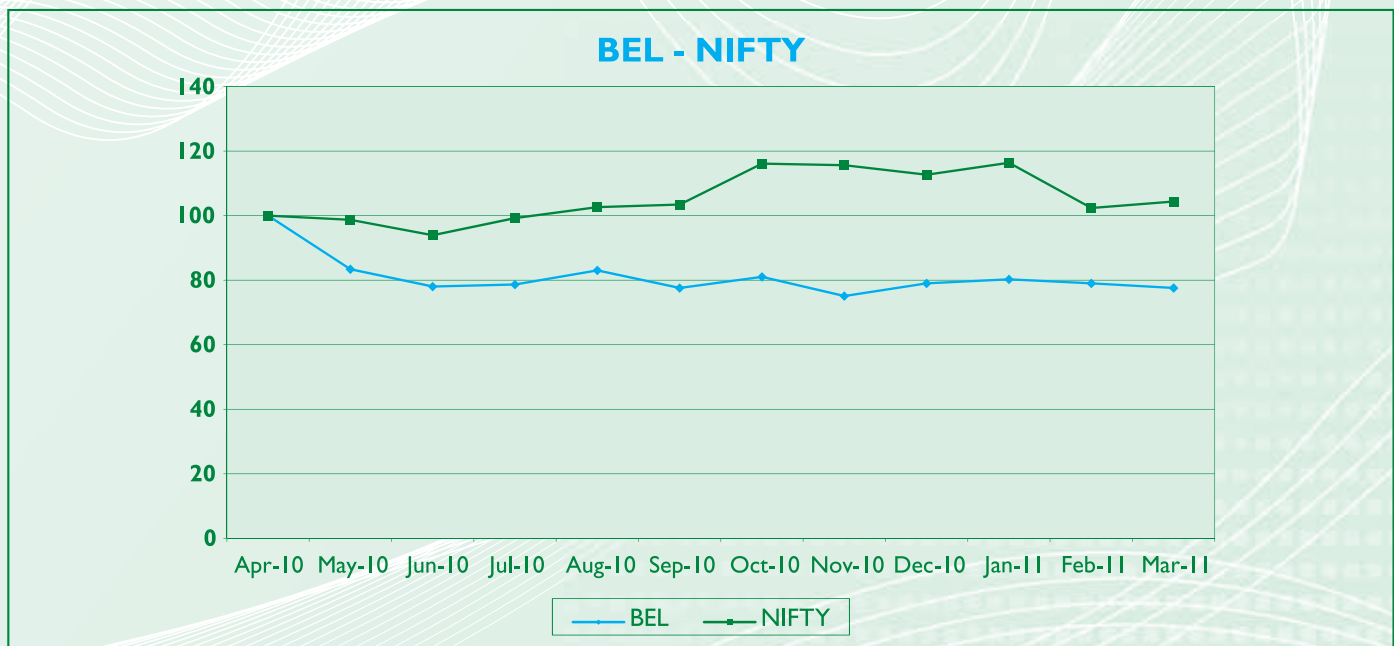


Market Price Data

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

Month	Quotation on BSE - ₹ Per Share		Quotation on NSE - ₹ Per Share	
	High	Low	High	Low
April 2010	2,212.00	1790.00	2214.80	1791.25
May 2010	1877.00	1651.00	1874.55	1647.15
June 2010	1848.00	1650.00	1849.00	1657.00
July 2010	1887.90	1709.90	1894.80	1708.00
Aug 2010	1829.95	1645.00	1827.95	1642.00
Sept 2010	1874.00	1660.25	1859.90	1661.10
Oct 2010	1927.40	1602.00	1928.40	1600.00
Nov 2010	1760.00	1625.50	1758.00	1625.30
Dec 2010	1800.00	1616.30	1807.00	1651.05
Jan 2011	1793.00	1613.25	1795.00	1624.20
Feb 2011	1840.00	1610.10	1842.80	1612.05
March 2011	1729.95	1620.00	1727.90	1620.00

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2010-11 (position as on first trading day of every month) is presented in the following graph:



Both NSE NIFTY index and your Company's share price on NSE have been indexed to 100 as on 1st April 2010 to prepare the above chart.



Liquidity

The Company's shares are very liquid and are actively traded on the Indian stock exchanges. Relevant data of turnover for the financial year 2010-11 is given below:

	BSE	NSE	BSE+NSE
No. of shares traded	26,83,242	132,44,660	159,27,902
Value (₹ in Lakhs)	47,706	2,36,210	2,83,916

Share Transfer

Integrated Enterprises (India) Ltd., (formerly known as Alpha Systems Pvt. Ltd.), Bangalore, a SEBI registered Category I Registrar and Share Transfer Agent is the Company's Registrar and Share Transfer Agent. Address of Integrated Enterprises (India) Ltd is given below, to forward all share transfer/transmission/split/consolidation/issue of duplicate certificates/change of address requests as well as all dematerialisation/rematerialisation requests and related matters as well as all dividend related queries, complaints:

Integrated Enterprises (India) Ltd
30, Ramana Residency,
4th Cross
Sampige Road, Malleswaram
Bangalore-560 003
T. 080 23460815 to 818;
F. 080 23460819;
E. alfint@vsnl.com

Share Transfer System

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

Shareholding Pattern as on 31st March 2011

Sl. No.	Category	No. of Shareholders	No. of Shares	% Holding
1	Central Govt. (Govt. of India)	6	6,06,89,600	75.86
2	Mutual Funds/UTI	78	49,72,154	6.22
3	Financial Institutions/Banks	5	29,050	0.04

Sl. No.	Category	No. of Shareholders	No. of Shares	% Holding
4	Insurance Companies	19	68,20,652	8.53
5	Foreign Institutional Investors	84	43,25,101	5.41
6	Bodies Corporate	615	17,07,769	2.13
7	Individuals	18,970	13,51,508	1.69
8	Clearing Members	103	32,898	0.04
9	NRIs	488	42,640	0.05
10	Trusts	4	28,628	0.04
	Total	20,372	8,00,00,000	100.00

Top 10 Shareholders as on 31st March 2011

Sl. No.	Name	No. of Shares	% Holding
1	President of India (including 5 Govt. nominees)	6,06,89,600	75.86
2	Life Insurance Corporation of India	21,19,931	2.65
3	LIC of India Market Plus - I	13,75,081	1.72
4	LIC of India - Market Plus	12,48,437	1.56
5	HDFC Trustee Co Ltd - HDFC Equity Fund	7,89,503	0.99
6	LIC of India - Money Plus	7,05,369	0.88
7	Life Insurance Corporation of India - Profit Plus	5,71,982	0.71
8	HDFC Trustee Co Ltd - HDFC Top 200 Fund	5,36,000	0.67
9	SBI Mutual Fund - Magnum Tax Gain 1993	4,50,749	0.56
10	HDFC Trustee Co Ltd - HDFC Tax Saver Fund	4,28,351	0.54

Distribution of Shareholding as on 31st March 2011

No. of Equity Shares Held	No. of Shareholders	%	No. of Shares	%
Upto 500	20,224	99.27	15,76,542	1.97
501-1000	33	0.16	2,56,362	0.32
1001-2000	21	0.10	2,96,173	0.37
2001-3000	16	0.08	4,03,518	0.50
3001-4000	9	0.04	3,11,979	0.39
4001-5000	11	0.05	4,89,326	0.61
5001-10,000	16	0.08	12,35,970	1.54
10001 and above	42	0.21	7,54,30,130	94.29
Total	20,372	100.00	8,00,00,000	100.00



Dematerialisation of Shares

99.98% of total equity capital disinvested by the Govt. (i.e. 24.14% of the total paid up capital) is held by the investors in dematerialised form with NSDL and CDSL.

Outstanding GDRs/ADRs/Warrants: Not Applicable

Transfer to IEPF Account

Under Section 205A(5) of the Companies Act 1956 (the Act) companies are required to transfer to the Investor Education and Protection Fund (the Fund) established by the Govt. under Section 205C of the Act the money transferred by the companies to the Unpaid Dividend Account and which remain unclaimed/unpaid for a period of 7 years. As per Section 205C of the Act no claims shall lie against the Fund or the Company in respect of individual amounts thus transferred to the Fund and no payment shall be made in respect of any such claims. During the year 2010-11 the Company transferred to the Fund an amount of ₹ 81,795/- from the Unpaid Dividend Account for the year 2002-2003. The unclaimed/unpaid dividend for the year 2003-04 is due for transfer to the Fund in 2011. Notices to this effect have been sent to the respective shareholders to enable them to claim and receive the amount. The Company has posted on its website www.bel-india.com in a separate page titled "Information for Investors" the details of dividend payment since 2003-04 onwards and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided therein to claim unpaid/unclaimed dividend.

Credit Rating

In order to comply with the Basel II requirements of Banks, the Company has got its entire working capital facilities rated by ICRA, besides continuing the existing rating for short-term debt programme. ICRA has reaffirmed LAAA (pronounced as L triple A) rating to the ₹ 20000 lakhs fund based bank limits, and assigned AI+ (pronounced as A one plus) rating to the ₹ 160,000 lakhs non-fund based bank limits of the Company. The ratings indicate the highest credit quality in the long and short-term. The existing rating of AI+ for the short-term debt programme has also been reaffirmed for ₹ 500 lakhs.

CEO/CFO Certification

In terms of the requirements of Clause 49 and DPE Guidelines, the CEO/CFO certificate has been obtained and placed before the Audit Committee and the Board.

Compliance

The Company has complied with the Corporate Governance norms/guidelines under Clause 49 and DPE Guidelines. The Company has also been submitting to the Stock Exchanges and to the Govt. quarterly compliance report on Corporate Governance. As required under the Listing Agreement with the Stock Exchanges, the Auditors' Certificate on compliance of conditions of Corporate Governance by the Company is attached.

Non-mandatory requirements

The Company has not adopted the non-mandatory requirements as mentioned in Annexure-I D of Clause 49.

Additional/General Information for Shareholders

Annual General Meeting

Date : 26th September 2011
Time : 2.30 PM
Venue : Grand Ball Room, Hotel SHERATON BANGALORE at Brigade Gateway, 26/1, Dr Rajkumar Road, Rajaji Nagar, Bangalore-560 055.

Financial Calendar 2011 - 12

Financial Year : 1st April 2011 to 31st March 2012
First quarter results : By end of July 2011
Second quarter results : By end of Oct 2011
Third quarter results : By end of Jan 2012
Fourth quarter results : By end of April 2012
Annual General Meeting : September 2012

Book Closure

15th September 2011 to 26th September 2011 (both days inclusive)

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

1. Jalahalli, Bangalore – 560013 (Karnataka)
Phone: (080) 28382626
Fax: (080) 28380266
2. Bharat Nagar Post, Ghaziabad - 201010 (Uttar Pradesh)
Phone: (0120) 2777707
Fax: (0120) 2776730



3. Plot No. 405, Industrial Area, Phase III
Panchkula - 134113 (Haryana)
Phone: (0172) 2588252, 2588400
Fax: (0172) 2594548, 2591463
4. Balbhadrapur, Kotdwara - 246149, Dist.
Pauri Garhwal (Uttarakhand)
Phone: (01382) 231171 to 231178
Fax: (01382) 231132, 231135
5. Plot No. L-I, M.I.D.C. Industrial Area
Navi Mumbai - 410208. (Maharashtra)
Phone: (022) 27412701
Fax: (022) 27412888, 27412887
6. N.D.A. Road, Pashan,
Pune - 411021 (Maharashtra)
Phone: (020) 22903000/25881400/01/02
Fax: (020) 25880577, 25888789
7. Industrial Estate, Nacharam
Hyderabad - 500076, (Andhra Pradesh)
Phone: (040) 27150113 to 27150117
Fax: (040) 27171406
8. Post Box No. 26, Ravindranath Tagore Road
Machilipatnam - 521001 (Andhra Pradesh)
Phone: (08672) 223581 to 223583
Fax: (08672) 222640
9. Post Box No. 981, Nandambakkam
Chennai - 600089 (Tamil Nadu)
Phone: (044) 22326906
Fax: (044) 22326905

Registered Office/ Address for Correspondence

Bharat Electronics Ltd.,
Registered Office,
Outer Ring Road,
Nagavara,
Bangalore - 560 045
Phone: (080) 25039300
Fax: (080) 25039233
e-mail: secretary@bel.co.in
Website: www.bel-india.com



DECLARATION

Pursuant to the relevant provisions under Clause 49 of the Listing Agreement with Stock Exchanges, and the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dated 22 June 2007, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Bharat Electronics Ltd., for the year ended 31st March 2011.

Place : Bangalore
Date : 29th June 2011

For **Bharat Electronics Ltd**

Ashwani Kumar Datt
Chairman & Managing Director

R.G.N. Price & Co.
Chartered Accountants

1051, 11nd Floor
20th Main, 5th Block
Rajajinagar
Bangalore - 560 010
Phone: 23113158/23300331
E-mail: priceblr@yahoo.co.uk

AUDITORS' CERTIFICATE

To
The Members
Bharat Electronics Limited
Bangalore

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges and Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and DPE Guidelines.

However, we observed that there were only four Independent Directors on the Board against the requirement of nine Independent Directors till 20th December, 2010.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' / Investors' Relations Committee. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For R G N Price & Co.
Chartered Accountants
Firm Regn. No. 002785S

Place : Bangalore
Date : 29th June 2011

H S Venkatesh
Partner
Membership No. 026666



Auditors' Report

The Members

Bharat Electronics Limited
Nagavara, Outer Ring Road
Bangalore - 560045

1. We have audited the attached Balance Sheet of Bharat Electronics Limited as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as modified on 25 Nov 2004) issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of account, as required by law, have been kept by the Company in so far as it appears, from our examination of those books. The audit of the accounts of Bangalore, Hyderabad and Chennai Units and Corporate Office were carried out by us, whilst the audit of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam units were audited by respective branch auditors. The reports of branch auditors have been considered by us while preparing our report. In the case of New York and Singapore offices, not visited by us, in respect of which the accounts are maintained at Corporate Office, the returns/records received from the said offices have been verified and found to be adequate for the purpose of our audit. We further state that the disclosure in Note No. 23 of Schedule 21 of Company's share of Assets, Liabilities, Income and Expenses in the Joint ventures is based on audited financial statements of GE BE Pvt. Ltd. and audited financial statements of BEL Multitone Pvt. Ltd., as provided by the respective operators of Joint Ventures.
 - c. The Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of accounts of this Company;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, read with Section 211(3B) of the Companies Act, 1956 and Item No. 18 on Notes on Accounts regarding Segment Reporting.
 - e. As the Company is a Government Company, it is exempt from the provisions of Section 274 (1) (g) of the Companies Act, 1956 regarding disqualification of directors.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the Notes forming part of accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011,
 - ii) In the case of the Profit and Loss Account, of the Profit of the Company, for the year ended on that date.
 - iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner

Firm Regn. No. 002785S
Membership No. 026666

Bangalore
29th June 2011



Annexure referred to in Para 3 of our report of even date on the Accounts of Bharat Electronics Limited, for the year ended 31st March 2011

- (i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the Management has generally carried out the physical verification of a portion of the Fixed Assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and discrepancies, if any, were properly dealt with on such verification during the year.
- (c) During the year, the Company has not disposed off substantial portion of the Fixed Assets.
- (ii) (a) The Raw material, Stores and Spare Parts, Tools, Work in Progress and Semi-Finished goods inventory with the Company have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable. In case of finished goods, stock verification was done at year end.
- (b) The procedures of physical verification of Raw Material inventories followed by the Management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt in the books. In the case of materials with sub-contractors confirmations from certain sub-contractors were not obtained and in this regard please refer Item No. 9(a) of Notes to Accounts.
- (iii) The Company has not granted/taken any loans to/from parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence, Clause No. iii of Companies Audit Report Order, 2003, as amended in 2004, is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered in register maintained under Section 301 of the Companies Act, 1956.
- (vi) Company has not accepted any deposit from public in the current year and all deposits had matured and settled except for ₹ 38.55 Lakhs, out of which ₹ 36.50 lakhs are being retained as per Garnishee Order of Lok Ayukta, Bangalore and the balance ₹ 2.05 lakhs though matured have not been claimed by the depositors. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has to maintain cost records for Electronic Products and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed scrutiny of the same.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax (VAT), Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Service Tax, Sales Tax(VAT), Customs Duty, Excise Duty and Cess were in arrears, as at 31st March 2011 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, Sales



Tax(VAT), Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute except as follows :

Nature of Statute	Nature of Dues	Amount disputed (₹ in Lakhs)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty Demand	64.90	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
		57.26	CESTAT
		49.85	Commissioner (Appeals)
U.P. Trade Tax Act, 1948	Benefit of Concessional Form 3D not allowed (Year 1979-80)	1.97	Case remanded to 1st Appellate Authority
U.P. Trade Tax Act, 1948	Benefit of Concessional Form 3B and 3D not allowed (Year 1991-92)	1.17	Appeal filed with DC (Appeals) for acceptance of Duplicate Copy of 3D(1)
Central Sales Tax Act, 1956	Sales Tax dues and benefit of Concessional Form C (Year 1980-81)	7.95	Case remanded to Deputy Commissioner (Appeal)
Central Sales Tax Act, 1956	Benefit of Concessional Form D not allowed (Year 1989-90)	2.21	Case remanded to AC (Appeal)
Central Sales Tax Act, 1956	Central Sales Tax	482.09	Sales Tax Appellate Tribunal
Income Tax (TDS)	Applicability of 194 Cor 194 I (Financial Year 2007-08 and 2008-09)	73.37	Income Tax Appellate Tribunal, Delhi
ESI Act, 1948	Interest and damage towards late deposit.	3.52	Punjab and Haryana High Court, Chandigarh
Sales Tax Act, Bihar	Sales Tax	66.44	Commissioner of Commercial Taxes (Appeals), Chirkunda, Bihar
A.P. Sales Tax	Sales Tax	21.66	DC (Appeals), Secunderabad Division, Hyderabad
Karnataka Sales Tax	Sales Tax	1,584.99	JC (Appeals), Bangalore
Service Tax	Service Tax	8.42	Commissioner (Appeals)
Service Tax	Service Tax	34.01	High Court of Karnataka
Service Tax	Service Tax	103.38	Commissioner
Andhra Pradesh VAT	Sales Tax	26.04	Sales Tax Appellate Tribunal
Trade Tax	Benefit of Concessional Form not allowed (Year 2001-02)	220.08	Uttarakhand High Court, Nainital
Urban Land Tax	Land Tax	41.44	Land Tax Authorities
Vacant Land Tax	Land Tax	10.35	Land Tax Authorities

- (x) The Company does not have accumulated losses as at the end of the financial year and has not incurred Cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank.
- (xii) According to information furnished, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed any term loan and hence, clause (xvi) of CARO 2003 is not applicable.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised money by Public Issues and hence Clause 4 (xx) of CARO 2003 is not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of any such case by the management, that causes the financial statements to be materially misstated.

For **RGN Price & Co.**
Chartered Accountants

HS Venkatesh
Partner

Bangalore
29th June 2011

Membership No. 026666
Firm Regn. No.002785S



सत्यमेव जयते

सं / No. Reports-II/ BEL- A/Cs/2011-12/ 322
प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.

**OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.**

दिनांक/ DATE : 19.07.2011

To

Shri. Ashwani Kumar Datt,
Chairman & Managing Director,
Bharat Electronics Limited,
Outer Ring Road, Nagavara,
Bangalore – 560 045.

Sir,

Sub: Comments of the Comptroller and Auditor General of India
under section 619 (4) of the Companies Act, 1956.

I forward herewith **Nil Comments Certificate** of the Comptroller and Auditor
General of India under Section 619(4) of the Companies Act, 1956 on the accounts of
Bharat Electronics Limited, Bangalore for the year ended 31 March 2011.

It may please be ensured that the Comments are:

- (i) printed in toto without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the
Company with proper indication in the index.
- (iii) placed before the AGM as required under Section 619(5) of the
Companies Act, 1956; and

The receipt of this letter may please be acknowledged.

Yours faithfully,

(C.H. Kharshiing, IA&AS)
Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग,
INDIAN AUDIT & ACCOUNTS DEPARTMENT

पहला तल, बसवा भवन, श्री बसवेश्वरा रोड, बेंगलूर - 560 001.
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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT ELECTRONICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2011.

The preparation of financial statements of Bharat Electronics Limited, Bangalore for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29.06.2011

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Bharat Electronics Limited, Bangalore for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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


(C.H. Kharshiing, IA&AS)

**Pr. Director of Commercial Audit
& ex-officio Member, Audit Board, Bangalore**

**Bangalore
Dated: 19.07.2011**



Significant Accounting Policies

1. BASIS OF ACCOUNTING

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (AS) covered by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, to the extent applicable, and the provisions of the Companies Act, 1956 and these have been consistently applied.

2. USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP, requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. REVENUE RECOGNITION

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

- a. In the case of FOR contracts, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.
- b. In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.
- c. In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion/delivery period is more than 24 months and the value of the equipment/system is more than ₹ 100 crores, revenue is recognised on the "percentage completion" method. Percentage completion is based on the ratio of actual costs incurred on the contract upto the reporting date to the estimated total cost of the contract.

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

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

4. FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS:

(i) Tangible Assets:

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



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

(ii) Intangible Assets:

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset in the books of accounts when the same is ready for use.

(iii) Impairment of Assets:

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

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

5. DEPRECIATION/AMORTISATION

Tangible depreciable Fixed Assets are generally depreciated on straight-line method at the rates (or higher rates as disclosed) and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Special instruments are amortised over related production. Intangible Assets are amortised over a period of three years on straight-line method. Prorata depreciation/amortisation is charged from/upto the date on which the assets are ready to be put to use/are deleted or discarded. Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

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

7. RESEARCH & DEVELOPMENT EXPENDITURE

Research and Development expenditure other than on specific development-cum-sales contracts is charged off as expenditure when incurred. R&D expenditure on development-cum sale contracts is treated at par with other sales contracts. Such expenditure on Fixed Assets is capitalised.

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

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

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

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

9. INVESTMENTS

(i) Investments are categorised as Trade or Non-Trade. Trade investments are the investments made to enhance the Company's business interests.

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

10. INVENTORY VALUATION

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula. Cost of work in progress and finished goods include Materials, Direct Labour and appropriate overheads. Finished goods at factories include applicable excise duty. Adequate provision is made for inventory which are more than five years old which may not be required for further use.



11. SUNDRY DEBTORS

- (i) Full provision is made for all debts considered doubtful of recovery having regard to the following considerations:
 - a. Time barred debts from the government/ government departments/ government companies are generally not treated as doubtful debts.
 - b. Where debts are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities/courts.
- (ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realisable based on a case to case review.

12. INCOME TAX

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

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

13. PROVISION FOR WARRANTIES

Provision for expenditure on account of performance guarantee & replacement/repair of goods sold is made on the basis of trend based estimates.

14. FOREIGN CURRENCY TRANSACTIONS

Foreign exchange transactions including that of integral foreign branches are recorded using the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at period-end rates. The resultant exchange difference arising from settlement of transactions during the period and translations at the period end, except those upto 31.03.2007

relating to acquisition of Fixed Assets from a place outside India, is recognised in the Profit and Loss Account. Exchange differences relating to the acquisition of Fixed Assets were adjusted in the carrying cost of the Fixed Assets till 31.03.2007.

Premium or discount arising at the inception of the forward exchange contract is amortised as income/expenditure over the life of the contract.

The exchange rate differences on the amount of forward exchange contracts between the rate on the last reporting date/the rate at the time of entering into a contract during the period and the rate on the settlement date are recognised in the statement of Profit and Loss in the reporting period in which the exchange rates change. The exchange differences arising from the rates prevailing at the time of entering into the contract and the reporting date are also accrued and adjusted in the Profit and Loss Account.

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

15. EMPLOYEE BENEFITS

- (i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

Incremental liability for payment of long term compensated absences such as Annual and Sick Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

- (ii) Defined contribution to Employee Pension Scheme is made on monthly accrual basis at the applicable rates.
- (iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the



obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.

- (iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.
- (v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.
- (vi) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

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

17. TECHNICAL KNOW -HOW

Revenue Expenditure incurred on technical know-how is charged off to Profit and Loss Account on incurrence.

18. PROVISIONS AND CONTINGENT LIABILITIES

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

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

19. CASH FLOW STATEMENT

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

For **M/s RGN Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn No. 002785S

Place : Bangalore
Date : 29th June 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Balance Sheet as at 31st March 2011

(₹ in Lakhs)

	Schedule	As at 31.3.2011	As at 31.3.2010
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	8,000.00	8,000.00
Reserves & Surplus	2	490,570.65	424,525.59
		498,570.65	432,525.59
Government Grants			
Loan Funds	3	1,686.42	2,041.96
Secured Loans	4	41.05	72.61
Unsecured Loans		-	-
		41.05	72.61
		500,298.12	434,640.16
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		178,900.04	170,217.05
Less : Depreciation / Amortisation		130,528.94	121,220.77
Net Block	5	48,371.10	48,996.28
Capital Work-in-progress	6	5,898.60	3,142.85
		54,269.70	52,139.13
Investments			
	7	1,198.11	1,198.11
Deferred Tax Assets			
(Refer Note No. 20 of Schedule 21)		18,064.90	15,673.88
Current Assets, Loans & Advances			
Inventories	8	246,076.59	244,870.52
Sundry Debtors	9	290,324.66	216,836.20
Cash & Bank Balances	10	651,935.64	357,840.50
Loans & Advances	11	55,531.36	43,332.83
		1,243,868.25	862,880.05
Less: Current Liabilities and Provisions			
Current Liabilities	12	759,742.47	443,102.49
Provisions	13	57,360.37	54,148.52
		817,102.84	497,251.01
Net Current Assets		426,765.41	365,629.04
Miscellaneous Expenditure			
(to the extent not written off or adjusted)		-	-
		500,298.12	434,640.16

Accounting Policies and Schedules I to 22 form part of Accounts.

As per our report of even date attached.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn No. 002785S

Place : Bangalore
Date : 29th June 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Profit and Loss Account for the year ended 31st March 2011

(₹ in Lakhs)

	Schedule	Year ended 31.3.2011	Year ended 31.3.2010
INCOME			
Sales less returns		520,642.98	501,539.47
Income from services		32,326.34	20,437.93
Turnover (Gross)		552,969.32	521,977.40
Less: Excise Duty		5,794.70	3,933.52
Turnover (Net)		547,174.62	518,043.88
Other revenues	14	38,416.22	36,334.89
Accretion / (Decretion) to Work-in-Progress, Finished Goods and Scrap	15	(888.98)	2,810.80
Profit on Sale of Fixed Assets (Net)		136.10	341.96
Transfer from Grants		378.45	964.34
		585,216.41	558,495.87
EXPENDITURE			
Consumption of Raw Materials and Components		209,285.59	227,395.21
Consumption of Stores & Spares		3,021.89	4,134.69
Purchase of Finished Goods		101,269.47	70,923.75
Employees Remuneration and Benefits	16	104,186.17	100,958.47
Other Expenses of Manufacturing, Administration, Selling and Distribution	17	41,118.30	35,813.23
Interest	18	43.36	53.48
Depreciation/ Amortisation on Fixed Assets		12,204.23	11,594.23
		471,129.01	450,873.06
Less: Expenditure allocated to Capital Jobs		18.90	35.74
		471,110.11	450,837.32
Profit before Prior Period, exceptional and extraordinary items		114,106.30	107,658.55
Less: Exceptional Items - Expense	19	-	3,134.91
		114,106.30	104,523.64
Less: Extraordinary items		-	-
Profit for the Year		114,106.30	104,523.64
Less: Prior Period Items (Net)	20	(2,008.33)	21.29
Profit Before Tax (PBT)		116,114.63	104,502.35
Less: Provision for Taxation			
- Current Year		31,900.00	33,500.00
- Earlier Years		458.80	(72.78)
- Deferred Taxes		(2,391.02)	(1,011.97)
- Total Provision for Taxation		29,967.78	32,415.25
Profit After Tax (PAT)		86,146.85	72,087.10
Less: Transfer to Capital Reserve (Capital Profit on sale of fixed assets included above)		41.98	90.77
Add: Balance Brought Forward from previous year		191,303.51	177,236.84
Profit available for appropriation		277,408.38	249,233.17
Appropriations:			
Dividends:			
Interim Dividend		4,800.00	4,800.00
Proposed Final Dividend		12,480.00	10,560.00
Dividend Tax		2,821.79	2,569.66
Transfer to General Reserve		40,000.00	40,000.00
Balance carried to Balance Sheet		217,306.59	191,303.51
		277,408.38	249,233.17
Notes to Accounts			
Balance Sheet Abstract & Company's General Business Profile	21 22		
Earnings per Share (Equity Shares of Rupees Ten each) in Rupees:			
Basic & Diluted:			
Before Extraordinary Item ₹		107.68	90.11
After Extraordinary Item ₹		107.68	90.11
Face Value of share ₹		10	10
Number of Shares used in computing earnings per share:			
Basic & Diluted		80,000,000	80,000,000

Accounting Policies and Schedules I to 22 form part of Accounts.

As per our report of even date attached.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn No. 002785S

Place : Bangalore
Date : 29th June 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Schedules to Financial Statements

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE - 1		
Share Capital		
Authorised Capital 100,000,000 (100,000,000) Equity Shares of ₹ 10 each	10,000.00	10,000.00
Issued, Subscribed & Paid-up Capital 80,000,000 (80,000,000) Equity Shares of ₹ 10 each	8,000.00	8,000.00
SCHEDULE - 2		
Reserves & Surplus		
Capital Reserve		
a) Land Valuation Reserve	200.64	200.64
b) Capital Profit :		
At the beginning of the year	848.26	757.49
Add: Transfer from Profit & Loss Account	41.98	90.77
	890.24	848.26
c) On acquisition of Machilipatnam Unit	0.85	0.85
d) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	1,141.73	1,099.75
General Reserve		
At the beginning of the year	232,122.33	192,122.33
Add: Transfer from Profit & Loss Account	40,000.00	40,000.00
	272,122.33	232,122.33
Surplus		
Balance carried from P & L Account	217,306.59	191,303.51
	490,570.65	424,525.59
SCHEDULE - 3		
Government Grants		
Grant from Government for Research and other purposes		
At the beginning of the year	2,041.96	2,344.31
Add: Additions during the year	22.91	661.99
Less: Transfer to Profit & Loss Account	378.45	964.34
	1,686.42	2,041.96
	1,686.42	2,041.96
SCHEDULE - 4		
Secured Loans		
Cash Credit from Banks secured by hypothecation of Inventories and Book debts	-	-
Liability on Leased Assets - (Secured by vehicles on lease)	41.05	72.61
	41.05	72.61



Schedules to Financial Statements (Contd.)

SCHEDULE - 5

Fixed Assets

(₹ in Lakhs)

Particulars	Gross Block (At Cost)			Depreciation/Amortisation			Net Block	
	Cost as at 1.4.2010	Additions/adjustments during the year	Deductions/adjustments during the year	Accumulated Depreciation/Amortisation upto 31.3.2010	Depreciation/Amortisation for the year	Deductions/adjustments during the year	As at 31.3.2011	As at 31.3.2010
Tangible Assets:								
Free Hold Land *	1,086.64	-	-	-	-	-	1,086.64	1,086.64
Lease Hold Land	708.20	-	-	69.93	11.11	-	627.16	638.27
Roads and Culverts	551.25	54.20	-	419.42	14.96	-	171.07	131.83
Buildings**	16,026.43	835.21	1.45	8,284.02	433.50	-	8,142.67	7,742.41
Installations**	5,732.81	260.72	18.47	4,101.64	282.67	18.47	1,609.22	1,631.17
Plant & Machinery**	64,320.83	2,283.66	878.67	48,675.09	4,438.26	858.70	13,471.17	15,645.74
Electronic Equipment**	44,535.82	3,353.41	1,009.27	31,483.54	3,575.29	1,009.27	12,830.40	13,052.28
Equipment for R & D Lab	17,815.69	3,363.53	494.30	13,380.47	1,764.50	434.13	6,034.08	4,435.22
Vehicles	955.17	56.22	26.57	757.13	86.11	26.57	168.15	198.04
Office Equipment **	10,359.60	824.65	486.29	8,287.07	810.64	486.27	2,086.52	2,072.53
Furniture, Fixtures and other Equipment **	5,056.13	492.78	48.27	3,306.85	376.46	48.27	1,865.60	1,749.28
Assets acquired for Sponsored Research **	1,334.91	-	-	1,273.40	36.53	-	24.98	61.51
Leased Assets - Vehicles	146.34	-	17.48	82.90	27.39	14.38	32.95	63.44
Total ***	168,629.82	11,524.38	2,920.77	120,121.46	11,857.42	2,896.06	48,150.61	48,508.36
Previous Year	156,670.74	13,593.41	1,634.33	110,502.20	11,236.85	1,617.59	48,508.36	46,168.54
Intangible Assets:								
Enterprise Resource Planning (ERP) Software Licenses/Implementation charges	1,587.23	79.38	-	1,099.31	346.81	-	220.49	487.92
Previous Year	1,319.62	267.61	-	742.43	356.88	-	487.92	577.19
Grand Total ***	170,217.05	11,603.76	2,920.77	121,220.77	12,204.23	2,896.06	48,371.10	48,996.28
Previous Year	157,990.36	13,861.02	1,634.33	111,244.63	11,593.73	1,617.59	48,996.28	46,745.73

* Free Hold Land consists of 943.67 acres (943.67 acres) and Lease Hold Land consists of 302.40 acres (302.40 acres).

** Land includes 23,515 (20,689) Sq. meters leased to commercial/religious organisations and in their possession.

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

**** Additions during the year include ₹ 426.79 (₹ 401.08) in respect of the assets of Central Research Laboratories of BEL.

***** Gross Block and Accumulated Depreciation include ₹ 2365.33 (₹ 2659.24) pertaining to assets not in active use, disposal of which is pending.


Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011		As at 31.3.2010
SCHEDULE - 6			
Capital Work in Progress at Cost			
Civil Construction	2,514.33		1,046.90
Plant, Machinery etc.,	2,612.84		1,584.04
Capital Goods in Transit & under Inspection	695.69	557.67	
Less: Provision	368.03	368.03	
	327.66		189.64
Advances on account of Capital items	234.71	128.88	
Less: Provision	0.29	0.29	
	234.42		128.59
Intangible Assets - Enterprise Resource Planning (ERP) - under implementation			
Opening Balance	193.68	107.59	
Add: Amount incurred during the year	95.05	353.70	
	288.73	461.29	
Less: Amount Capitalised during the year	79.38	267.61	
	209.35		193.68
	5,898.60		3,142.85
SCHEDULE - 7			
Investments at Cost – Long Term			
Non-trade			
Unquoted			
Investment in Shares/Bonds:			
40 Shares of ₹ 50 each fully paid in Cuffe Parade Persopolis Premises Co-op. Society, Mumbai	0.02		0.02
10 Shares of ₹ 50 each fully paid in Sukh Sagar Premises Co-op. Society, Mumbai			
10 Shares of ₹ 50 each fully paid in Shri Sapta Ratna Co-op. Society Ltd., Mumbai	0.01		0.01
5 Shares of ₹ 50 each fully paid in Dalamal Park Co-op. Society Ltd., Mumbai			
30 Shares of ₹ 50 each fully paid in Chandralok Co-op. Housing Society Ltd., Pune	0.02		0.02
Note: These are in respect of apartments owned by the Company, cost of which is included under Fixed Assets			
Trade			
Unquoted			
Subsidiary:			
1,700,223 (1,700,223) Equity Shares of ₹ 100 each fully paid in BEL Optronics Devices Ltd., Pune	936.08		936.08
Others:			
2,600,000 (2,600,000) Equity Shares of ₹ 10 each fully paid in GE BE Private Ltd., Bangalore	260.00		260.00
318,745 (318,745) Equity Shares of ₹ 10 each fully paid in BEL Multitone Pvt. Ltd., Bangalore	31.88	31.88	
Less: Provision for Diminution in value of investment	29.90	29.90	
	1.98		1.98
	1,198.11		1,198.11
Aggregate value of unquoted shares	1,198.11		1,198.11



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE – 8		
Inventories		
Stores and Spares	2,094.34	2,052.85
Raw Materials & Components	127,891.26	133,459.60
Materials in Transit and under Inspection	13,552.98	6,069.28
Less: Provision	197.40	200.66
	13,355.58	5,868.62
Finished Goods	20,297.11	14,406.82
Work-in-Progress	92,445.07	97,824.51
Disposable Scrap	125.58	78.05
	256,208.94	253,690.45
Less: Provision for obsolescence	10,132.35	8,819.93
	246,076.59	244,870.52
SCHEDULE – 9		
Sundry Debtors		
Debts – Considered Good:		
Debts over six months	133,793.61	100,080.13
Other debts	156,531.05	116,756.07
	290,324.66	216,836.20
Debts – Considered Doubtful:		
Debts over six months	43,015.73	35,753.53
Other debts	4,279.37	4,316.64
	47,295.10	40,070.17
	337,619.76	256,906.37
Less: Provision for doubtful debts	47,295.10	40,070.17
	290,324.66	216,836.20
Particulars of Sundry Debtors:		
Considered good in respect of which the Company is fully secured	59.15	58.31
Considered good for which the Company holds no security other than the debtors personal security	290,265.51	216,777.89
	290,324.66	216,836.20
SCHEDULE – 10		
Cash and Bank Balances		
Cash and Cheques on hand	2,860.71	14,589.61
With Scheduled Banks:		
Current Accounts	89,948.71	45,067.50
Deposit Accounts (incl. Accrued Interest)	559,108.94	298,166.58
Unpaid Dividend Account	17.28	16.81
	651,935.64	357,840.50


Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE - 11		
Loans and Advances		
Loans to Employees *	1,542.44	1,814.42
Loans to Others	212.93	216.09
Advances Recoverable in cash or in kind or for value to be received:		
Advances to Employees *	631.76	820.42
Advances for Purchase	33,571.46	22,957.20
Claims Receivable—Purchases	3,065.27	3,244.29
Advances to others	5,472.14	5,349.93
	42,740.63	32,371.84
Advance payment of Income Tax [Net of Provisions for Tax—₹ 100,816.15 (₹ 104,886.74)]	6,964.29	5,498.01
Balances with Customs, Port Trust and Other		
Government Authorities	2,206.11	2,394.81
Deposits	3,532.81	2,670.51
	57,199.21	44,965.68
Less: Provision for Doubtful Loans, Advances and Claims	1,667.85	1,632.85
	55,531.36	43,332.83
Particulars of Loans and Advances:		
Considered good in respect of which the Company is fully secured	-	-
Considered good for which the Company holds no security other than debtors personal security	55,531.36	43,332.83
Considered doubtful and provided for	1,667.85	1,632.85
	57,199.21	44,965.68
* Includes due by Directors & Secretary ₹ 0.21 (₹ 0.45) [Maximum amount due at any time during the year ₹ 0.36 (₹ 0.80)]		
SCHEDULE - 12		
Current Liabilities		
Sundry Creditors:		
Dues to Micro and Small Enterprises	143.31	166.79
Creditors - Others	90,156.01	59,779.77
Subsidiary Company	151.15	50.13
	90,450.47	59,996.69
Other Liabilities	25,129.86	32,464.20
Advances/Progress Payments received from Customers	644,106.31	350,586.24
Investor Education & Protection Fund to be credited when due:		
– Unpaid Dividend Account*	17.28	16.81
– Unpaid Matured Deposits*	38.55	38.55
	759,742.47	443,102.49
* Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date.	NIL	NIL



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE - 13		
Provisions		
Taxation [Net of Advance Tax ₹ 100,816.15 (₹ 104,886.74) refer advance tax Schedule- I I]	-	-
Proposed Final Dividend	12,480.00	10,560.00
Dividend Tax	2,024.57	1,753.88
Employee Benefits:		
Gratuity	2,811.22	3,198.76
Long-term compensated absences	17,183.51	16,791.87
BERECHS	13,174.15	12,327.76
Proposed Pension Scheme	6,900.91	4,817.56
Contingencies towards Long-term Contracts	-	598.75
Performance Warranty	2,786.01	4,099.94
	57,360.37	54,148.52
Particulars	Year ended 31.3.2011	Year ended 31.3.2010
SCHEDULE - 14		
Other Revenues		
Sale of Scrap & Surplus Stores	527.33	635.19
Export Benefits	193.05	174.09
Income from Long-Term Trade Investments-Dividend Gross (TDS-₹ Nil)	260.00	260.00
Interest Income-Gross [TDS ₹ 2,324.35 (₹ 2,180.45)]	24,108.50	16,986.89
Interest Income from Staff/Income Tax refund/others	249.27	152.35
Transport Receipts	495.14	224.56
Rent Receipts	327.74	249.95
Canteen Receipts	548.31	377.87
Water Charges collected	30.94	32.36
Provision withdrawn-Warranties	1,218.02	-
Provision withdrawn-Contingencies towards long term contracts	598.75	3,358.52
Provision withdrawn-Doubtful Debts, LD, Obsolete Inventory etc.	3,055.37	4,473.66
Provision withdrawn-Others	345.35	522.18
Foreign Exchange Rate Differential (Gain)	2,648.84	6,663.21
Miscellaneous	3,809.61	2,224.06
	38,416.22	36,334.89
SCHEDULE - 15		
Accretion/(Decretion) to Work-in-progress, Finished Goods and Scrap		
Work-in-Progress:		
Closing Balance	92,445.07	97,824.51
Opening Balance	97,824.51	91,017.51
	(5,379.44)	6,807.00
	1,447.36	-
Less: Adjustment pertaining to earlier years	(6,826.80)	6,807.00
Finished Goods:		
Closing Stock	20,297.11	14,406.82
Opening Stock	14,406.82	18,412.07
	5,890.29	(4,005.25)
Scrap:		
Closing Stock	125.58	78.05
Opening Stock	78.05	69.00
	47.53	9.05
	(888.98)	2,810.80
SCHEDULE - 16		
Employees Remuneration and Benefits		
Salaries, Wages and Bonus/Ex-gratia	80,865.58	78,154.39
Gratuity	3,311.22	4,199.17
Contribution to Provident and Pension Funds	8,074.23	7,252.04
Provision for BEL Retired Employees Contributory Health Scheme	846.40	1,914.20
Welfare Expenses		
[including Salaries ₹ 1,430.02 (₹ 1,031.00), PF Contribution ₹ 92.81 (₹ 62.56)]	11,088.74	9,438.67
	104,186.17	100,958.47


Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
SCHEDULE - 17		
Other Expenses of Manufacturing, Administration, Selling & Distribution		
Power and Fuel [after adjusting ₹ 424.75 (₹ 421.24) income from wind energy]	2,768.63	2,411.62
Water charges	276.47	310.21
Royalty & Technical Assistance	1,150.41	1,007.72
Rent	1,328.01	1,121.98
Rates & Taxes	269.80	270.23
Insurance	444.19	323.36
Auditors' Remuneration:		
Audit	8.14	7.08
Tax Audit	2.00	1.60
Certification	2.44	1.99
Expenses	7.03	6.37
	19.61	17.04
Repairs & Maintenance:		
Buildings	1,350.83	1,399.17
Plant & Machinery	554.10	579.72
Others	5,133.19	4,120.87
	7,038.12	6,099.76
Bank Charges	406.90	489.96
Printing and Stationery	430.33	349.06
Discounts, Allowances & Rebate	3.49	3.65
Advertisement & Publicity	744.13	515.93
Travelling Expenses	4,708.98	3,731.48
Hiring Charges for Van & Taxis	628.55	393.84
Excise Duty - Others	62.14	254.55
Packing & Forwarding	1,351.59	1,164.77
Bad Debts & Advances written off	532.12	104.39
Less: Charged to Provisions	527.90	101.11
	4.22	3.28
Provision for Obsolete/Redundant Materials	2,258.67	1,188.51
Provisions for Doubtful Debts, Liquidated Damages, Customers' Claims and Disallowances	10,632.18	8,803.79
Provision for Doubtful Advances, Claims	197.58	260.03
Provision for Warranties	-	262.15
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	4.19	203.03
Less: Charged to Provisions	-	179.22
	4.19	23.81
Sponsorship/Contribution for Professional & Social Activities	295.38	422.59
Others:		
Expenditure on Service Orders/Other Misc. Direct Expenditure	2,028.59	2,963.76
After Sales Service	341.41	391.63
Telephones	621.57	609.83
Expenditure on Seminars & Courses	640.09	510.94
Selling Commission	135.46	87.85
Other Selling Expenses	131.38	83.77
Miscellaneous	2,196.23	1,736.13
	6,094.73	6,383.91
	41,118.30	35,813.23



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
SCHEDULE – 18		
Interest		
Interest on Fixed Loan - Lease Financing	7.98	13.55
On Dues to Micro & Small Enterprises	1.24	2.50
On Others	34.14	37.43
	43.36	53.48
SCHEDULE – 19		
Exceptional Items		
Company Contribution to proposed Pension Scheme for the period from 01.01.2007 to 31.03.2009	-	3,134.91
	-	3,134.91
SCHEDULE – 20		
Prior Period Items		
Prior Period Income:		
Sales	(260.74)	-
Accretion to WIP	1,447.36	-
Others	844.63	109.27
Total Prior Period Income (A)	2,031.25	109.27
Prior Period Expenditure:		
Salaries & Wages	-	1.77
Depreciation	-	(0.50)
Bank Charges	3.68	-
Others	19.24	129.29
Total Prior Period Expenditure (B)	22.92	130.56
Total Prior Period Items Net (Income) / Expenditure [(A) - (B)]	(2,008.33)	21.29



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

SCHEDULE - 21

Notes forming part of the Accounts for the year ended 31st March 2011

- Estimated amount of contracts remaining to be executed on Capital Account and not provided for amounts to ₹ 15,438.01 (₹ 11,524.66).
- “The MCA vide its Notification No. S.O. 301(E) dated 08.02.2011 has exempted companies producing “Defence Equipments” from compliance with the following provisions contained in Part II of Schedule VI to the Companies Act, 1956, as amended”:

Paragraph	Particulars
3(i)a	Details regarding sales in respect of each class of goods with quantities thereof.
3(ii)(a)(1)	Value of raw materials consumed giving item-wise break-up & quantities thereof.
3(ii)(a)(2)	Opening and closing stock of goods produced giving break up in respect of each class of goods with quantities thereof.
3(ii)(d)	Value of Opening and Closing stock of goods, purchases, sales & consumption of raw materials with quantitative break up & Gross Income from services rendered.
4-C	Details regarding licensed capacity, installed capacity and actual production in respect of each class of goods manufactured.
4-D (a)	Value of imports calculated on CIF basis for the year in respect of raw materials, components, spares and Capital goods.
4-D (b)	Expenditure in foreign currency during the financial year on account of royalty, know-how, professional, consultant fees, interest and other matters.
4-D (c)	Value of imported & indigenous raw materials, components and spares consumed & percentage of each to the total consumption.
4-D (e)	Earnings in foreign exchange classified under the following heads, namely; <ul style="list-style-type: none"> (i) export of goods calculated on FOB basis (ii) royalty, know-how, professional and consultant fees; (iii) interest and dividends; (iv) other income, indicating the nature thereof.

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

	2010-11	2009-10
Expenditure		
Materials	10,329.11	7,071.70
Employees Remuneration & Benefits	17,259.87	15,421.46
Depreciation	2,158.92	1,867.58
Others	5,279.42	4,800.47
Gross Expenditure	35,027.32	29,161.21
Income		
Sales	3,464.49	1,476.53
Accretion/(Decretion) to WIP & FG	2,244.03	2,221.42
Others	2,071.04	1,191.85
Gross Income	7,779.56	4,889.80
Net Expenditure	27,247.76	24,271.41

- The Company has discontinued the LTC scheme for non executives during the year 2010-11 and hence, no actuarial valuation of this liability is required. To reflect this change, Accounting Policy No. 15 (Employee Benefits) has been amended.
- Letters requesting confirmation of Balances have been sent in respect of Sundry Debtors, Sundry Creditors, Advances and Deposits. Wherever replies have been received, reconciliation has been done and provisions/adjustments have been made wherever considered necessary.
- The Company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Units has found indications of impairment of its assets and hence no provision is considered necessary.
- a) In respect of certain Fixed Assets mentioned below, execution of title/sale deed by the appropriate authorities is pending.

(i) Freehold land (Machilipatnam - 0.516 acres)	₹ 3.75	(₹ 3.75)
(ii) Leasehold land (Ghaziabad)	₹ 0.18	(₹ 0.18)
(iii) Buildings (Ghaziabad)	₹ 0.16	(₹ 0.16)



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Deeds containing the terms of transfer/grant of land from State Governments/State Undertakings have not been finalised in respect of 86.78 acres valuing ₹ 181.63 (86.78 acres valuing ₹ 181.63) pertaining to Panchkula Unit. Out of this, title in respect of land measuring 0.962 acres (0.962 acres) is under litigation.

Pending finalisation of formal deeds, no provision towards registration and other costs have been made.

- b) Pending execution of title/sale deeds and handing over of physical possession of land allotted to BEL Hyderabad by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) admeasuring 5.60 acres (5.60 acres) in Mallapur, Hyderabad, no provision towards registration and other cost has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65.12 (₹ 65.12) is included in Capital WIP-Advances.
 - c) Based on the Memorandum of Understanding reached with the Defence authorities, expenditure on civil works was incurred on land allotted to BEL for setting up of the Hyderabad Unit. Pending finalisation of the terms and conditions by the appropriate authorities, the cost of land measuring 25.11 acres (25.11 acres) has not been provided in the books of accounts.
 - d) Land acquired free of cost from the Government in some units has been accounted at a notional value by corresponding credit to Capital Reserve.
 - e) The Company has installed Windmill Generator at two locations. The leasehold land of the Windmill Generator-I is capitalised at the nominal value of ₹ 5 (Five Rupees only) as the upfront lease cost is Nil. The leasehold land of Windmill Generator-II is capitalised in the year 2007-08 at the cost of ₹ 114. In both the cases, the lease agreement for the land is pending finalisation.
 - f) Freehold land of Pune Unit measuring 3,897.52 square meters (cost ₹ 0.48) is to be handed over to Pimpri-Chinchwad Municipal Corporation for the purpose of road widening at an estimated provisional compensation of ₹ 209.04 based on the rates fixed by Moolya Nirdharan Suchi of Government of Maharashtra.
8. a) In pursuance of the Companies (Amendment) Act, 1988 and Schedule XIV thereof, increased rates of depreciation on straight line method in accordance with the Schedule XIV have been adopted wherever required, only on additions on or after 01.04.1987.
- b) Wherever the rates of depreciation applied prior to 01.04.1987 are higher than the rates specified in Schedule

XIV to the Companies Act, 1956, they have been continued. However, additions forming part of existing machines are depreciated on the same basis as the original machines.

- c) Depreciation for multiple shifts is charged on block of assets for the full year.
- d) The straight line rates of depreciation adopted other than those under Schedule XIV are as under:

i)	Buildings	2.5%/5%
ii)	Plant and Machinery	10%/11.31%/15%/16.21%/20%/25%
iii)	Vehicles	20%/25%
iv)	Furniture, Fixture and other equipment	10%/15%/20%/25%
v)	Assets under Build, Own, Operate and Transfer (BOOT) Contract	Depreciated over the period of Contract

9. a) Raw Materials and Components include ₹ 2,670.24 (₹ 2,765.88) being materials with subcontractors, out of which ₹ 90.19 (₹ 163.38) of material is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not material.
 - b) Pending reconciliation, stock verification discrepancies for the year [shortages of ₹ 42.24 (₹ 141.36) and surplus of ₹ 16.13 (₹ 82.30)] have not been adjusted in the accounts.
10. Liability, if any, in respect of labour matters under dispute before various judicial authorities is not ascertainable, but is expected to be not material.
11. The exchange rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/the Balance Sheet date resulting in a net exchange gain of ₹ 2,648.84 (gain ₹ 6,663.21) during the year have been included in the Profit and Loss Account in Schedule No. 14 – “Other Revenues”.
12. “Excise Duty which is paid during the year in respect of turnover is shown as a deduction from turnover (Gross) in the Profit and Loss Account. “Excise Duty – Others” which is included in the Schedule 17 - “Other Expenses of Manufacturing, Administration, Selling & Distribution” represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.

**Schedules to Financial Statements (Contd.)**

(₹ in Lakhs)

13. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2011 is furnished below:

i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March 2011:

Principal Amount	₹ 140.86	(₹ 163.95)
Interest	₹ 0.99	(₹ 1.74)

ii) The amount of interest paid by the Company along with the amount of the payment made to the supplier beyond the appointed day during the year ending 31st March 2011:

Principal Amount	₹ 60.46	(₹ 7.85)
Interest	₹ 1.30	(₹ 0.80)

iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act: ₹ 1.17 (₹ 0.17).

iv) The amount of interest accrued and remaining unpaid at the end of the year ending 31st March 2011: ₹ 2.45 (₹ 2.84).

v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act: ₹ 0.55 (₹ 2.50)

The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the Company.

14. Contingent Liabilities:

a.	Claims not acknowledged as debts	₹ 10,834.02	(₹ 8,654.70)
b.	Outstanding Letters of Credit	₹ 26,774.99	(₹ 22,658.62)
c.	Others	₹ 397.30	(₹ 291.81)
d.	Provisional Liquidated Damages upto 31.03.2011 on unexecuted customer orders where the delivery date has expired is ₹ 8,698.05 (₹ 4,873.96)		

15. The following disclosure is made as per AS-7 (Accounting for Construction Contracts) in respect of accounting policy 3 (i) (c) relating to revenue recognition on contracts:

a) Contract revenue recognised during the year ₹ Nil (₹ Nil)

b) No Contract Revenue is recognised in the current year. Upto year 2008-09, contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto 31.03.2009 to the estimated total cost of the contracts, was used to determine the stage of completion.

c) Aggregate amount of cost incurred: ₹ 43,009.84 (₹ 43,009.84).

d) Recognised profit upto 31.03.2011 (net of provision for contingency): ₹ 3,522.08 (₹ 2,923.33).

e) Amount of advances received and Outstanding as at 31.03.2011 - ₹ 48.85 (₹ 48.85)

f) The amount of retention - ₹ 1,466.65 (₹ 1,404.70)

16. a) Wage revision in respect of non-executives has been implemented during the year 2010-11.

b) As per the guidelines issued by the Department of Public Enterprises (DPE), GOI on the pay revision for Officers of PSUs, the company has submitted a proposal to the Ministry of Defence, GOI for a Pension Scheme (Defined Contribution Scheme) for Executives which has been duly considered by the Board of Directors. Pending approval by the Administrative Ministry, a provision for ₹ 6,900.91 has been made in the accounts upto the year 2010-11.

17. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Employee Benefits:

Gratuity Scheme:

The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year, the Company remits funds to the gratuity trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay gratuity to an employee at the rate of 15 (fifteen) days salary based on the last drawn basic & dearness allowance.



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the actuary:

GRATUITY SCHEME:

Particulars		2010-11	2009-10
i) Change in Benefit Obligations:			
Present Value of Obligation as at the beginning of the year	41,585.38	35,120.87	
Current Service Cost	2,551.74	2,784.62	
Interest Cost	2,919.89	2,707.55	
Past Service Cost (Non Vested Benefits)	-	-	
Past Service Cost (Vested Benefits)	-	-	
Actuarial (gain)/loss	1,224.12	3,525.25	
Benefits paid	(10,173.53)	(2,552.91)	
Present Value of Obligation as at the end of the period	38,107.60	41,585.38	
ii) Change in Fair Value of Plan Assets:			
Fair Value of Plan Assets at the beginning of the year	38,436.96	24,579.01	
Expected return on Plan Assets	3,440.06	2,794.49	
Contributions	3,648.42	10,541.86	
Benefits paid	(10,173.53)	(2,552.91)	
Actuarial gain/(loss) on Plan Assets	(55.53)	3,074.51	
Fair Value of Plan Assets at the end of the period	35,296.38	38,436.96	
Excess of Obligation over Plan Assets	2,811.22	3,148.42	
iii) Expenses Recognised in the Statement of Profit & Loss A/c:			
Opening Net Liability	-	-	
Current Service Cost	2,551.74	2,784.62	
Interest Cost	2,919.89	2,707.55	
Expected return on Plan Assets	(3,440.06)	(2,794.49)	
Net Actuarial (gain)/loss recognised in the period	1,279.65	450.73	
Past Service Cost (Non Vested Benefits)	-	-	
Past Service Cost (Vested Benefits)	-	-	
Expenses Recognised in the Statement of Profit & Loss [Excluding ₹ Nil (₹ 1,050.75) in respect of retired employees, which has been provided on actual basis]	3,311.22	3,148.42	
Actual Return on Plan Assets	9.70%	9.78%	
iv) Amounts recognised in Balance Sheet:			

Particulars	2010-11	2009-10
Present Value of Obligation as at the end of the period	38,107.60	41,585.38
Fair Value of Plan Assets at the end of the period	35,296.38	38,436.96
Funded Status	(2,811.22)	(3,148.42)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet [Excluding ₹ Nil (₹ 1,050.75) in respect of retired employees, which has been provided on actual basis and after considering payment of ₹ 500 (₹ 1,000.41) to the Trust during the year]	2,811.22	3,148.42
v) Category of Assets as at 31st March 2011:		
State Govt. Securities	16.21%	14.30%
Govt. of India Securities	2.97%	2.77%
High Quality Corporate Bonds	25.61%	22.99%
Special Deposit	0.00%	0.61%
Investment with Insurer	55.21%	59.33%
vi) Principal Assumptions:		
Discounting Rate	8.40%	8.00%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	9.70%	9.78%

BEL Retired Employees' Contributory Health Scheme (BERECHS):

The Company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is a non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only. The Company takes insurance cover for in-patient treatment. In addition to the annual insurance premium, the Company bears 50% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the insurance coverage.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the disclosure report provided by the actuary.


Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

BEL RETIRED EMPLOYEES' CONTRIBUTORY HEALTH SCHEME (BERECHS):

Particulars	2010-11	2009-10
i) Change in Benefit Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	12,963.40	11,383.04
Current Service Cost	762.25	733.26
Interest Cost	1,053.28	878.45
Actuarial (gain)/loss	(454.35)	773.53
Benefits paid	(848.63)	(804.88)
Present Value of Obligation as at the end of the period	13,475.95	12,963.40
ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Contributions	848.63	804.88
Benefits paid	(848.63)	(804.88)
Actuarial gain / (loss)	-	-
Fair Value of Plan Assets at the end of the period	-	-
iii) Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service cost	762.25	733.26
Interest on Defined benefit obligation	1,053.28	878.45
Expected return on Plan Assets	-	-
Net Actuarial (gain)/loss recognised in the period	(454.35)	773.53
iv) Expenses Recognised in the Statement of Profit & Loss A/c:	1,361.18	2,385.24
Add : Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004) over 14 years	333.85	333.85
Net Expenses Recognised in the Statement of Profit & Loss A/c (Expenses: ₹ 848.63, Provisions: ₹ 846.40)	1,695.03	2,719.09
v) Principal Assumptions:		
Discounting Rate	8.40%	8.00%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	6.00%	6.00%
Attrition Rate	1.00%	1.50%
vi) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	13,475.95	12,963.40
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(13,475.95)	(12,963.40)
Unrecognised Actuarial (gains) / losses	-	-
Liability recognised in Balance Sheet (as per actuarial valuation)	13,475.95	12,963.40

Particulars	2010-11	2009-10
Less : Initial actuarial Liability towards existing employees (valued on 31.03.2004) Amortised over 14 years	2,972.56	2,972.56
Add : Amortisation of above initial actuarial liability till 2010-11	2,670.76	2,336.92
Liability recognised in Balance Sheet	13,174.15	12,327.76
vii) Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation:		
Effect on the aggregate of the service cost and interest cost	45.88	42.63
Effect on defined benefit obligation	345.25	324.08
viii) Effect of a one percentage point decrease in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation:		
Effect on the aggregate of the service cost and interest cost	(45.13)	(42.41)
Effect on defined benefit obligation	(342.18)	(323.35)

Long Term Compensated Absence Scheme:

The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences: Annual Leave (AL) and Sick Leave (SL). The Scheme provides for compensation to employees against the unavailed Leave (both AL & SL) on attaining the age of superannuation, VRS, resignation (only AL) and death. AL can also be encashed during service.

The following table summarises the components of net benefit expense recognised in the Profit & Loss Account and the funded status and amount recognised in the Balance Sheet for the plan as furnished in the disclosure Report provided by the Actuary:

Particulars	2010-11	2009-10
i) Expenses Recognised in the Statement of Profit & Loss:		
Net Expenses Recognised in the Statement of Profit & Loss [Expenses: ₹ 2,559.17, Provisions: ₹ 556.38 excluding Provision for Retired Non Executive Employees ₹ Nil (₹ 164.74)]	3,115.55	5,077.33



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	2010-11	2009-10
ii) Principal Assumptions :		
Discounting Rate	8.40%	8.00%
Rate of increase in compensation level	7.50%	7.50%
iii) Amounts to be recognised in Balance Sheet :		
Liability recognised in Balance Sheet [as per actuarial valuation excluding Provision for Retired Non Executive Employees ₹ Nil (₹ 164.74)]	17,183.51	16,627.13

Provident Fund Contribution:

During the year the Company has recognised an amount of ₹ 6,083.69 (₹ 5,633.16) towards contribution to Employees Provident Fund and Pension Schemes in the Profit and Loss Account. The guidance on implementing AS 15 (R) issued by the Institute of Chartered Accountants of India states that provident funds setup by employers that guarantee a specified rate of return and which require interest shortfalls to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15(R) and actuarially valued.

Pursuant to the Guidance Note, the Company has determined on the basis of actuarial valuation carried out as at 31st March 2011, that there is no liability towards the interest shortfall on valuation date under para 55 and 59 of AS 15(R) (having regard to terms of plan that there is no compulsion on the part of the Trust to distribute any part of the surplus, if any, by way of additional interest on PF balances).

The following tables summarise the disclosure report provided by the actuary:

EMPLOYEES PROVIDENT FUND		
Particulars	2010-11	2009-10
i) Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	83,740.57	73,834.61
Current Service Cost	18,874.13	15,480.76
Interest Cost	6,284.01	5,060.33
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain) / loss	1,768.00	2,092.02
Benefits paid	(10,381.05)	(12,727.15)
Present Value of Obligation as at the end of the period	100,285.66	83,740.57
ii) Change in Fair Value of Plan Assets:		

EMPLOYEES PROVIDENT FUND		
Particulars	2010-11	2009-10
Fair Value of Plan Assets at the beginning of the year	91,720.82	82,664.65
Expected return on Plan Assets	8,475.28	7,307.34
Contributions	20,660.10	14,422.76
Benefits paid	(10,381.05)	(12,727.15)
Actuarial gain / (loss) on Plan Assets	(86.89)	53.22
Fair Value of Plan Assets at the end of the period	110,388.26	91,720.82
iii) Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service Cost	18,874.13	15,480.76
Interest Cost	6,284.01	5,060.33
Expected return on Plan Assets	(8,475.28)	(7,307.34)
Net Actuarial (gain) / loss recognised in the period	1,854.89	2,038.80
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	18,537.75	15,272.55
iv) Amounts recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	100,285.66	83,740.57
Fair Value of Plan Assets at the end of the period	110,388.26	91,720.82
Difference	(10,102.60)	(7,980.25)
Unrecognised Actuarial (gains) / losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period:		
Present Value of Obligation	100,285.66	83,740.57
Plan Assets	110,388.26	91,720.82
Surplus / (Deficit)	10,102.60	7,113.25
Experience Adjustments on Plan liabilities - (Loss) / Gain	(6,666.52)	(1,572.56)
Experience Adjustments on Plan Assets - (Loss) / Gain	(86.89)	53.22
vi) Category of Assets as at 31st March 2011:		
Government of India Securities	16.96%	25.60%
State Government Securities	20.50%	15.28%
High Quality Corporate Bonds	45.23%	58.78%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	17.30%	0.34%
Mutual Funds	0.00%	0.00%
Cash	0.00%	0.00%
Total	100.00%	100.00%
vii) Principal Assumptions:		
Discounting Rate	8.40%	8.00%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	8.95%	8.75%



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Experience adjustments for funded schemes

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

Particulars		2010-11	2009-10	2008-09
i)	Present Value of Obligation as at the end of the period	38,107.60	41,585.38	35,120.87
ii)	Fair Value of Plan Assets at the end of the period	35,296.38	38,436.96	24,579.01
iii)	Excess of Obligation over Plan Assets - Surplus/ (Deficit)	(2,811.22)	(3,148.42)	(10,541.86)
Experience Adjustments				
iv)	Experience Adjustments on Plan liabilities - (Loss)/ Gain	(2,176.81)	(1,485.62)	(472.76)
v)	Experience Adjustments on Plan Assets - (Loss)/ Gain	(55.53)	3,074.51	(234.41)

Best Estimate of Contribution to be paid

The best estimate of contribution to be paid towards Gratuity during the annual period beginning after the Balance Sheet is ₹ 2,811.22 (₹ 3,198.76). In case of Provident Fund, there is no actuarial liability assessed for shortfall in interest as at year end.

18. The Company is engaged in manufacture and supply of strategic electronic products primarily to Defence Services and hence, it would not be in public interest for the Company to present segment information. For similar reasons, the Company has been granted exemption from publication in the annual accounts, the quantitative particulars required under Schedule VI to the Companies Act, 1956. The SEBI has also granted exemption, for these reasons, to the Company from publication of segment information required under Accounting Standard 17 (AS 17) in quarterly unaudited financial results. Hence segment information required under Accounting Standard 17 (AS 17) is not disclosed. Such non-disclosure has no financial effect.

19. As per the provisions of Accounting Standard 19, the following information is disclosed in respect of Finance Lease:

- The net carrying amount (WDV) at the Balance Sheet date in respect of vehicles taken on lease is ₹ 32.95 (₹ 63.44).
- Total minimum lease payments as at the Balance Sheet date is ₹ 45.74 (₹ 85.49) and the present value is ₹ 41.05 (₹ 72.61).

The minimum lease amount payable with present value for each of the following periods is given below:

Period	Minimum Lease Payments	Present Value
i) not later than one year	30.13 (37.24)	28.43 (35.16)
ii) later than one year & not later than five years	15.61 (48.25)	12.62 (37.45)
iii) later than five years	Nil (Nil)	Nil (Nil)
Total	45.74 (85.49)	41.05 (72.61)

20. Break up of Net Deferred Tax Assets is given below:

Deferred Tax Asset	2010-11	2009-10
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc.,	22,007.32	19,888.78
Technical Know-how fee	267.46	302.55
	22,274.78	20,191.33
Deferred Tax Liability		
Depreciation	4,209.88	4,517.45
	4,209.88	4,517.45
Net Deferred Tax Assets	18,064.90	15,673.88

21. Related Party Disclosure:

(a) The related parties and their relationship with the Company are as under:

- Subsidiary Company viz., BEL Optronics Devices Ltd. (Equity Holding 92.79%);
- Joint Venture Companies:
GE BE Private Ltd. (Equity Holding 26%); and
BEL Multitone Private Ltd. (Equity Holding 49%)

The transactions with Related Parties are as follows:

Sl. No.	Particulars	Subsidiary	Joint Ventures		Grand Total
		BEL Optronics Devices Ltd	GE BE Pvt Ltd	BEL Multitone Pvt Ltd	
1	Purchase of Goods	942.95 (428.24)	- (-)	- (-)	942.95 (428.24)
2	Sale of Goods	- (-)	1,533.98 (1,048.37)	- (-)	1,533.98 (1,048.37)
3	Rendering Services	- (1.19)	- (-)	- (-)	- (1.19)
4	Receiving Services	- (-)	- (1.41)	- (-)	- (1.41)



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

Sl. No.	Particulars	Subsidiary	Joint Ventures		Grand Total
		BEL Optronics Devices Ltd	GE BE Pvt Ltd	BEL Multitone Pvt Ltd	
5	Rent Received	-	-	0.42	0.42
		(-)	(-)	(0.34)	(0.34)
6	Provision of Corporate Guarantees	-	-	-	-
		(-)	(-)	(-)	(-)
7	Interest Income on Loans	-	-	-	-
		(-)	(-)	(-)	(-)
8	Dividend Income on Investments	-	260.00	-	260.00
		(-)	(260.00)	(-)	(260.00)
9	Creditors outstanding as on 31.03.2011	151.15	0.07	-	151.22
		(50.13)	(0.07)	(-)	(50.20)
10	Debtors outstanding as on 31.03.2011	-	357.91	-	357.91
		(1.19)	(323.98)	(-)	(325.17)
11	Provision for doubtful debtors as on 31.03.2011	-	17.45	-	17.45
		(-)	(17.88)	(-)	(17.88)
12	Investment in Equity as on 31.03.2011*	936.08	260.00	31.88*	1,227.96
		(936.08)	(260.00)	(31.88*)	(1,227.96)

* Against this, a Provision of ₹ 29.90 towards diminution in value of investment in BEL Multitone Private Limited has been made.

(b) Management Contracts including deputation of Employees:

Two Officials (Managers) of BEL have been deputed to BELOP (Subsidiary) and their salary, etc., is paid by BELOP during the year as per terms and conditions of employment.

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

The total salary including other benefits drawn by the key management personnel during the year 2010-11 is ₹ 258.29 (₹ 323.45) as detailed below:

Names with Designation	Year	Salary & Allowances incl. Benefits*	Contribution to PF & Incremental Gratuity/ Leave/ BERECHS	Leased Accommodation	Others	Total
Shri A K Datt	2010-11	27.98	2.34	6.88	8.39	45.59
[CMD from 01.05.09] & D(OU) upto 30.04.09	2009-10	28.17	4.87	9.90	2.23	45.17
Shri V V R Sastry	2010-11	-	-	-	-	-
[CMD upto 30.04.09]	2009-10	26.20	1.19	2.53	2.68	32.60
Shri P R K Hara Gopal	2010-11	-	-	-	-	-
Director [Finance]- upto 31.07.09	2009-10	24.17	4.36	3.68	2.26	34.47

Names with Designation	Year	Salary & Allowances incl. Benefits*	Contribution to PF & Incremental Gratuity/ Leave/ BERECHS	Leased Accommodation	Others	Total
Shri M G Raghuvver Director [Finance]- from 01.08.09	2010-11	22.13	5.07	-	4.66	31.86
	2009-10	13.67	7.48	-	1.63	22.78
Shri M L Shanmukh Dir [HR]	2010-11	27.96	3.12	6.00	6.56	43.64
	2009-10	26.64	13.48**	8.18	2.26	50.56
Shri Anil Kumar Dir [OU]- from 03.02.10	2010-11	21.87	3.40	-	2.52	27.79
	2009-10	3.30	2.06	-	1.98	7.34
Shri H S Bhadoria Dir [BG CX]	2010-11	26.61	2.30	6.00	6.39	41.30
	2009-10	28.11	5.61	8.06	2.25	44.03
Shri N K Sharma Dir [Mktg] upto 31.08.09	2010-11	-	-	-	-	-
	2009-10	25.48	1.50	4.18	1.78	32.94
Shri H N Ramakrishna Dir [Mktg]-from 01.09.09	2010-11	22.38	3.19	-	4.28	29.85
	2009-10	11.37	5.70	-	1.65	18.72
Shri I V Sarma Dir [R&D]	2010-11	22.97	3.66	5.56	6.07	38.26
	2009-10	22.35	4.15	6.48	1.86	34.84
Total [Current Year]	2010-11	171.90	23.08	24.44	38.87	258.29
Total [Previous Year]	2009-10	209.46	50.40	43.01	20.58	323.45

* includes terminal benefits at the time of retirement.

** includes past service cost pertaining to previous employment.

22. Disclosure as required under AS 29 – Provisions, Contingent Liabilities and Contingent Assets:

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

Opening Balance as on 01.04.2010	Additional Provisions made during the year	Amounts used during the year*	Unused Amounts reversed during the year	Closing Balance as on 31.03.2011
4,099.94 (3,837.79)	754.77 (1,464.99)	95.91 (485.26)	1,972.79 (717.58)	2,786.01 (4,099.94)

* includes ₹ 95.91 (₹ Nil) debited to opening provision.

23. Interest in Joint Venture Companies (JVCs):

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

Name of Joint Ventures		Proportionate Ownership of BEL
a)	GE BE Private Limited	26%
b)	BEL Multitone Private Limited	49%
	Country of Incorporation	India



Schedules to Financial Statements (Contd.)

(₹ in Lakhs)

The proportionate share of assets, liabilities, income and expenditure of the above JVCs are given below:

Particulars	GE BE Pvt. Ltd., (Audited)		BEL Multitone Pvt. Ltd., (Audited)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Sources of Funds				
Share Capital	260.00	260.00	31.88	31.88
Reserves & Surplus	12,009.24	10,814.85	-	-
Secured Loans	26.65	30.81	-	-
Unsecured Loans	-	-	21.50	21.50
Total	12,295.89	11,105.66	53.38	53.38
Application of Funds				
Net Fixed Assets	1,260.63	1,285.10	-	-
Capital Work in progress	67.37	122.98	-	-
Investments	0.03	0.03	-	-
Deferred Tax Assets	179.49	177.53	-	-
Current Assets, Loans & Advances:				
Inventory	943.55	1,046.71	-	-
Sundry Debtors	658.42	1,381.64	1.20	1.20
Cash & Bank	275.64	0.46	37.02	35.95
Loans & Advances	10,404.44	9,433.04	0.85	1.02
Total Current Assets	12,282.05	11,861.85	39.07	38.17
Current Liabilities & Provisions:				
Current Liabilities	1,172.62	1,934.05	12.62	12.62
Provisions	321.06	407.78	-	-
Total Current Liabilities	1,493.68	2,341.83	12.62	12.62
Net Current Assets	10,788.37	9,520.02	26.45	25.55
Debit balance in P & L A/c	-	-	26.93	27.83
Total	12,295.89	11,105.66	53.38	53.38

Particulars	GE BE Pvt. Ltd., (Audited)		BEL Multitone Pvt. Ltd., (Audited)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Income				
Turnover	11,502.19	13,241.53	-	-
Excise duty	(7.97)	(12.27)	-	-
Other revenues	810.45	684.08	1.91	1.92
Total Income (A)	12,304.67	13,913.34	1.91	1.92
Expenditure				
Mfg. & other expenses	9,711.39	10,949.61	1.01	1.08
Finance cost	4.51	5.54	-	-
Depreciation	348.55	359.73	-	-
Provision for taxation	743.97	880.29	-	-
Total Expenditure (B)	10,808.42	12,195.17	1.01	1.08
Profit/(Loss) after tax (A)-(B)	1,496.25	1,718.17	0.90	0.84

The Company's share of contingent liabilities in the JVCs is as under:

Particulars	GE BE Pvt. Ltd., (Audited)		BEL Multitone Pvt. Ltd., (Audited)	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Capital Commitments	181.62	25.27	-	-
Other Contingent Liabilities	1,286.46	2,225.36	-	-

24. Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31st March 2011 is given below:

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent
USD	627.21 (439.01)	28,470.41 (20,095.82)	53.10 (53.48)	2,357.23 (2,389.07)	434.41 (301.68)	19,652.44 (13,743.58)
Euro	199.11 (149.33)	12,765.29 (9,173.64)	26.63 (17.29)	1,656.04 (1,030.53)	124.96 (142.55)	8,011.57 (8,756.76)
GBP	16.50 (12.93)	1,205.11 (893.33)	0.21 (0.15)	15.03 (10.18)	5.12 (11.41)	373.83 (788.53)
JYEN	68.58 (44.49)	37.69 (31.03)	- (-)	- (-)	25.02 (164.61)	13.75 (80.83)
SGD	0.18 (1.25)	6.41 (40.93)	- (-)	- (-)	0.04 (0.66)	1.69 (21.63)
CHF	10.69 (5.71)	443.18 (245.5)	0.01 (0.43)	0.70 (20.18)	13.83 (1.21)	554.19 (52.28)
Canadian Dollars	0.52 (-)	24.13 (-)	0.10 (-)	4.61 (-)	22.63 (-)	1,057.89 (-)
Others		1,089.48 (363.67)		- (11.11)		81.80 (34.49)
Total (₹)		44,041.70 (30,843.92)		4,033.61 (3,461.07)		29,747.16 (23,478.10)
Amount covered by Exchange Rate variation clause from Customers out of the above		14,390.95 (14,809.49)		- (-)		9,176.66 (3,501.67)

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

The Company does not have any derivative instruments.

25. Previous year's figures have been regrouped wherever necessary. Figures in brackets relate to previous year.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn No. 0027855

Place : Bangalore
Date : 29th June 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Schedules to Financial Statements (Contd..)

SCHEDULE - 22

Balance Sheet Abstract and Company's General Business Profile

I	Registration Details Registration No	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 8 7	State Code	<input type="text"/> 0 8
	Balance Sheet Date	<input type="text"/> 3 1	Month	<input type="text"/> 0 3
		Date		Year
II	Capital raised during the year (Amount in ₹ Lakhs)			
	Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Rights Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
III	Position of Mobilisation and Deployment of Funds (Amount in ₹ Lakhs)			
	Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> 5 0 0 2 9 8	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> 5 0 0 2 9 8
	Sources of Funds		Reserves & Surplus	<input type="text"/> <input type="text"/> <input type="text"/> 4 9 0 5 7 1
	Paid-up Capital	<input type="text"/> <input type="text"/> <input type="text"/> 8 0 0 0	Unsecured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 4 1	Investments	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 1 9 8
	Application of Funds		Misc. Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	Net Fixed Assets	<input type="text"/> <input type="text"/> <input type="text"/> 4 8 3 7 1		
	Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> 4 2 6 7 6 5		
	Accumulated Losses	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L		
IV	Performance of Company (Amount in ₹ Lakhs)			
	Turnover	<input type="text"/> <input type="text"/> <input type="text"/> 5 5 2 9 6 9	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> 4 7 4 8 9 6
	Profit Before Tax	<input type="text"/> <input type="text"/> <input type="text"/> 1 1 6 1 1 5	Profit After Tax	<input type="text"/> <input type="text"/> <input type="text"/> 8 6 1 4 7
	Earning Per Share in ₹	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 1 0 8	Dividend %	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 2 1 6
V	Generic names of three Principal Products/Services of Company (as per monetary terms)			
	Item Code No. (ITC Code)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 5 2 6 1 0 0 0		
	Product Description	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> R A D A R		
	Item Code No. (ITC Code)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 5 2 5 2 0 0 0		
	Product Description	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> C O M M U N I C A T I O N		
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> T R A N S M I T T E R S		
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> C U M R E C E I V E R S		
	Item Code No. (ITC Code)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 9 0 0 5 8 0 9 0		
	Product Description	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> E L E C T R O		
		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> O P T I C P R O D U C T S		

For **RGN Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn No. 0027855

Place : Bangalore
Date : 29th June 2011

Schedules I to 22 form part of the Accounts

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuveer
Director (Finance)

C R Prakash
Company Secretary

**Cash Flow Statement for the year ended 31st March 2011**

(₹ in Lakhs)

Particulars	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax as per Profit & Loss Account	116,114.63	104,502.35
Adjustments for:		
Depreciation (incl. prior period items)	12,204.23	11,593.73
Provision for Employee Benefits	2,933.84	529.08
Provision for Contingencies towards Long-term Contract	(598.75)	(3,358.52)
Provision for Performance Guarantee	(1,313.93)	262.15
Interest Income	(24,108.50)	(16,986.89)
Dividend Income	(260.00)	(260.00)
Interest Expense	43.36	53.48
Profit on Sale of Fixed Assets	(136.10)	(341.96)
Transfer from Government Grants	(378.45)	(964.34)
Operating Profit Before Working Capital Changes	104,500.33	95,029.08
Adjustments for:		
Trade and Other Receivables	(84,220.72)	19,103.18
Inventories	(1,206.07)	(2,774.41)
Trade Payables & Advances	316,639.52	29,250.87
Cash Generated from Operations	335,713.06	140,608.72
Receipt of Grants	22.91	661.99
Direct Taxes Paid (Net)	(33,825.08)	(35,292.07)
Cash Flow Before Extraordinary Items	301,910.89	105,978.64
Extraordinary Items	-	-
Net Cash from Operating Activities	301,910.89	105,978.64
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(14,359.51)	(12,331.71)
Sale of Fixed Assets	160.81	358.70
Bank Deposits	(110,788.28)	(128,223.37)
Interest Received	24,108.50	16,986.89
Dividend Received	260.00	260.00
Net Cash from/(used) in Investing Activities	(100,618.48)	(122,949.49)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Long-term Loan Borrowings	(31.56)	(48.47)
Dividends Paid (including Dividend Tax)	(17,910.63)	(17,504.60)
Interest Expense	(43.36)	(53.48)
Net Cash from/(used) in Financing Activities	(17,985.55)	(17,606.55)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	183,306.86	(34,577.40)
Cash and Cash Equivalents at the beginning of the Year	91,678.24	126,255.64
Cash and Cash Equivalents at the end of the Year	274,985.10	91,678.24

Notes:

- The above statement has been prepared under indirect method as per the Accounting Standard on Cash Flow Statement (AS - 3).
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and end of the period and treated as Investing Activities.
- "Cash and Cash Equivalents" consists of Cash on hand, Balances with Banks, and Deposits having a maturity period of three months or less from the date of deposit. Cash and Bank Balance shown in Schedule No. 10 is inclusive of ₹ 376,950.54 (₹ 266,162.26) being the deposits having a original maturity period of more than three months.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn No. 002785S

Place : Bangalore
Date : 29th June 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Consolidated Financial Statements



Auditors' Report

To

The Board of Directors
Bharat Electronics Limited
Regd. Office : Outer Ring Road
Nagavara
Bangalore - 560 045

We have audited the attached Consolidated Balance Sheet of Bharat Electronics Limited Group as at 31st March 2011 and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis of our opinion.

We did not audit the financial statements of the Subsidiary BEL Optronics Devices Limited whose financial statements reflect total assets of ₹ 36.60 Crores as at 31st March 2011, total revenues of ₹ 48.38 Crores and Cash Inflows amounting to ₹ 5.86 Crores for the year ended 31st March, 2011, whose financial statements were audited by other auditors. The financial statements of Joint Venture GE BE Private Limited and BEL Multitone Private Limited are audited by other auditors, and in our opinion, in so far as it relates to amounts included in respect of joint venture, are based solely on these audit reports.

We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard-21 - Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India to the extent they are applicable.

Based on our audit and on consideration of the reports of other auditors on separate financial statements, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principle generally accepted in India :

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;
- (b) In the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner

Place : Bangalore
Date : 29th July 2011

Membership No.: 026666
FR No: 0027865S



Significant Accounting Policies on the Consolidated Financial Statements (CFS) for the year 2010-11

1. BASIS OF ACCOUNTING

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (AS) covered by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, to the extent applicable, and the provisions of the Companies Act, 1956 and these have been consistently applied.

2. USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP, requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

3. REVENUE RECOGNITION

- (i) Revenue from sale of goods is recognised as under:
 - a. In the case of FOR contracts, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.
 - b. In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.
 - c. In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion/delivery period is more than 24 months and the value of the equipment/system is more than ₹ 100 crores, revenue is recognised on the "percentage completion" method. Percentage completion is based on the ratio of actual costs incurred on the contract upto the reporting date to the estimated total cost of the contract.

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

- d. If the sale price is pending finalisation, revenue is recognised on the basis of price expected to be realised. Where break up prices of sub units sold are not provided for, the same are estimated.
 - e. Price revisions and claims for price escalations on contracts are accounted on admittance.
 - f. Where installation and commissioning is stipulated and price for the same agreed separately, revenue relating to installation and commissioning is recognised on conclusion of installation and commissioning activity. In case of a composite contract, where separate fee for installation and commissioning is not stipulated and the supply is effected and installation and commissioning work is pending, the estimated costs to be incurred on installation and commissioning activity is provided for and revenue is recognised as per the contract.
 - g. Sales exclude Sales Tax/Value Added Tax (VAT) and includes Excise Duty.
- (ii) Other income is recognised on accrual.

4. FIXED ASSETS AND CAPITAL WORK-IN-PROGRESS

(i) Tangible Assets:

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



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

(ii) Intangible Assets:

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset in the books of accounts when the same is ready for use.

(iii) Impairment of Assets:

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

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

5. DEPRECIATION / AMORTISATION

Tangible depreciable Fixed Assets are generally depreciated on straight-line method at the rates (or higher rates as disclosed) and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Special instruments are amortised over related production. Intangible Assets are amortised over a period of three years on straight-line method. Prorata depreciation/amortisation is charged from/upto the date on which the assets are ready to be put to use/are deleted or discarded. Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

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

7. RESEARCH & DEVELOPMENT EXPENDITURE

Research and Development expenditure other than on specific development-cum-sales contracts is charged off as expenditure when incurred. R&D expenditure on development-cum sale contracts is treated at par with other sales contracts. Such expenditure on Fixed Assets is capitalised.

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

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

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

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

9. INVESTMENTS

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

10. INVENTORY VALUATION

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value. Disposable scrap is valued at estimated net realisable value. Cost of materials is ascertained by using the weighted average cost formula. Cost of work in progress and finished goods include Materials, Direct Labour and appropriate overheads. Finished goods at factories include applicable excise duty. Adequate provision is made for inventory, which are more than five years old which may not be required for further use.

11. SUNDRY DEBTORS

- (i) Full provision is made for all debts considered doubtful of recovery having regard to the following considerations:



- a. Time barred debts from the government /government departments/government companies are generally not treated as doubtful debts.
 - b. Where debts are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- (ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realisable based on a case to case review.

12. INCOME TAX

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

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

13. PROVISION FOR WARRANTIES

Provision for expenditure on account of performance guarantee & replacement/repair of goods sold is made on the basis of trend based estimates.

14. FOREIGN CURRENCY TRANSACTIONS

Foreign exchange transactions including that of integral foreign branches are recorded using the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at period-end rates. The resultant exchange difference arising from settlement of transactions during the period and translations at the period end, except those upto 31.03.2007 relating to acquisition of Fixed Assets from a place outside India, is recognised in the Profit and Loss Account. Exchange differences relating to the acquisition of Fixed Assets were adjusted in the carrying cost of the Fixed Assets till 31.03.2007.

Premium or discount arising at the inception of the forward exchange contract is amortised as income / expenditure over the life of the contract.

The exchange rate differences on the amount of forward exchange contracts between the rate on the last reporting date/the rate at the time of entering into a contract during the period and the rate on the settlement date are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. The exchange differences arising from the rates prevailing at the time of entering into the contract and the reporting date are also accrued and adjusted in the Profit and Loss Account.

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

15. EMPLOYEE BENEFITS

- (i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

Incremental liability for payment of long term compensated absences such as Annual and Sick leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the Balance Sheet and provided for.

- (ii) Defined contribution to Employee Pension Scheme is made on monthly accrual basis at the applicable rates.
- (iii) Incremental liability for payment of Gratuity and Employee Provident fund to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the Fair Value of Plan Assets funded in an approved trust set up for the purpose for which monthly contributions are made in the case of provident fund and lump sum contributions in the case of gratuity.
- (iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.
- (v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.



- (vi) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

16. PRIOR PERIOD ADJUSTMENTS AND EXTRA ORDINARY ITEMS

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

17. TECHNICAL KNOW-HOW

Revenue Expenditure incurred on technical know-how is charged off to Profit and Loss Account on incurrence.

18. PROVISIONS AND CONTINGENT LIABILITIES

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

are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. Significant variations thereof are disclosed.

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

19. CASH FLOW STATEMENT

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

20. BASIS OF CONSOLIDATION

The consolidated financial statements are prepared in accordance with the following Accounting Standards issued by the Institute of Chartered Accountants of India: Accounting Standard 21 (Consolidated Financial Statements) in respect of the Subsidiary company and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) in respect of Joint Venture Companies.

For **RGN Price & Co.**
Chartered Accountants

HS Venkatesh
Partner
Membership No. 026666
Firm Regn. No. 002785S

Place : Bangalore
Date : 29th July 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Consolidated Balance Sheet as at 31st March 2011

(₹ in Lakhs)

	Schedule	As at 31.3.2011	As at 31.3.2010
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	8,000.00	8,000.00
Reserves & Surplus	2	505,257.04	437,617.06
		513,257.04	445,617.06
MINORITY INTEREST			
	2A	251.87	220.47
Government Grants			
Loan Funds	3	1,728.32	2,083.74
Secured Loans	4	70.19	106.72
Unsecured Loans	5	21.51	21.51
		91.70	128.23
		515,328.93	448,049.50
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		188,732.68	179,880.50
Less: Depreciation / Amortisation		138,431.66	128,806.98
Net Block	6	50,301.02	51,073.52
Less: Unrealised Profit		0.12	0.12
Net Block after Unrealised Profit		50,300.90	51,073.40
Capital Work-in-progress	7	5,965.97	3,272.93
		56,266.87	54,346.33
Investments	8	0.07	0.07
Deferred Tax Assets (Refer Note No. 17 of Schedule 22)		18,245.18	15,832.37
Current Assets, Loans & Advances			
Inventories	9	247,553.63	246,884.90
Sundry Debtors	10	291,924.90	219,501.84
Cash & Bank Balances	11	653,675.75	358,669.65
Loans & Advances	12	66,456.79	53,268.66
		1,259,611.07	878,325.05
Less: Current Liabilities and Provisions			
Current Liabilities	13	761,022.11	445,849.20
Provisions	14	57,772.15	54,605.12
		818,794.26	500,454.32
Net Current Assets		440,816.81	377,870.73
Miscellaneous Expenditure (To the extent not written off or adjusted)			
		-	-
		515,328.93	448,049.50

Accounting Policies and Schedules 1 to 22 form part of CFS.

As per our report of even date attached.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn. No. 002785S

Place : Bangalore
Date : 29th July 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuveer
Director (Finance)

C R Prakash
Company Secretary



Consolidated Profit and Loss Account for the year ended 31st March 2011

	Schedule	Year ended 31.3.2011	Year ended 31.3.2010
(₹ in Lakhs)			
INCOME			
Sales less returns		535,735.77	519,527.71
Income from services		32,889.43	20,943.74
Turnover (Gross)		568,625.20	540,471.45
Less: Excise Duty		5,965.72	4,018.17
Turnover (Net)		562,659.48	536,453.28
Other revenues		39,054.84	36,986.69
Accretion / (Depletion) to Work-in-Progress, Finished Goods & Scrap	15	(1,171.93)	2,958.62
Profit on Sale of Fixed Assets (Net)	16	159.90	343.30
Transfer from Grants		389.43	976.22
		601,091.72	577,718.11
EXPENDITURE			
Consumption of Raw Materials and Components		219,776.16	241,388.33
Consumption of Stores & Spares		3,114.95	4,205.85
Purchase of Finished Goods		101,269.47	70,923.75
Employees Remuneration and Benefits	17	105,208.51	101,761.64
Other Expenses of Manufacturing, Administration, Selling & Distribution	18	42,253.49	36,960.29
Interest	19	47.11	58.47
Depreciation / Amortisation on Fixed Assets		12,690.53	12,229.78
		484,360.22	467,528.11
Less: Expenditure allocated to Capital Jobs		18.90	35.74
		484,341.32	467,492.37
Profit before Prior Period and Extraordinary Items		116,750.40	110,225.74
Less: Exceptional Items - Expense	20	-	3,134.91
		116,750.40	107,090.83
Less: Extra-Ordinary Item		-	-
Profit For The Year		116,750.40	107,090.83
Less: Prior Period Items (Net)	21	(2,000.51)	17.52
Profit Before Tax (PBT)		118,750.91	107,073.31
Less: Provision for Taxation			
- Current Year		32,889.19	34,462.99
- Earlier Years		458.80	(107.53)
- Deferred Taxes		(2,412.80)	(1,029.15)
- Total Provision for Taxation		30,935.19	33,326.31
Profit After Tax Before Minority Interest		87,815.72	73,747.00
Minority Interest		32.10	16.40
Profit After Tax After Minority Interest		87,783.62	73,730.60
Less: Transfer to Capital Reserve (Capital Profit included above)		41.98	90.77
Add: Balance Brought Forward from previous year		200,151.64	184,657.52
Profit available for appropriation		287,893.28	258,297.35
Appropriations:			
Dividends:			
Interim Dividend		4,800.00	4,800.00
Proposed Final Dividend		12,480.00	10,560.00
Dividend Tax		2,863.97	2,613.85
Transfer to General Reserve		40,149.63	40,171.86
Balance carried to Balance Sheet		227,599.68	200,151.64
	22	287,893.28	258,297.35
Notes to CFS			
Earnings per Share (Equity Shares of Rupees Ten each) in Rupees:			
Basic & Diluted:			
Before Extraordinary Item ₹		109.73	92.16
After Extraordinary Item ₹		109.73	92.16
Face Value of Share ₹		10.00	10.00
Number of Shares used in computing earnings per share:			
Basic & Diluted		80,000,000	80,000,000

Accounting Policies and Schedules 1 to 22 form part of CFS.
As per our report of even date attached.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn. No. 002785S

Place : Bangalore
Date : 29th July 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary


Schedules to Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE - 1		
Share Capital		
Authorised Capital 100,000,000 (100,000,000) Equity Shares of ₹ 10 each	10,000.00	10,000.00
Issued, Subscribed & Paid-up Capital 80,000,000 (80,000,000) Equity Shares of ₹ 10 each	8,000.00	8,000.00
SCHEDULE - 2		
Reserves & Surplus		
Capital Reserve		
a) Land Valuation Reserve	200.64	200.64
b) Capital Profit:		
At the beginning of the year	848.26	757.49
Add: Transfer from Profit & Loss Account	41.98	90.77
	890.24	848.26
c) Capital Reserve on Consolidation of Subsidiary	206.82	206.82
d) ESOP [JVC - GE BE Pvt. Ltd.,]	2.18	1.85
e) On acquisition of MC Unit	0.85	0.85
f) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	1,350.73	1,308.42
General Reserve		
At the beginning of the year	233,714.42	193,542.56
Add: Transfer from Profit & Loss Account	40,149.63	40,171.86
	273,864.05	233,714.42
Surplus		
Balance carried from P & L Account	227,599.68	200,151.64
P & L Surplus/Adjst. on Consolidation of JVCs	2,442.70	2,442.70
	230,042.38	202,594.34
Less: Unrealised Profit on Stock	0.12	0.12
	230,042.26	202,594.22
	505,257.04	437,617.06
SCHEDULE - 2A		
Minority Interest		
At the beginning of the year	220.47	204.41
Add: Transfer from Profit & Loss Account	32.10	16.40
	252.57	220.81
Less: Consolidation Adjustments	0.70	0.34
	251.87	220.47
SCHEDULE - 3		
Government Grants		
Grant from Government for Research and other purposes		
At the beginning of the year	2,083.84	2,397.97
Add: Additions during the year	33.91	661.99
Less: Transfer to Profit & Loss Account	389.43	976.22
	1,728.32	2,083.74
SCHEDULE - 4		
Secured Loans		
Cash Credit from Banks secured by hypothecation of Inventories and Book debts	-	-
Liability on Leased Assets (secured by vehicles on lease)	70.19	106.72
	70.19	106.72
SCHEDULE - 5		
Unsecured Loans		
Others	21.51	21.51
	21.51	21.51



Schedules to Consolidated Financial Statements (Contd.)

SCHEDULE - 6

Fixed Assets

(₹ in Lakhs)

Particulars	Gross Block (At Cost)			Depreciation / Amortisation			Net Block	
	Cost as at 01.04.2010	Additions / adjustments during the year	Deductions / adjustments during the year	Accumulated Depreciation / Amortisation upto 31.03.2010	Depreciation / Amortisation for the year	Deductions / adjustments during the year	As at 31.03.2011	As at 31.03.2010
Tangible Assets								
Free Hold Land *	1,184.62	-	-	-	-	-	-	1,184.62
Lease Hold Land	731.55	-	-	74.29	11.35	-	85.64	657.26
Roads and Culverts	551.25	54.20	-	419.42	14.96	-	434.38	131.83
Buildings ++	17,103.53	857.13	1.45	8,768.29	476.85	-	9,245.14	8,335.24
Installations++	6,106.70	286.33	18.47	4,356.18	319.69	18.47	4,657.40	1,750.52
Plant & Machinery++	71,925.08	2,553.40	1,036.12	55,140.15	4,806.27	1,009.94	58,936.48	16,784.93
Electronic Equipment++	44,680.84	3,355.86	1,012.11	31,617.52	3,582.94	1,011.86	34,188.60	13,063.32
Equipment for R&D Laboratory	178,156.9	3,363.53	434.30	13,380.47	1,764.50	434.13	14,710.84	4,435.22
Vehicles	955.88	56.22	26.57	757.66	86.25	26.57	817.34	198.22
Office Equipment ++	10,489.93	833.98	490.23	8,379.81	821.18	489.01	8,711.98	2,110.12
Furniture, Fixtures and other Equipment ++	5,202.41	495.07	50.31	3,423.68	383.21	50.31	3,756.58	1,778.73
Assets acquired for Sponsored Research **	1,334.91	-	-	1,273.40	36.53	-	1,309.93	61.51
Leased Assets - Vehicles	210.88	18.73	32.09	116.80	39.99	25.56	131.23	94.08
Intangible Assets:								
Enterprise Resource Planning (ERP)- Software Licenses / Implementation charges	1,587.23	79.38	-	1,099.31	346.81	-	1,446.12	487.92
Total ***	179,880.50	11,953.83	3,101.65	128,806.98	12,690.53	3,065.85	138,431.66	51,073.52
Previous Year Total	167,096.22	14,468.12	1,683.84	118,238.56	12,229.29	1,660.87	128,806.98	48,857.66

Free Hold Land of Parent Company (BEL) consists of 943.67 acres (943.67 acres) and Lease Hold Land of Parent Company (BEL) consists of 302.40 acres (302.40 acres).

* Land includes 235.15 (20689) Sq. meters leased to commercial/religious organisations and in their possession.

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

++ Additions during the year include ₹ 426.79 (₹ 401.08) in respect of the assets of Central Research Laboratories of BEL.

*** Gross Block and Accumulated Depreciation include ₹ 2,520.79 (₹ 2,814.70) pertaining to assets not in active use, disposal of which is pending.



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE - 7		
Capital Work In Progress at Cost		
Civil Construction	2,514.33	1,046.90
Plant, Machinery, etc	2,680.21	1,714.12
Capital Goods in Transit & Under Inspection	695.69	557.67
Less : Provision	368.03	368.03
	327.66	189.64
Advances on account of Capital items	234.71	128.88
Less : Provision	0.29	0.29
	234.42	128.59
Intangible Assets – Enterprise Resource Planning (ERP) – under implementation		
Opening Balance	193.68	107.59
Add: Amount incurred during the year	95.05	353.70
	288.73	461.29
Less: Amount Capitalised during the year	79.38	267.61
	209.35	193.68
	5,965.97	3,272.93
SCHEDULE - 8		
Investments at Cost – Long Term		
Non-trade		
Unquoted		
Investment in Shares / Bonds:		
40 Shares of ₹ 50 each fully paid in Cuffe Parade Persopolis Premises Co-op. Society, Mumbai	0.02	0.02
10 Shares of ₹ 50 each fully paid in Sukh Sagar Premises Co-op. Society, Mumbai		
10 Shares of ₹ 50 each fully paid in Shri Sapt Ratna Co-op. Society Ltd., Mumbai	0.01	0.01
5 Shares of ₹ 50 each fully paid in Dalamal Park Co-op. Society Ltd., Mumbai		
30 Shares of ₹ 50 each fully paid in Chandralok Co-op. Housing Society Ltd., Pune	0.02	0.02
Note: These are in respect of apartments owned by BEL, cost of which is included under Fixed Assets		
Government Securities	0.02	0.02
	0.07	0.07
Aggregate Value of Unquoted Shares	0.07	0.07
SCHEDULE - 9		
Inventories		
Stores and Spares	2,131.96	2,134.46
Raw Materials & Components	128,774.91	134,596.10
Materials in Transit and under Inspection	13,593.06	6,078.30
Less: Provision	197.40	200.66
	13,395.66	5,877.64
Finished Goods	20,380.09	14,453.22
Work-in-Progress	92,918.32	98,603.78
Disposable Scrap	125.58	78.05
	257,726.52	255,743.25
Less: Provision for obsolescence	10,158.68	8,851.39
Unrealised Profit on Stock	14.21	6.96
	247,553.63	246,884.90



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE – 10		
Sundry Debtors		
Debts – Considered Good:		
Debts over six months	133,807.52	99,992.70
Other debts	158,099.93	119,509.14
	291,907.45	219,501.84
Considered Doubtful:		
Debts over six months	43,039.49	35,754.77
Other debts	4,279.37	4,316.64
	47,318.86	40,071.41
	339,226.31	259,573.25
Less: Provision for doubtful debts	47,301.41	40,071.41
	291,924.90	219,501.84
Particulars of Sundry Debtors:		
Considered good in respect of which the Company is fully secured	59.15	58.31
Considered good for which the Company holds no security other than the debtors personal security	291,865.75	219,443.53
	291,924.90	219,501.84
SCHEDULE – 11		
Cash and Bank Balances		
Cash and Cheques on hand	2,861.62	14,590.51
With Scheduled Banks:		
Current Accounts	90,237.04	45,168.89
Deposit Accounts (incl. Accrued Interest) *	560,428.35	298,800.45
Margin Money Account	131.46	92.99
Unpaid Dividend Account	17.28	16.81
	653,675.75	358,669.65
* Term deposits of ₹ 131.46 (₹ 92.99) have been pledged with bank		
SCHEDULE – 12		
Loans and Advances		
Loans to Employees	1,542.44	1,815.92
Loans to Others	212.93	216.09
Advances Recoverable in cash or in kind or for value to be received:		
Advances to Employees *	631.88	823.28
Advances for Purchase	33,591.05	22,991.47
Claims Receivable – Purchases	3,065.27	3,244.29
Advances to others	6,693.99	6,140.84
	43,982.19	33,199.88
Advance payment of Income Tax (Net of Provision for tax ₹ 104,068.90 (₹ 105,796.49))	7,457.05	5,946.98
Balances with Customs, Port Trust and Other Government Authorities	2,210.03	2,394.81
Deposits	12,739.59	11,347.42
	68,144.23	54,921.10
Less: Provision for Doubtful Loans, Advances and Claims	1,687.44	1,652.44
	66,456.79	53,268.66



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	As at 31.3.2011	As at 31.3.2010
SCHEDULE – 12 (Contd.)		
Particulars of Loans and Advances:		
Considered Good in respect of which the Company is fully secured	-	-
Considered good for which the Company holds no security other than debtors personal security	66,456.79	53,268.66
Considered doubtful and provided for	1,687.44	1,652.44
	68,144.23	54,921.10
* Includes due by Directors & Secretary ₹ 0.21 (₹ 0.45) [Maximum amount at any time during the year ₹ 0.36 (₹ 0.80)]		
SCHEDULE – 13		
Current Liabilities		
Sundry Creditors:		
Dues to Micro and Small Enterprises	149.14	188.14
Creditors - Others	91,166.91	62,112.61
	91,316.05	62,300.75
Other Liabilities	25,374.59	32,673.79
Advances / Progress Payments received from Customers	644,275.64	350,819.30
Investor Education & Protection Fund to be credited when due:		
– Unpaid Dividend Account *	17.28	16.81
– Unpaid Matured Deposits *	38.55	38.55
	761,022.11	445,849.20
* Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date	NIL	NIL
SCHEDULE – 14		
Provisions		
Taxation [Net of Advance Tax ₹ 100,936.48 (₹ 105,796.49)]	278.63	327.79
Proposed Final Dividend	12,480.00	10,560.00
Dividend Tax	2,066.75	1,798.07
Employee Benefits		
Gratuity	2,828.32	3,214.56
Long-term compensated absences	17,233.29	16,837.27
BERECHS	13,174.15	12,327.76
Proposed Pension Scheme	6,900.91	4,817.56
Contingencies towards Long-term Contracts	-	598.75
Performance Guarantee	2,810.10	4,123.36
	57,772.15	54,605.12



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
SCHEDULE – 15		
Other Revenues		
Sale of Scrap & Surplus Stores	554.27	655.35
Export Benefits	193.05	174.09
Interest Income - Gross [TDS ₹ 2,383.83 (₹ 2,260.34)]	24,828.27	17,575.21
Interest Income from Staff/Income Tax refunds/Others	249.27	152.35
Transport Receipts	495.14	224.56
Rent Receipts	327.74	249.95
Canteen Receipts	548.31	377.87
Water Charges	30.94	32.36
Provision withdrawn - Warranties	1218.02	-
Provision withdrawn - Contingencies towards long term contracts	598.75	3,358.52
Provision withdrawn - Doubtfull Debts, LD, Obsolete Inventory etc.	3,055.37	4,473.66
Provision withdrawn - Others	349.31	522.18
Foreign Exchange Rate Differential (Gain)	2,792.03	6,939.75
Miscellaneous	3,814.37	2,250.84
	39,054.84	36,986.69
SCHEDULE – 16		
Accretion / (Decretion) to Work-in-progress Finished Goods and Scrap		
Work-in-Progress:		
Closing Balance	92,918.32	98,603.78
Opening Balance	98,603.78	91,526.32
	(5,685.46)	7,077.46
Less: Adjustment pertaining to earlier years	1,447.36	-
	(7,132.82)	7,077.46
Finished Goods:		
Closing Stock	20,380.09	14,453.22
Opening Stock	14,453.22	18,574.49
	5,926.87	(4,121.27)
Scrap:		
Closing Stock	125.58	78.05
Opening Stock	78.05	69.00
	47.53	9.05
	(1,158.42)	2,965.24
Less: Unrealised Profit on Stock	13.51	6.62
	(1,171.93)	2,958.62
SCHEDULE – 17		
Employees Remuneration and Benefits		
Salaries, Wages and Bonus / Ex-gratia	81,715.52	78,857.07
Gratuity	3,332.02	4,205.59
Contribution to Provident and Pension Funds	8,160.73	7,315.02
Provision for BEL Retired Employees Contributory Health Scheme	846.40	1,914.20
Welfare Expenses [including Salaries ₹ 1,430.02 (₹ 1,031.00), PF Contribution ₹ 92.81 (₹ 62.56)]	11,153.84	9,469.76
	105,208.51	101,761.64


Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
SCHEDULE - 18		
Other Expenses of Manufacturing, Administration, Selling & Distribution		
Power and Fuel [after adjusting ₹ 424.75 (₹ 421.24) income from Wind Energy]	3,060.79	2,662.65
Water charges	278.93	313.18
Royalty & Technical Assistance	1,259.04	1,134.55
Rent	1,330.32	1,123.86
Rates & Taxes	292.96	296.06
Insurance	456.42	335.18
Auditor's Remuneration		
Audit	13.56	11.57
Tax Audit	2.46	1.98
Certification	2.44	1.99
Expenses	7.10	6.42
	25.56	21.96
Repairs & Maintenance:		
Buildings	1,386.40	1,441.13
Plant & Machinery	714.85	704.80
Others	5,189.12	4,165.53
	7,290.37	6,311.46
Bank Charges	424.86	503.21
Printing and Stationery	433.92	352.21
Discounts, Allowances & Rebate	3.49	3.65
Advertisement & Publicity	744.13	515.93
Travelling Expenses	4,790.85	3,789.03
Hiring Charges for Van & Taxis	628.55	393.84
Excise Duty - Others	64.76	256.51
Packing & Forwarding	1,351.59	1,164.77
Bad Debts & Advances written off	532.12	104.50
Less: Charged to Provisions	527.90	101.11
	4.22	3.39
Provision for Obsolete/Redundant Materials	2,258.67	1,188.51
Provisions for Doubtful Debts, Liquidated damages, customers' claims and disallowances	10,650.05	8,803.79
Provision for Doubtful Advances, claims	197.58	260.03
Provision for Warranties	2.07	265.76
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	4.19	203.03
Less: Charged to Provisions	-	179.22
	4.19	23.81
Sponsorship/Contribution for professional & Social Activities	295.38	422.59
Others:		
Expenditure on Service orders/Other Misc. Direct Expenses	2,536.15	3,440.38
After Sales Service	341.41	391.63
Telephones	638.90	628.01
Expenditure on Seminars & Courses	640.09	510.94
Selling Commission	135.46	87.85
Other Selling Expenses	131.38	83.77
Miscellaneous	1,981.40	1,671.78
	42,253.49	36,960.29



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
SCHEDULE – 19		
Interest		
On Lease Financing	11.73	18.54
On dues to Micro & Small Enterprises	1.24	2.50
On Others	34.14	37.43
	47.11	58.47
SCHEDULE – 20		
Exceptional Items		
Company contribution to proposed Pension Scheme for the period from 01/01/2007 to 31/03/2009 (BEL)	-	3,134.91
	-	3,134.91
SCHEDULE – 21		
Prior Period Items		
Prior Period Income:		
Sales	(260.74)	-
Accretion to WIP	1,447.36	-
Others	845.37	113.16
Total Prior Period Income (A)	2,031.99	113.16
Prior Period Expenditure:		
Salaries & Wages	2.51	1.77
Depreciation	-	(0.50)
Bank Charges	8.19	-
Others	20.78	129.41
Total Prior Period Expenditure (B)	31.48	130.68
Total Prior Period Items - Net Expenses/ (Income) [(A)-(B)]	(2,000.51)	17.52

**Schedules to Consolidated Financial Statements (Contd.)**

(₹ in Lakhs)

SCHEDULE – 22**Notes to Consolidated Financial Statements for the year ended 31.3.2011****1.0 Consolidation Procedure:**

1.1 The Consolidated Financial Statements (“CFS”) have been prepared on the basis of audited financial statements of the Parent Company viz., Bharat Electronics Limited (BEL), its subsidiary viz., BEL Optronics Devices Limited, Pune, India (Share Holding 92.79%) and audited financial statements of Joint Venture Company (JVC) viz., GE BE Private Limited, Bangalore (Share Holding 26%) and BEL Multitone Private Limited, Bangalore (Share Holding 49%). The financial statements of the Parent and its Subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group transactions and unrealised profit/loss. In respect of JVCs, consolidation has been done on proportionate consolidation basis, after eliminating intra-group transactions and unrealised profit/loss. The financial statements of the subsidiary and JVCs are drawn upto the same reporting date as that of the Parent Company.

1.2 The difference between the cost to the Parent Company of its investment in the Subsidiary Company and the Parent Company’s portion of the equity in the subsidiary with reference to the date of acquisition of controlling interest is recognised in the financial statements as Goodwill/Capital Reserve. The Parent Company’s share of post acquisition profit/losses of the Subsidiary is adjusted in the revenue reserves.

1.3 Minority interests in the net results of operations and the net assets of the subsidiary represent that part of the profit/loss and the net assets not attributable to the Parent Company.

2.0 Additional information disclosed in individual financial statements of the parent and subsidiary/JVCs having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standards Interpretation ASI-15

issued by the Institute of Chartered Accountants of India (ICAI).

3.0 Impact of Changes in Accounting Policies:

3.1 The Parent Company has discontinued the LTC scheme for non executives during the year 2010-11 and hence, no actuarial valuation of this liability is required. To reflect this change, Accounting Policy No. 15 (Employee Benefits) has been amended.

3.2 The Accounting Policy of the parent and subsidiary/JVCs are generally uniform except in respect of the following items, which are not material in nature and it is not practicable to quantify the proportion of such items in the CFS:

- Cost of inventories is generally assigned by using the weighted average cost formula, except in case of JVCs, which are following FIFO method for RMC and bought out items for resale.

- Depreciation on Fixed Assets is calculated generally on the straight line method except in case of a Joint Venture Company viz., BEL Multitone Private Limited which is following WDV method consistently. BEL Multitone Pvt. Ltd., (JVC) does not have any Fixed Assets as on 31st March 2011.

4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for amounts to ₹ 15,619.63 (₹ 11,549.93).

5. Letters requesting confirmation of Balances have been sent in respect of Sundry Debtors, Sundry Creditors, Advances and Deposits. Generally replies have been received and reconciled. Provisions/adjustments have been made wherever considered necessary.

6. i) In pursuance of the Companies (Amendment) Act, 1988 and Schedule XIV thereof increased rates of depreciation on straight line method in accordance with the Schedule XIV have been adopted wherever required, only on additions on or after 01.04.1987.

ii) Wherever the old rates of depreciation applied prior to 01.04.1987 are higher than the rates specified in



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Schedule XIV of the Companies Act, 1956, they have been continued. However, additions forming part of existing machines are depreciated on the same basis as the original machines.

- iii) Depreciation for multiple shifts is charged on block of assets for the full year.
- iv) The rates of depreciation adopted other than those under Schedule XIV are as under:
- | | |
|---|---|
| a) Buildings | 2.5% / 5% |
| b) Plant and Machinery | 10% / 11.31% / 15% /
16.21% / 20% / 25% |
| c) Vehicles | 20% / 25% |
| d) Furniture, Fixture and
Other Equipment | 10% / 15% /
20% / 25% |
| e) Computers
[in JVC - GE BE (P) Ltd.,] | 50% |
| f) Assets under Build,
Own, Operate
and Transfer (BOOT)
Contract | Depreciated over
the period of
contract |

7. The Parent Company has analysed indications of impairment of assets of each geographical composite manufacturing units considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Units has found indications of impairment of its assets and hence no provision is considered necessary. The subsidiary (BELOP) and GE BE Pvt. Ltd., (JVC) have also analysed indications of impairment of assets and found no indication of impairment of assets and hence no provision for the same is considered necessary. BEL Multitone Pvt. Ltd., (JVC) does not have any Fixed Assets.

8. The Exchange Rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/the Balance Sheet date resulting in a net exchange gain of ₹ 2,792.03 (gain ₹ 6,939.75) during the year have been included in Schedule No.15 – “Other Revenues”.

9. Raw Materials and Components of Parent Company includes ₹ 2,670.24 (₹ 2,765.88) being materials with

subcontractors. Out of which ₹ 90.19 (₹ 163.38) of material is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not material.

10. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2011 is furnished below:

- i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March 2011:

Principal Amount	₹ 146.29	(₹ 185.30)
Interest	₹ 0.99	(₹ 1.74)

- ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year ending 31st March 2011:

Principal Amount	₹ 178.27	(₹ 220.36)
Interest	₹ 1.30	(₹ 0.80)

- iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year), but without adding the interest specified under the Act: ₹ 1.17 (₹ 0.17)

- iv) The amount of interest accrued and remaining unpaid at the end of the year ending 31st March 2011: ₹ 3.33 (₹ 2.84)

- v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act: ₹ 0.55 (₹ 2.50)

The information has been given in respect of such suppliers to the extent they could be identified as Micro & Small Enterprises on the basis of information available with the Company.

11. The following disclosure is made as per AS-7 (Accounting for Construction Contracts) in respect of accounting



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

policy 3(i)(c) relating to revenue recognition on contracts by Parent Company:

- a) Contract revenue recognised during the year ₹ Nil (₹ Nil)
- b) No contract revenue is recognised during the current year. Upto year 2008-09, contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto 31.03.2009 to the estimated total cost of the contracts, was used to determine the stage of completion.
- c) Aggregate amount of cost incurred: ₹ 43,009.84 (₹ 43,009.84)
- d) Recognised profit upto 31.3.2011 (net of provision for contingency): ₹ 3,522.08 (₹ 2,923.33)
- e) Amount of advances received and outstanding as at 31.3.2011: ₹ 48.85 (₹ 48.85)
- f) The amount of retention: ₹ 1,466.65 (₹ 1,404.70)

12. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Employee Benefits:

Gratuity Scheme:

Particulars	Consolidated	
	2010-11	2009-10
i) Change in Benefit Obligations		
Present Value of Obligation (PVO) as at the beginning of the year	41,707.78	35,230.33
Current Service Cost	2,564.95	2,795.77
Interest Cost	2,930.37	2,716.33
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain)/loss	1,231.28	3,521.67
Benefits paid	(10,178.86)	(2,556.32)
Present Value of Obligation as at the end of the period	38,255.52	41,707.78

Particulars	Consolidated	
	2010-11	2009-10
ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	38,543.56	24,658.65
Expected return on Plan Assets	3,448.62	2,801.86
Contributions	3,667.93	10,563.48
Benefits paid	(10,178.86)	(2,556.32)
Actuarial gain/(loss) on Plan Assets	(54.04)	3,075.88
Fair Value of Plan Assets at the end of the period	35,427.21	38,543.55
Excess of Obligation over Plan Assets	2,828.31	3,164.23
iii) Expenses Recognised in the Profit & Loss Account		
Opening Net Liability	-	-
Current Service Cost	2,564.95	2,795.77
Interest Cost	2,930.37	2,716.33
Expected return on Plan Assets	(3,448.62)	(2,801.86)
Net Actuarial (gain)/loss recognised in the period	1,285.32	445.78
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Profit & Loss Account [excluding ₹ Nil (₹ 1,050.75) in respect of retired employees which has been provided on actual basis]	3,332.02	3,156.02
Actual Return on Plan Assets	7.50% / 8.00% / 9.70%	7.50% / 8.00% / 9.78%
iv) Amounts recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	38,255.52	4,1707.78
Fair Value of Plan Assets at the end of the period	35,427.21	38,543.55
Funded Status	(2,823.81)	(3,148.42)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet [excluding ₹ Nil (₹ 1050.75) in respect of retired employees which has been provided on actual basis and after considering payments to the Trust during the year]	2,828.31	3,164.23



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Consolidated	
	2010-11	2009-10
v) Category of Assets as at 31st March 2011		
State Govt. Securities	16.21%	14.30%
Govt. of India Securities	2.97%	2.77%
High Quality Corporate Bonds	25.61%	22.99%
Special Deposit	-	0.61%
Investment with Insurer	55.21% / 100%	59.33% / 100%
vi) Principal Assumptions:		
Discounting Rate	8.10%/8.25%/8.40%	8.00%/8.25%/8.45%
Salary escalation rate	5.00%/7.50%/8.00%	5.00%/7.50%/8.00%
Expected rate of Return on Plan Assets	7.50%/8.00%/9.70%	7.50%/8.00%/9.78%

BEL Retired Employees Contributory Health Scheme (BERECHS):

Particulars	Consolidated	
	2010-11	2009-10
i) Change in Benefit Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	12,963.40	11,383.04
Current Service Cost	762.25	733.26
Interest Cost	1,053.28	878.45
Actuarial (gain)/loss	(454.35)	773.53
Benefits paid	(848.63)	(804.88)
Present Value of Obligation as at the end of the period	13,475.95	12,963.40
ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Contributions	848.63	804.88
Benefits paid	(848.63)	(804.88)
Actuarial gain/(loss)	-	-
Fair Value of Plan Assets at the end of the period	-	-

Particulars	Consolidated	
	2010-11	2009-10
iii) Expenses Recognised in the Profit & Loss Account:		
Opening Net Liability	-	-
Current Service Cost	762.25	733.26
Interest on Defined benefit obligation	1,053.28	878.45
Expected return on Plan Assets	-	-
Net Actuarial (gain)/loss recognised in the period	(454.35)	773.53
Expenses Recognised in the Profit & Loss Account:	1,361.18	2,385.24
Add : Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004) over 14 years	333.85	333.85
Net Expenses Recognised in the Profit & Loss Account (Expenses: ₹ 848.63, Provisions: ₹ 846.40)	1,695.03	2,719.09
iv) Principal Assumptions:		
Discounting Rate	8.40%	8.00%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	6.00%	6.00%
Attrition Rate	1.00%	1.50%
v) Amounts recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	13,475.95	12,963.40
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(13,475.95)	(12,963.40)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet (as per actuarial valuation)	13,475.95	12,963.40
Less : Initial actuarial Liability towards existing employees (valued on 31.03.2004) Amortised over 14 years	2,972.56	2,972.56
Add : Amortisation of above initial actuarial liability till 2010-11	2,670.76	2,336.92
Liability recognised in Balance Sheet	13,174.15	12,327.76


Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	Consolidated	
	2010-11	2009-10
vi) Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation:		
Effect on the aggregate of the service cost and interest cost	45.88	42.63
Effect on defined benefit obligation	345.25	324.08
vii) Effect of a one percentage point decrease in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation:		
Effect on the aggregate of the service cost and interest cost	(45.13)	(42.41)
Effect on defined benefit obligation	(342.18)	(323.35)

Long Term Compensated Absence Scheme:

Particulars	Consolidated	
	2010-11	2009-10
i) Expenses Recognised in the Profit & Loss Account	3,118.98	5,095.21
ii) Principal Assumptions:		
Discounting Rate	8.10% / 8.25% / 8.40%	8.00% / 8.25% / 8.45%
Rate of increase in compensation level	5.00% / 7.50% / 8.00%	5.00% / 7.55% / 8.00%
ii) Amounts recognised in Balance Sheet:		
Liability recognised in Balance Sheet (as per actuarial valuation)	17,233.30	16,672.53

Provident Fund Contributions:

The Parent Company has separate Trusts for Provident Fund. During the year, the Parent Company has recognised an amount of ₹ 6,083.69 (₹ 5,633.16) towards contribution to Employees Provident Fund and Pension Schemes in the Profit and Loss Account. The guidance on implementing AS 15 (R) issued by the Institute of Chartered Accountants of India states

that provident funds setup by employers that guarantee a specified rate of return and which require interest shortfalls to be met by the employer would be defined benefit plan in accordance with the requirements of paragraph 26(b) of AS 15(R) and actuarially valued.

Pursuant to the Guidance Note, the Parent Company has determined on the basis of actuarial valuation carried out as at 31st March 2011, that there is no liability towards the interest shortfall on valuation date under para 55 and 59 of AS 15 (R) (having regard to terms of plan that there is no compulsion on the part of the Trust to distribute any part of the surplus, if any, by way of additional interest on PF balances).

The following tables summarise the Disclosure Report provided by the Actuary:

Particulars	2010-11	2009-10
i) Change in Benefit Obligations:		
Present Value of Obligation as at the beginning of the year	83,740.57	73,834.61
Current Service Cost	18,874.13	15,480.76
Interest Cost	6,284.01	5,060.33
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain) / loss	1,768.00	2,092.02
Benefits paid	(10,381.05)	(12,727.15)
Present Value of Obligation as at the end of the period	100,285.66	83,740.57
ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	91,720.82	82,664.65
Expected return on Plan Assets	8,475.28	7,307.34
Contributions	20,660.10	14,422.76
Benefits paid	(10,381.05)	(12,727.15)
Actuarial gain / (loss) on Plan Assets	(86.89)	53.22
Fair Value of Plan Assets at the end of the period	110,388.26	91,720.82
iii) Expenses Recognised in the Profit & Loss Account:		
Opening Net Liability	-	-



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

Particulars	2010-11	2009-10
Current Service Cost	18,874.13	15,480.76
Interest Cost	6,284.01	5,060.33
Expected return on Plan Assets	(8,475.28)	(7,307.34)
Net Actuarial (gain)/loss recognised in the period	1,854.89	2,038.80
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Profit & Loss Account	18,537.75	15,272.55
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	100,285.66	83,740.57
Fair Value of Plan Assets at the end of the period	110,388.26	91,720.82
Difference	(10,102.60)	(7,980.25)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period:		
Present Value of Obligation	100,285.66	83,740.57
Plan Assets	110,388.26	91,720.82
Surplus/(Deficit)	10,102.60	7,113.25
Experience Adjustments on Plan liabilities - (Loss)/Gain	(6,666.52)	(1,572.56)
Experience Adjustments on Plan Assets - (Loss)/Gain	(86.89)	53.22
vi) Category of Assets as at 31st March 2011 :		
Government of India Securities	16.96%	25.60%
State Government Securities	20.50%	15.28%
High Quality Corporate Bonds	45.23%	58.78%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	17.30%	0.34%
Mutual Funds	0.00%	0.00%

Particulars	2010-11	2009-10
Cash	0.00%	0.00%
Total	100.00%	100.00%
vii) Principal Assumptions :		
Discounting Rate	8.40%	8.00%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	8.95%	8.75%

The Subsidiary (BELOP) and JVC (GE BE) are funding the Provident Fund contributions with the Government Provident Funds.

13. Interest in Joint Venture Companies (JVCs):

Disclosure of interest in joint ventures, as per **Accounting Standard 27**, is as under:

Name of Joint Venture	Proportionate Ownership of BEL
(a) GE BE Private Limited	26%
(b) BEL Multitone Private Limited	49%
Country of Incorporation	India

The Companies share of contingent liabilities in the JVCs is included under note 14.

14. Contingent Liabilities (including share in JVCs):

Claims not acknowledged as debts	₹ 12,151.88	(₹ 10,893.97)
Outstanding letters of Credit	₹ 26,836.18	(₹ 22,673.05)
Others	₹ 398.25	(₹ 397.30)
LD on unexecuted supplies	₹ 8,698.0596	(₹ 4,873.96)

15. The Parent Company (BEL) is engaged in manufacture and supply of strategic electronic products primarily to Defence Services and hence, it would not be in public interest for the Company to present segment information. For similar reasons, the Company has been granted exemption from publication in the annual accounts of quantitative particulars required under Schedule VI to the Companies Act, 1956. The SEBI has also granted exemption, for these reasons, to the Company from publication of segment information required under Accounting Standard 17



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

(AS 17) in quarterly unaudited financial results. Hence, Segment information required under AS 17 is not disclosed. Such non-disclosure has no financial effect.

16. Related Party Transactions:

The related party transactions during the year with JVCs are given below:

GE BE Private Ltd. (Equity Holding 26%); and

BEL Multitone Private Ltd. (Equity Holding 49%)

Nature of transactions with these companies (on 100% basis) are as follows:

Sl. No.	Particulars	Joint Ventures Companies		Grand Total
		GE BE Pvt. Ltd.	BEL Multitone Pvt. Ltd.	
1	Purchase of Goods	- (-)	- (-)	- (-)
2	Sale of Goods	1,533.98 (1048.37)	- (-)	1,533.98 (1048.37)
3	Rendering Services	- (-)	- (-)	- (-)
4	Receiving Services	- (1.41)	- (-)	- (1.41)
5	Rent Received	- (-)	0.42 (0.34)	0.42 (0.34)
6	Dividend Income on Investments	260.00 (260.00)	- (-)	260.00 (260.00)
7	Creditors outstanding as on 31.03.2011	0.07 (0.07)	- (-)	0.07 (0.07)
8	Debtors outstanding as on 31.03.2011	357.91 (323.98)	- (-)	357.91 (323.98)
9	Provision for doubtful debtors as on 31.03.2011	17.45 (17.88)	- (-)	17.45 (17.88)
10	Investment in Equity as on 31.03.2011*	260.00 (260.00)	31.88* (31.88*)	291.88 (291.88)

* A Provision of ₹ 29.90 towards diminution in value of investment in BEL Multitone Private Limited has been made by BEL in 2007-08 and the JVC is in the process of being wound up.

The Key Management Personnel are as follows:

- (a) Shri A K Datt, Director, CMD from 01.05.2009
- (b) Shri V V R Sastry, CMD upto 30.04.2009

- (c) Shri P R K Hara Gopal, Director (Finance) upto 31.07.2009
- (d) Shri M L Shanmukh, Director (Human Resources)
- (e) Shri H S Bhadoria Director (Bangalore Complex)
- (f) Shri N K Sharma, Director (Marketing) upto 31.08.2009
- (g) Shri M.G. Raghuv eer, Director (Finance) from 01.08.2009
- (h) Shri H N Ramakrishna, Director (Marketing) from 01.09.2009
- (i) Shri I V Sarma, Director (R&D)
- (j) Shri Anil Kumar, Director (OU) from 03.02.2010
- (k) Shri Srikant Srinivasan, MD, GE BE Private Ltd upto 31.12.2010
- (l) Shri Mahesh C Kapri, MD, GE BE Private Ltd from 01.01.2011

The total salary including perquisites drawn by the above key management personnel during the year 2010-11 are ₹ 277.01 (₹ 340.14) as detailed below:

Salary & Allowances including benefits	₹ 188.97	(₹ 224.54)
Contribution to Provident Fund & Gratuity etc.	₹ 24.49	(₹ 51.73)
Leased Accommodation	₹ 24.44	(₹ 43.01)
Others	₹ 39.11	(₹ 20.86)

17. Break up of Net Deferred Tax Assets is given below:

	2010-11	2009-10
Deferred Tax Assets:		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment etc.	22,221.41	19,925.19
Technical Know-how Fee	267.46	3,02.55
	22,488.87	20,227.74
Deferred Tax Liability:		
Depreciation	4,243.69	4,395.37
	4,243.69	4,395.37
Net Deferred Tax Assets	18,245.18	15,832.37



Schedules to Consolidated Financial Statements (Contd.)

(₹ in Lakhs)

18. Disclosure as required under AS 29- Provisions, Contingent Liabilities and Contingent Assets:

Provision for warranty is made towards meeting the expenditure on account of Performance Guarantee and warranties in accordance with the Accounting Policy. The details of the same are given below:

Opening Balance as on 01.04.2010	Additional Provisions made during the year	Amounts used during the year*	Unused Amounts reversed during the year	Closing Balance as on 31.03.2011
4,123.36	756.84	97.31	1,972.79	2,810.10
(3,860.09)	(1,468.60)	(487.75)	(7,17.58)	(4,123.36)

* includes ₹ 95.91 (₹ Nil) debited to opening provision.

19. The Parent, Subsidiary and JVCs do not have any derivative instruments. One of the JVC viz., GE BE Pvt. Ltd. has taken forward contracts to mitigate its risks associated with foreign currency fluctuations in respect of highly probable forecasted transactions. The JVC does not enter into any forward contract which is intended for trading or speculative purposes.

20. Previous year figures represent the corresponding figures as appearing in the Consolidated Financial Statements of the Company as on 31.03.2010, which have been regrouped/reclassified, wherever necessary. Figures for the current year of the group have been regrouped/reclassified wherever necessary to conform to the Parent Company's presentation. Figures in brackets relate to previous year.

For **R G N Price & Co.**
Chartered Accountants

H S Venkatesh
Partner
Membership No. 026666
Firm Regn. No. 002785S

Place : Bangalore
Date : 29th July 2011

Ashwani Kumar Datt
Chairman & Managing Director

M G Raghuvver
Director (Finance)

C R Prakash
Company Secretary



Consolidated Cash Flow Statement for the year ended 31st March 2011

(₹ in Lakhs)

Particulars	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax as per Profit & Loss Account	118,750.91	107,073.31
Adjustments for:		
Depreciation (incl prior period items)	12,690.53	12,229.29
Income from Investments	(24,828.27)	(17,575.21)
Provision for Employee Benefits	2,939.52	519.37
Provision for Contingencies towards Long-term Contract	(598.75)	(3,358.52)
Provision for Performance Guarantee	(1,313.26)	263.27
Interest Expense	47.11	58.47
Profit on Sale of Fixed Assets	(159.90)	(343.30)
Transfer from Government Grants	(389.43)	(976.22)
ESOP amortization - GE BE Pvt. Ltd.,	0.33	0.93
Operating Profit Before Working Capital Changes	107,138.79	97,891.39
Adjustments for:		
Trade and Other Receivables	(84,101.73)	17,442.85
Inventories	(668.73)	(2,634.43)
Trade Payables & Advances	315,172.44	28,143.55
Cash Generated from Operations	337,540.77	140,843.36
Receipt of Grants	33.91	661.99
Direct Taxes Paid (Net)	(34,907.22)	(36,135.93)
Cash Flow Before Extraordinary Items	302,667.46	105,369.42
Extraordinary Items	-	-
Net Cash from Operating Activities	302,667.46	105,369.42
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(14,646.87)	(12,751.67)
Sale of Fixed Assets	195.70	366.27
Bank Deposits	(110,826.75)	(128,255.62)
Interest Income	24,828.27	17,575.21
Net Cash from/(used) in Investing Activities	(100,449.65)	(123,065.81)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Long-term Loan Borrowings	(36.53)	(55.97)
Increase/Decrease in Short-term Borrowings	-	-
Dividends Paid (including Dividend Tax)	(17,954.82)	(17,548.79)
Interest Expense	(47.11)	(58.47)
Net Cash from/(used) in Financing Activities	(18,038.46)	(17,663.23)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	184,179.35	(35,359.62)
Cash and Cash Equivalents at the beginning of the Year	92,414.39	127,774.01
Cash and Cash Equivalents at the end of the Year	276,593.74	92,414.39

Notes:

- The above statement has been prepared under indirect method as per the Accounting Standard on Cash Flow Statement (AS-3).
- Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and end of the period and treated as Investing Activities.
- "Cash and Cash Equivalents" consists of Cash on hand, Balances with Banks, and Deposits having a maturity period of three months or less from the date of deposit. Cash and Bank Balance shown in Schedule No.11 is inclusive of ₹ 377,082.00 (₹ 266,255.26) being the deposits having a original maturity period of more than three months.

 For **R G N Price & Co.**
Chartered Accountants

Ashwani Kumar Datt
Chairman & Managing Director

H S Venkatesh
Partner
Membership No. 026666
Firm Regn. No. 002785S

M G Raghveer
Director (Finance)

 Place : Bangalore
Date : 29th July 2011

C R Prakash
Company Secretary