

## 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 अंठावनवीं वार्षिक सामान्य बैठक शुक्रवार, दिनांक 21 सितंबर, 2012 को अपराह्न 2 बजे बीईएल राष्ट्रकवि कुवैम्पु कलाक्षेत्र (बीईएल पीयू महाविद्यालय के सामने, बीईएल अस्पताल और बीईएल कारखाने के पास), जालहल्ली, बेंगलूर - 560 013 में निम्नलिखित कारोबार संचालित करने हेतु आयोजित की जाएगी:

#### सामान्य कारोबार

- 31 मार्च 2012 को समाप्त वर्ष हेतु लाभ व हानि का विवरण लेखा एवं यथा उस तिथि को तुलन पत्र और उसमें निदेशकों व लेखा परीक्षकों के प्रतिवेदनों को प्राप्त करने, उस पर विचार करने और उसे अपनाते हेतु।
- अंतरिम लाभांश संपुष्ट करने हेतु तथा साम्या शेयरों पर अंतिम लाभांश घोषित करने हेतु।
- श्री एन सीताराम, 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।
- प्रो अनुराग कुमार, 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।
- डॉ सत्यनारायण दाश, 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।
- प्रो आर वेंकट रॉव, जो चक्रानुक्रम से निवृत्त हो रहे हैं और पात्र होने के कारण स्वयं को पुनः नियुक्ति के लिए प्रस्तुत करते हैं, के स्थान पर एक 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 ले जन एस पी कोचर, अविसेमे (दो बार), सेमे, विसेमे, एडीसी, जिन्हें 28 अक्टूबर, 2011 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने

TO

ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the fifty eighth Annual General Meeting of the Shareholders of Bharat Electronics Limited will be held on Friday, the 21 September 2012, at 2 pm at BEL Rashtrakavi Kuvempu Kalakshetra (Opposite BEL PU College, near BEL Hospital and BEL Factory), Jalahalli, Bangalore-560 013, to transact the following business:

#### ORDINARY BUSINESS

- To receive, consider and adopt the Statement of Profit & Loss for the year ended 31 March 2012 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. N Sitaram, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Prof. Anurag Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Dr. Satyanarayana Dash, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Prof. R Venkata Rao, 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 Lt. Gen. S P Kochhar, Bar to AVSM, SM, VSM, ADC, who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on



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 रखते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्द्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

#### विशेष संकल्प

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

"संकल्प किया गया कि कंपनी अधिनियम, 1956 की धारा 31 और उसके कोई अन्य लागू प्रावधानों के तारतम्य में, कंपनी के अंतर्नियमों में निम्नलिखित ढंग से सुधार किया जाए एवं एतद्द्वारा सुधार किया जाता है -

- (i) अनुच्छेद 6 के बाद निम्नलिखित अनुच्छेद 6 क को शामिल करते हुए -

अनुच्छेद 6 क - शेयरों की पुनःखरीद - कंपनी अधिनियम, 1956 की धारा 77 क, 77 कक, 77 ख के प्रावधानों तथा अन्य लागू प्रावधानों की शर्त पर, कंपनी केन्द्रीय सरकार द्वारा यथा अधिसूचित, अपने खुद के शेयरों या अन्य प्रतिभूतियों की पुनःखरीद कर सकती है।"

मंडल के आदेशानुसार  
कृते भारत इलेक्ट्रॉनिक्स लिमिटेड

बेंगलूर  
17 अगस्त 2012

सी आर प्रकाश  
कंपनी सचिव

Bangalore  
17 August 2012

C R Prakash  
Company Secretary

28 October, 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."

#### SPECIAL RESOLUTION

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

"RESOLVED THAT pursuant to Section 31 and any other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner:

- (i) by inserting the following Article 6A after Article 6:

Article 6A : Buy-back of shares - The Company may buy-back its own shares or other securities as may be notified by the Central Government, subject to the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956".

By order of the Board  
For Bharat Electronics Limited

#### वार्षिक सामान्य बैठक के स्थल के लिए बीएमटीसी बस संबंधी विवरण

मैजेस्टिक से - 271 सीरीज़, 273 सीरीज़ और 274  
शिवाजीनगर से - 270 और 272  
मार्केट से - 275 सीरीज़,  
(स्टेट बैंक स्टॉप पर उतरें)

मैजेस्टिक से - 276 (बीईएल अस्पताल स्टॉप पर उतरें)

#### BMTC BUS TO AGM VENUE

From  
Majestic - 271 series, 273 series & 274  
Shivajinagar - 270 & 272  
Market - 275 series  
(Alight at State Bank Stop)

From  
Majestic - 276 (Alight at BEL Hospital Stop)



## 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 क्रमशः दिनांक 21 अप्रैल, 2011 तथा 29 अप्रैल, 2011 के माध्यम से, तुलन-पत्र, लाभ व हानि विवरण, 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।

इससे पहले सभी शेयरधारकों को यह सूचित किया गया था कि 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 पत्तों पर इलेक्ट्रॉनिक माध्यम के जरिए वार्षिक सामान्य बैठक की सूचना और अन्य दस्तावेज भेजेगी। अतः वार्षिक सामान्य बैठक की यह सूचना तथा वार्षिक प्रतिवेदन सहित अन्य दस्तावेजों को ईमेल द्वारा इलेक्ट्रॉनिक माध्यम से ऐसे शेयरधारकों को भेजा जा रहा है जिन्होंने अपने डिमैट खातों में ईमेल का पता दिया है।

बहरहाल, कृपया नोट करें कि कंपनी के सदस्य के रूप में आपकी ओर से आवश्यकता प्राप्त करने पर, आप लाभ व हानि का विवरण और लेखा परीक्षकों के प्रतिवेदन सहित कंपनी के तुलन-पत्र और उसके साथ 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 ब्योरे विधिवत् देते हुए यथाशीघ्र सूचित करें। वैकल्पिक रूप से, अपने डिमैट खाते के ब्योरे को विधिवत् उद्धृत करते हुए अपने अनुरोध को ईमेल आईडी [bel@iepindia.com](mailto:bel@iepindia.com) पर ईमेल द्वारा भेज सकते हैं।

एमसीए द्वारा उसके उपरोक्त परिपत्रों में यथा निर्देशित, कंपनी इन दस्तावेजों को शेयरधारकों के अवलोकनार्थ एवं उनके द्वारा डाउनलोड करने के लिए कंपनी की वेबसाइट यानि <http://www.bel-india.com>

## NOTES

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 21 April, 2011 and 29 April, 2011 respectively, has permitted companies to dispatch Notice of AGM with Balance Sheet, Statement of Profit and Loss, Auditors' Report, Directors' Report, Explanatory Statement and other documents through electronic mail.

It was communicated to all the Shareholders earlier that the Company, as a responsible corporate citizen, in furtherance of the Green initiatives taken by MCA, will be sending 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. Hence, this Notice of AGM and other documents including the Annual Report are being sent in electronic mode by email to those shareholders who have furnished their email address in their demat accounts.

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 attachments thereto, including the Statement of Profit and Loss 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 earliest, duly quoting your Demat A/c details. Alternatively, the request, duly quoting your Demat A/c details, may be sent by email at email ID: [bel@iepindia.com](mailto:bel@iepindia.com)

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



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. साम्या शेयरों पर लाभांश, यदि बैठक में घोषित किया जाए, के लिए पात्र सदस्यों के नामों को निर्धारित करने के लिए कंपनी के सदस्यों की पंजी और शेयर अंतरण वही को दिनांक 11/09/2012 से 21/09/2012 तक (दोनों दिनों सहित) बंद रखा जाएगा।
6. वर्ष 2011-12 हेतु अंतिम लाभांश, यदि बैठक में घोषित हो, घोषणा की तिथि से 30 दिनों के भीतर उन सदस्यों को प्रदेय होगा जिनके नाम यथा 10 सितंबर, 2012 को कंपनी के सदस्यों की पंजी में प्रकट होते हैं।

कंपनी जहाँ कहीं संभव हो, लाभांश भुगतान ईसीएस (इलेक्ट्रॉनिक क्लियरिंग सेवाएँ) द्वारा तथा अन्य मामलों में लाभांश वारंट / बैंक मांग पत्र द्वारा करेगी। इलेक्ट्रॉनिक रूप में धारित शेयरों के मामले में, लाभांश का भुगतान यथा 10 सितंबर, 2012 को कारोबारी घण्टों की समाप्ति पर इस प्रयोजन हेतु निक्षेपकर्ताओं (एन एस डी एल तथा सी डी एस एल) द्वारा दिए गए हिताधिकारी स्वामित्व ब्यौरों 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 07 सितंबर, 2012 से पहले अपने निक्षेपागार सहभागी से अपना बैंक खाते के ब्यौरे (नौ अंकों के बैंक कूट सहित) में परिवर्तन / सुधार कर लें।

7. अधिनियम की धारा 205 ए (5) के तहत कंपनियों के लिए अदत्त लाभांश खाते में कंपनियों द्वारा अंतरित ऐसी राशि जो सात वर्षों की अवधि तक 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 बनता 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 2011-12 के दौरान, कंपनी ने अदत्त लाभांश खाते से ₹ 125,706/- की राशि को कोष में अंतरित किया है (2003-04 के अंतिम लाभांश का ₹ 87,670 और वर्ष 2004-05 के अंतरिम लाभांश का ₹ 38,036)। वर्ष 2004-2005 के लिए दावा न किए गए / अदत्त लाभांश और वर्ष 2005-06 के लिए अंतरिम लाभांश वर्ष 2012-13 में निधि में अंतरित करने हेतु नियत है। इसे कार्यान्वित करने और राशि प्राप्त करने के लिए

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's Register of Members and Share Transfer Books will be closed from 11/09/2012 to 21/09/2012 (both days 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 2011-12, 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 10 September 2012.

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 10 September, 2012, 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 7 September 2012.

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 2011-12, the Company transferred to the Fund an amount of ₹ 125,706 from the Unpaid Dividend Account (₹ 87,670 of final dividend 2003-04, and ₹ 38,036 of interim dividend 2004-05). The unclaimed/unpaid final dividend for the year 2004-05 and interim dividend for the year 2005-06 are due for transfer to the Fund in 2012-13. Notices to this effect have been sent to the respective



संबंधित शेयरधारकों को सूचाएँ भेज दी गई हैं। कंपनी ने अपनी वेबसाइट [www.bel-india.com](http://www.bel-india.com) में "निवेशकों के लिए सूचना" नामक एक पृथक पृष्ठ में 2003-2004 से लेकर अब तक के लाभांश भुगतान के ब्यौरे तथा अदत्त लाभांश का दावा करने की मार्गदर्शी सूचना लगाई है। सदस्यों 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 को भेजें ताकि वे बैठक से कम से कम 7 दिनों पहले पहुँच जाएँ और 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।
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 जिनका नाम नामों के क्रम में ऊपर होगा, 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 एजेंट मेसर्स इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि., 30, रमणा रेसिडेन्सी, भूतल, 4था क्रॉस, सम्पिगे रोड, मल्लेश्वरम, बंगलूर - 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 करा लें।
13. जो शेयरधारक अब तक शेयरों को भौतिक रूप में धारित करते हैं उन्हें यह परामर्श दिया जाता 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 में 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 एजेंट, मेसर्स इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि. से संपर्क करें।

### सूचना का संलग्नक

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

### **मद सं. 7 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 27.09.2011 को ले जन एस पी कोचर, अविसेमे (दो बार), से मे, वि से मे, एडीसी, सिनल अफसर-इन-चीफ़ तथा

shareholders to enable them to claim and receive the amount. Company has posted on its website [www.bel-india.com](http://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. 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.

### ANNEXURE TO THE NOTICE

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

### **In respect of Item No. 7**

Your Company being a Government Company, the Directors on the Board are appointed by the Government of India (Government). Government has on 27.9.2011 appointed Lt. Gen. S P Kochhar,



वरिष्ठ कर्नल कमांडेंट, सिगल कोर, सेना मुख्यालय को कंपनी के निदेशक मंडल में नियुक्त किया है।

कंपनी अधिनियम 1956 की धारा 260 तथा कंपनी की अंतर्नियमावली के अनुच्छेद 71 सी के तारतम्य में निदेशक मंडल ने दिनांक 28.10.2011 को हुई बैठक में ले जन एस पी कोचर 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 ले जन एस पी कोचर को कंपनी के निदेशक के रूप में नियुक्त करने का प्रस्ताव करने के आशय को स्पष्ट करते हुए एक सदस्य से लिखित में एक सूचना प्राप्त की है और इस सूचना के साथ ₹ 500/- की राशि प्राप्त की है।

स्टाक एक्सचेंजों के सूचीकरण करार के अनुसार शेरधारकों को अप्रेशित किए जाने हेतु आवश्यक ब्यौरे सहित उपरोक्त नए निदेशक का संक्षिप्त जीवन-वृत्त संलग्न है। आपके निदेशक महसूस करते हैं ले जन एस पी कोचर के ज्ञान तथा समृद्ध अनुभव से कंपनी को प्रचुर लाभ होगा और तदनुसार सूचना की मद सं. 7 में प्रस्तावित संकल्प पारित करने की संस्तुति करते हैं।

ले जन एस पी कोचर को छोड़कर कोई भी निदेशक मद सं. 7 में दिए गए संकल्प में किसी भी प्रकार से संबद्ध या इच्छुक नहीं है।

#### मद सं. 8 के संबंध में

कंपनी अधिनियम, 1956 की धाराएँ 77 क, 77 कक और 77 ख किसी भी कंपनी को यह अनुमत करती है कि इन धाराओं में विनिर्दिष्ट शर्तों पर वह अपने मुक्त प्रारक्षणों या प्रतिभूति प्रीमियम खाते से अपने खुद के शेयरों (वहाँ यह "पुनःखरीद" के रूप में संदर्भित है) अथवा किसी शेयर या अन्य विनिर्दिष्ट प्रतिभूतियों के आगम को खरीद सकती है। इनमें विनिर्दिष्ट एक शर्त यह है कि ऐसी पुनःखरीद कंपनी के अंतर्नियमों द्वारा प्राधिकृत होना है। कंपनी (बीईएल) के अंतर्नियम, जैसे विद्यमान हैं, में अपने शेयरों की पुनःखरीद करने के लिए कोई प्रावधान शामिल नहीं है।

बीईएल रक्षा मंत्रालय के अधीन एक केन्द्रीय सरकारी क्षेत्र का उद्यम (सीपीएसई) है। एक सीपीएसई के रूप में, बीईएल भारत सरकार के लोक उद्यम विभाग (डीपीई) द्वारा समय-समय पर जारी विभिन्न दिशा-निर्देशों द्वारा बाध्य है। डीपीई ने अपने कार्यालय ज्ञापन सं. डीपीई/14(24)/2011-वित्त दिनांक 26 मार्च, 2012 द्वारा सीपीएसई के शेयरों की पुनःखरीद को प्रोत्साहित करने के दिशा-निर्देश जारी किए हैं, जिसके पहले चरण के रूप में सीपीएसई के लिए यह आवश्यक बन जाता है कि शेयरों की पुनःखरीद के लिए अंतर्नियमों को संशोधित करे।

उपरोक्त को ध्यान में रखते हुए, यह प्रस्तावित है कि कंपनी विशेष संकल्प में दर्शित विधि के अनुसार कंपनी के अंतर्नियमों में संशोधन करे ताकि वह जब और जैसे उपयुक्त समझे, अपने शेयरों की पुनःखरीद कर सके।

आपके निदेशक इस संकल्प को पारित करने की सिफारिश करते हैं। कोई भी निदेशक इस संकल्प में किसी भी रूप से संबद्ध या इच्छुक नहीं है।

Bar to AVSM, SM, VSM, ADC, Signal Officer-in-Chief and Senior Colonel Commandant, Corps of Signals, Army Headquarters on the Board of Directors of the Company.

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 28-10-2011 appointed Lt. Gen. S P Kochhar as Additional Director to hold office upto the date of the next Annual General Meeting.

Subsequently, the Company has received a notice in writing under Section 257 of the Act from a member signifying his intention to propose the appointment of Lt. Gen. S P Kochhar as Director of the Company and a deposit of ₹ 500/- has been received along with notice.

Brief resume of the above new director 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 Lt. Gen. S P Kochhar and accordingly recommend the passing of the resolution proposed at item No. 7 of the Notice.

No Director other than the Lt. Gen. S P Kochhar is in any way concerned or interested in the resolution set out at Item No. 7.

#### In respect of Item No. 8

Sections 77A, 77AA and 77B of the Companies Act, 1956 permit a Company to purchase its own shares (referred to therein as "buy-back") out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities, subject to the conditions specified in those Sections. One of the conditions specified therein is that the buy-back must be authorised by the Articles of Association of the Company. The Articles of Association of the Company (BEL) as it exists do not contain any provision enabling it to buy-back its shares.

BEL is a Central Public Sector Enterprise (CPSE) under the Ministry of Defence. Being a CPSE, BEL is bound by the various guidelines issued from time to time by the Department of Public Enterprises (DPE) of the Government of India. DPE has vide OM No. DPE/14(24)/2011-Fin. dated 26 March 2012 issued guidelines to encourage buy-back of shares by CPSEs, which as a first step requires the CPSEs to amend their Articles of Association to provide for buy-back of shares.

In view of the above, it is proposed to amend the Articles of Association of the Company in the manner indicated in the Special Resolution to enable the Company to buy-back its shares as and when it is fit to do so.

Your Directors recommend the passing of this resolution. No Director is in any way concerned or interested in this resolution.

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

### पुनःनियुक्त किए जाने हेतु प्रस्तावित निदेशकगण

**श्री एन सीताराम** जो रक्षा अनुसंधान एवं विकास संगठन (डीआरडीओ) के पूर्व मुख्य नियंत्रक (अनु व वि) हैं, भारतीय विज्ञान संस्थान (आईआईएससी), बंगलूर 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। 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 रहे। 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 को संचालित किया। श्री एन सीताराम किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

**प्रो अनुराग कुमार** भारतीय विज्ञान संस्थान, बंगलूर 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, बंगलूर 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 सह अध्यक्ष भी रह चुके हैं। मई से नवंबर 1996 के दौरान वे बेतार सूचना नेटवर्क प्रयोगशाला, स्टजर्स विश्वविद्यालय, यूएसए में अतिथि अनुसंधान स्कॉलर 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 धारित 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। वे वर्तमान में सदस्य (प्रशासनिक), उड़ीसा प्रशासनिक ट्रिब्यूनल, भुवनेश्वर, उड़ीसा हैं। उनकी शैक्षिक योग्यताओं में शामिल हैं- एम.एससी (भौतिकी), दिल्ली विश्वविद्यालय, एम.ए. (अर्थशास्त्र), केरल विश्वविद्यालय, पीएच.डी (अर्थशास्त्र), बोस्टन विश्वविद्यालय, यूएसए तथा प्रबंधन, 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

## BRIEF RESUME OF DIRECTORS PROPOSED TO BE REAPPOINTED/APPOINTED

### DIRECTORS PROPOSED TO BE REAPPOINTED

**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. 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 specialisation 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.

**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. He is presently Member (Administrative), Odisha Administrative Tribunal at Bhubaneswar, Odisha. 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



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 किए हैं । 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 धारित नहीं करते ।

**प्रो. रामभट्टा वेंकट रॉव**, कुलपति, भारतीय राष्ट्रीय विधि विद्यालय विश्वविद्यालय एम ए, एम एल और पीएचडी 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 पीएचडी 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, प्रधान, विश्वविद्यालय विधि महाविद्यालय, आंध्र विश्वविद्यालय, विशाखापट्टणम, 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 न विधि संस्थान (एसएलआई) 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. और गोवा शिपयार्ड्स लि. के निदेशक मंडल के भी सदस्य हैं । वे गोवा शिपयार्ड्स लि. की लेखा परीक्षा समिति के सदस्य भी हैं । वे बीईएल में कोई शेयर धारित नहीं करते ।

### नियुक्त किए जाने हेतु प्रस्तावित निदेशक

**ले जन एस पी कोचर, अ वि से मे (दो बार), से मे, वि से मे, एडीसी**, वर्तमान में भारतीय सेना के सिग्नल कोर में सिग्नल अफसर-इन-चीफ और वरिष्ठ कर्नल कमांडेंट हैं । आप दिल्ली विश्वविद्यालय से स्नातक हैं, दो एम फिल उपाधियाँ, आईआईटी दिल्ली से एम टेक हैं, आईआईटी के फेलो हैं और एआईएमए, आईआईई और सीएसआई के सदस्य हैं । जनरल अधिकारी ने प्रतिष्ठित एनडीसी पाठ्यक्रम, उच्चतर कमान, वरिष्ठ कमान, रजिमेंटल कमांडर पाठ्यक्रम, कनिष्ठ कमान तकनीकी स्टाफ अधिकारी पाठ्यक्रम, प्रगत एडीपीएस और विभिन्न अन्य पेशेवर पाठ्यक्रमों को सफलतापूर्वक पूरा किया है । आपने प्रबंध विकास संस्थान, गुडगांव और रक्षा प्रबंध महाविद्यालय, सिकंदराबाद से प्रबंधन के गुर भी सीखे हैं । जनरल अधिकारी को कुछ पथ-प्रवर्तक पहलों का श्रेय प्राप्त है जैसे मरुभूमि में कन्वर्ज्ड सामरिक डेटा नेटवर्क, स्पार्सली हेल्ड लेगेसी उपस्कर का प्रयोग करते हुए पर्वतों में वीडियो काफरेंसिंग नेटवर्किंग, प्रोटोकाल कन्वर्टर, मल्टी आरएफ रेडियो, लेज़र रेडियो और डेटा वेयरहाउसिंग । आपने अनेक पत्रों को प्रकाशित किया है और हवाई में अंतर-प्रचालनीयता पर आयोजित अंतर्राष्ट्रीय सम्मेलन में देश का प्रतिनिधित्व भी किया है । सिग्नल अफसर-इन-चीफ के रूप में कार्यग्रहण करने से पहले, जनरल अधिकारी ने कार्मिक सेवाओं के अपर महानिदेशक का प्रतिष्ठित पद धारित किया है । आपके विशिष्ट सेवाओं तथा पथ-प्रवर्तक पहलों को मान्यता प्रदान करते हुए आपको भारत के राष्ट्रपति द्वारा अति विशिष्ट सेवा पदक, सेना पदक और विशिष्ट सेवा पदक प्रदान किए गए । ले जन एस पी कोचर किसी अन्य कंपनी के मंडल में नहीं हैं । वे बीईएल में कोई शेयर धारित नहीं करते ।

Authority of India and Joint Secretary/Additional Secretary, Ministry of Steel. In the Government of Kerala, he had held higher positions in various Departments such as Home & Vigilance, Finance, Industries & Commerce, Social Welfare & Transport, Excise, Corporate Planning, etc. While doing his PhD 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.

**Prof. Rambhatla Venkata Rao**, Vice Chancellor, National Law School of India University, is M A, M L and Ph.D., and his areas of specialisation 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., and Goa Shipyards Ltd. He is also a member of the Audit Committee in Goa Shipyards Ltd. He does not hold any shares in BEL.

### DIRECTORS PROPOSED TO BE APPOINTED

**Lt. Gen. S P Kochhar, Bar to AVSM, SM, VSM, ADC**, is presently the Signal Officer-in-Chief and Senior Colonel Commandant, Corps of Signals of Indian Army. He is a graduate from Delhi University, holds two M Phils, an M Tech. from IIT Delhi and is a fellow of IETE and member of AIMA, IEEE and CSI. The General Officer has successfully done the prestigious NDC Course, the higher Command, Senior Command, Regimental Commanders Course, Junior Command Technical Staff Officers Course, Advance ADPS and various other professional courses with aplomb. He has also had grounding in management from Management Development Institute, Gurgaon and College of Defence Management, Secunderabad. The General Officer has to his credit some path breaking initiatives like the converged tactical data networks in deserts, Video conferencing networking in the mountains using sparsely held legacy equipment, protocol convertors, Multi RF Radio, Laser Radio and data warehousing. He has published a number of papers and has also represented the country in International Conferences on interoperability at Hawaii. Prior to taking over as the SO-in-C, the General Officer held the coveted appointment of Additional Director General of Personnel Services. In recognition of his distinguished service and path breaking initiatives, he has been awarded the Ati Vishisht Seva Medal, Sena Medal and Vishisht Seva Medal by the President of India. Lt. Gen. S P Kochhar is not on the Board of any other Company. He does not hold any shares in BEL.

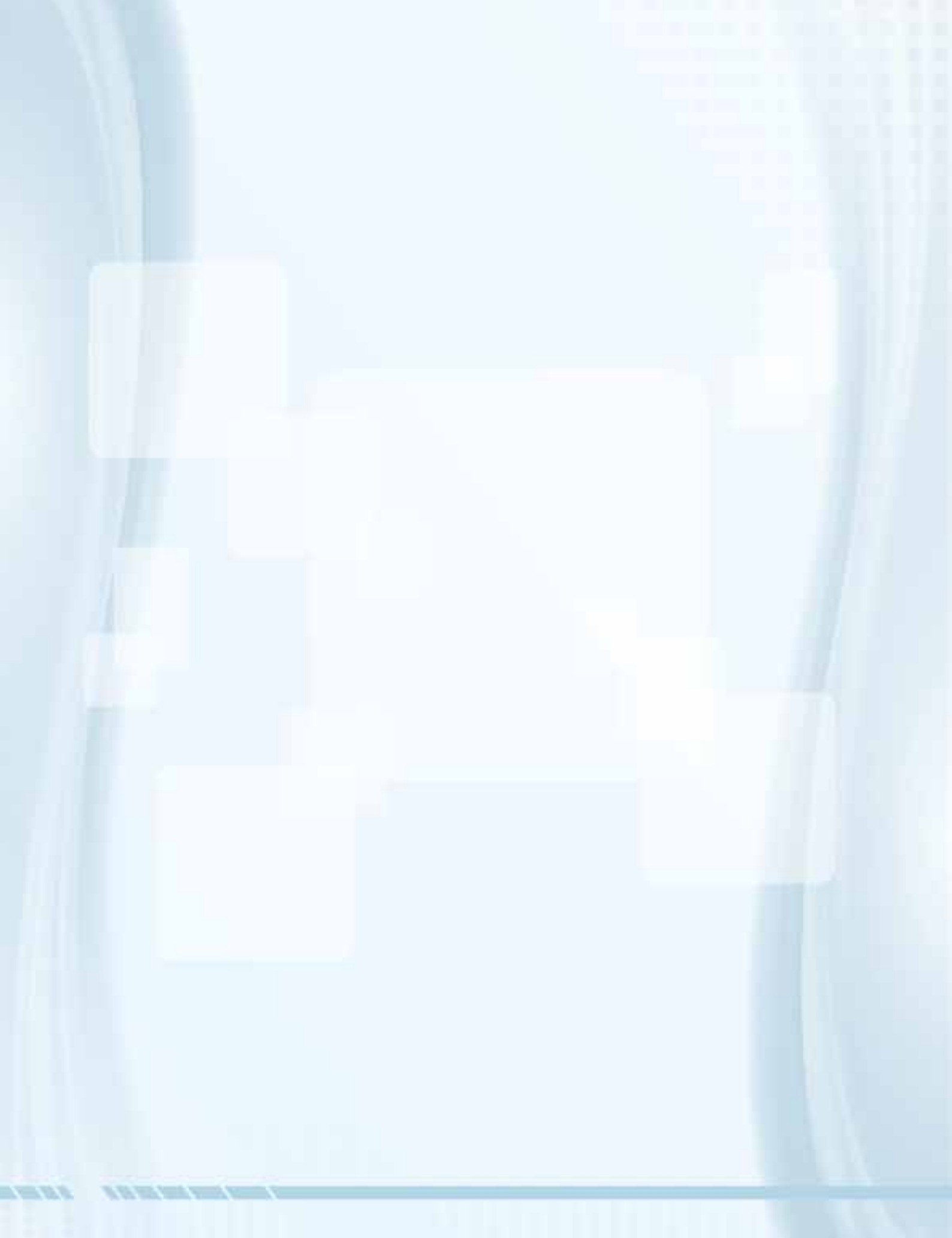


ANNUAL REPORT  
2011-2012



## Contents

Description	Page No.
Chairman's Letter	1
Corporate Vision, Mission, Values and Objectives	3
Board of Directors	4
Principal Executives, Bankers, Auditors	5
The Past Decade	6
Directors' Report	7
Statement pursuant to Section 212 of the Companies Act, 1956	18
Management Discussion and Analysis Report	21
Corporate Governance Report	30
Sustainability Report	41
Auditors' Report	44
Comments of the C&AG	48
Significant Accounting Policies	50
Balance Sheet	54
Statement of Profit and Loss	55
Notes to Accounts (1 - 31)	56
Cash Flow Statement	84
Auditors' Report on the Consolidated Financial Statements	85
Consolidated Financial Statements	86



## Chairman's Letter



### Dear Shareholders

It gives me great pleasure to communicate that we concluded yet another successful year for the Company. Your Company maintained its leadership position and is ready to embark on another phase of dynamic growth. I take this opportunity to share with you the performance highlights of your Company during the past year and the future outlook for the Company as it steadily marches towards its 59 year of inception.

### Highlights of the year

Your Company achieved a turnover of ₹ 570,363 lakhs during 2011-12 as against ₹ 552,969 lakhs in 2010-11, registering a growth of 3.15%. The growth in sales turnover has been marginal mainly due to issues like delay in bulk production clearance of new products and partial receipt of items from consortium partners. Your Company's export turnover during the year 2011-12 was US\$38.45 million as against the previous year export of US\$41.53 million. Among other exports your Company has successfully supplied the first off sample for flight panel for Boeing, USA. This is expected to result in regular business of US\$2 million a year. The order book of the Company as on 1 April 2012 is a robust ₹ 2,574,800 lakhs against ₹ 2,360,000 lakhs as on 1 April 2011.

The profit after tax for 2011-12 was ₹ 82,989 lakhs as against ₹ 86,146 lakhs last year. A decrease of 3.66% over previous year is mainly due to higher employee cost and high material content and lower value addition due to the nature of contracts executed. This year the networth of the Company has increased to ₹ 562,221 lakhs from ₹ 498,570 lakhs in 2010-11. R&D continued to be our thrust area for bringing in more indigenisation and value addition and our total expenditure on R&D as percentage of turnover during the year was 8.21%.

With 73% of our sales coming from defence, the sector continues to be our mainstay. Our efforts in the civilian sector resulted in 27% sales coming from this sector this year.

Indigenously developed products contributed 81% to the turnover out of which 54% came from in-house developments and 27% from products developed by other indigenous agencies. 19% of the turnover was contributed by products using foreign technology.

The Company has maintained its thrust on technology and developed many new products and systems. Some of the major new products/systems introduced during 2011-12 include Coastal Surveillance System, Tablet PC, Integrated Anti Submarine Warfare Complex, Advanced Torpedo Defence System, Upgraded Indigenous Forward Observer Simulator, Remotely Operated Vehicle and Thermal Imaging Camera for Flycatcher Radar. I am pleased to inform you that during the last year, your Company has filed applications for 12 patents in the areas of ASICs, RF Circuits, Phase Shifters, Avionics, Radar Signal Processing, Adaptive Beam Forming, Automatic Target Recognition etc., which is also a measure of focus on R&D.

A few of the other highlights are:

- User trials of Weapon Locating Radar were successfully completed by the Army.
- Onboard Acceptance Test successfully completed for Combat Management System for ships.
- 6 lakhs Tablet PCs were developed and supplied in record time to the Ministry of Rural Development. This is used for conducting Socio Economic Caste Census to identify "Below Poverty Line" families.
- The Prime Minister of Mauritius inaugurated the Coastal Surveillance Radar System in Mauritius during April 2011. This system was manufactured and supplied by BEL.
- Major progress in Socio Economic Caste Census and creation of National Population Register.
- A Customer Co-ordination Cell was inaugurated at Bangalore. This facility will serve as a single window for complaint registration on wide range of BEL products and maintain status of complaints online.
- Supply of indigenously developed Akash Weapon System to Indian Air Force.
- E-procurement was implemented during the year.

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

- Standing Conference of Public Enterprises (SCOPE) Award for R&D, Technology Development and Innovation for the year 2010-11, from the Hon'ble President of India.

- PSE Excellence Award 2011 for R&D, Technology, Development and Innovation by the Department of Public Enterprises, Govt. of India, and Indian Chamber of Commerce in the Navratna category.
- SAP ACE Award for Public Services 2012 for Best Run Public Sector Undertaking category.
- Award for Outstanding Achievement in Export of Electronic Products from ELCINA-EFY for the year 2010-11.
- Best Employer of Persons with Disabilities National Award for 2011.

### Future outlook

The budget allocation for Defence has been enhanced. The Defence Offset Policy also will gradually help in sourcing products or services from India. Many foreign companies will source directly from Indian companies or set up Joint Ventures to address the Offset Policy requirements. There is an immense opportunity for BEL in MMRCA project and in other major projects.

The Ministry of Defence has issued Guidelines for establishing Joint Venture Companies by Defence Public Sector Undertakings. This opens an opportunity for Indian and foreign companies to jointly develop products with DPSUs in India within the guidelines. It also provides a streamlined, fair and transparent framework for entering into JVs by DPSUs, with the ultimate objective of acquiring technologies from foreign sources and ensuring self-reliance in defence production and shorter time frames in delivery to meet the increasing requirements of our armed forces.

Backed by a healthy order book we are targeting a turnover of ₹ 630,000 lakhs during 2012-13. Segments like Radar, Communications, Network Centric Warfare and Weapon Systems will drive the Company's growth. Capacity enhancement and new test facilities have been planned in areas like Radars, Weapon Systems, Antenna facility and RF & Microwave production facility. We will be pursuing civilian businesses like Homeland security and Telecom and continue our efforts in forging alliances in the areas of Radars for civilian and select defence applications and seekers for missiles. Radars will continue to be one of our primary business segments in future also. Other major segments will be defence communication equipments and weapon systems. Electro optics will grow due to its demand from both defence and civilian sectors. Defence business segment will provide close to 80% of our revenues while civilian business will provide the balance.

The year 2012-13 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 necessitated higher competitiveness and productivity through initiatives for enhancing

value addition. It is extremely important for BEL to stay abreast of latest technology and develop new products regularly. Thrust on R&D across the Company will continue with roadmaps being drawn for the future for products and key technologies acquisition and filing of patents. The Company is also placing greater emphasis on working closely with DRDO labs, other research institutions and academic institutions for development of new products and systems. The important projects this year are Akash Weapon System, Battlefield Surveillance System, Upgraded Weapon Locating Radar, Next Generation Electronic Warfare Systems, Software Defined Radio (SDR) for Navy and Air Force, Solid State Coastal and Surface Surveillance Radars, Point to Multi-point Radio Relay etc. On the exports front, your Company has an export order book of US\$ 40.5 million as on 1 April 2012. This includes an offset order book of US\$ 9.9 million.

### Governance and sustainability

Your Company takes pride in constantly adopting and maintaining the highest standards of values and principles. A detailed report on compliance of the guidelines on corporate governance under the listing agreement with stock exchanges and the guidelines issued by the Dept. of Public Enterprises for CPSEs form part of the Directors' Report.

The corporate performance of BEL measured in terms of economic, environmental and societal parameters reinforces BEL's image of a socially responsible corporate entity. Sustainability in BEL is its continuing commitment towards economic development through ethical behavior and improving the quality of life of its workforce, their families and the local community and society at large.

### Acknowledgements

I would like to thank my fellow directors on the board and members of management committee for their wisdom and guidance. Ministry of Defence and Defence Services have been continuously providing unstinted encouragement and support. I deeply appreciate our shareholders, our esteemed customers and our business associates for providing us with opportunities to earn their confidence and excel.

I also wish to express my sincere gratitude to all the officers and employees of BEL for their dedication and commitment which is responsible 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,



**Anil Kumar**

Chairman & Managing Director

Bangalore  
17 August 2012

## 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 Anil Kumar, Chairman & Managing Director
2. Mr M L Shanmukh, Director (Human Resources)
3. Mr I V Sarma, Director (Research & Development)
4. Mr H N Ramakrishna, Director (Marketing)
5. Mr Sunil Kumar Sharma, Director (Bangalore Complex)
6. Mr Amol Newaskar, Director (Other Units)

### Part-time Government Directors

7. Mr Satyajee Rajan, IAS, Joint Secretary (Electronics), Ministry of Defence, Department of Defence Production
8. Lt Gen S P Kochhar, Bar to AVSM, SM, VSM, ADC, Signal Officer -in -Chief, Army Headquarters

### Part-time Independent Directors

9. Mr M S Ramachandran, Ex -Chairman, Indian Oil Corporation Ltd
10. Prof V K Bhalla, Professor, FMS, University of Delhi
11. Mr Anil Razdan, Ex-Secretary to Government of India
12. Mr N Sitaram, former Chief Controller (R&D), Defence Research & Development Organisation
13. Prof Anurag Kumar, Professor, Indian Institute of Science, Bangalore
14. Prof R Venkata Rao, Vice -Chancellor, National Law School of India University, Bangalore
15. Dr S N Dash, former Secretary to Government of India

### Permanent Special Invitees to all the Board meetings

1. Air Marshal D C Kumaria, PVSM, AVSM, VM, VSM, ADC, Vice Chief of Air Staff
2. Vice Admiral B Kannan, AVSM, VSM, Chief of Material, Indian Navy
3. Mr P K Kataria, Additional Financial Adviser & Joint Secretary, Ministry of Defence

## Principal Executives

### CORPORATE OFFICE

#### Chief Vigilance Officer

Mr M N Krishnamurthy, IPS

#### General Managers

Mr Ramesh Kumar Marhatha  
Mrs Elaine Mathias  
Mr Jagdish Kumar Batheja

Mr Ramesh Chandra Nautiyal  
Mr Vipin Katara  
Mr Ghanshyam Narain  
Mr M M Joshi

Mr V V Balakrishnan  
Mr R N Bagdalkar  
Mr V K Mehta

#### Company Secretary

Mr C R Prakash

### UNITS

#### Executive Directors/General Managers

#### Bangalore

Mr Philip Jacob  
Mr Manmohan Handa  
Mr A R Krishna Murthy  
Mr P C Jain  
Mr M Vijayaraghavan  
Mr Sanmoy Kumar Acharya  
Mr M V Gowtama  
Mr K R Natarajan  
Mr Suresh Katyal  
Mr S Chandrasekar  
Cdr (Retd) T Jagannath

#### Chennai

Mr Vijay Gundannavar

#### Ghaziabad

Mr Sushil Chand Jain  
Executive Director

Mr Girish Kumar  
Mr R K Handa  
Mr A K Sharma

#### Hyderabad

Mr G Raghavendra Rao

#### Kotdwara

Mr D K Mehrotra

#### Machilipatnam

Mr R Chandrakumar

#### 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  
ICICI Bank  
IDBI Bank

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

### AUDITORS

**Statutory Auditors**  
M/s R G N Price & Co

#### Branch Auditors

M/s Mittal Gupta & Co  
M/s N Koteswara Rao & Co  
M/s G D Apte and Co



## The Past Decade

(₹ in lakhs)

Particulars	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Sales & Services	250802	279859	321209	353628	395269	410254	462369	521977	552969	<b>570363</b>
Value of Production	253639	280783	323497	345003	401275	411137	527327	524788	552080	<b>579358</b>
Other Income	5511	9199	12228	11858	19781	27824	22997	37641	38933	<b>70312</b>
Materials	147907	147977	175823	185063	213522	206889	304106	302454	312931	<b>366903</b>
Employee Benefits Expense	36761	43826	44161	43693	51968	65917	75579	100958	104186	<b>108123</b>
Depreciation/Amortisation	5528	6227	7147	7944	8459	9264	10560	11594	12204	<b>12080</b>
Interest/Finance Cost	1197	506	906	2564	80	25	1077	53	73	<b>60</b>
Other Expenses (including Excise Duty & Exceptional items)	29141	44544	39092	32071	41780	39736	49319	42867	45504	<b>55019</b>
Profit Before Tax	38616	46902	68596	85526	105247	117130	109684	104502	116115	<b>107485</b>
Provision For Tax	12555	15292	23964	27225	33431	34456	35108	32415	29968	<b>24495</b>
Profit After Tax	26061	31610	44632	58301	71816	82674	74576	72087	86147	<b>82990</b>
Dividend (Amount)	5600	8000	8960	11680	14400	16560	14960	15360	17280	<b>16640</b>
Dividend (%)	70	100	112	146	180	207	187	192	216	<b>208</b>
Equity Capital	8000	8000	8000	8000	8000	8000	8000	8000	8000	<b>8000</b>
Reserves & Surplus	92997	115582	150008	194931	249231	313295	370368	424526	490571	<b>554221</b>
Loan Funds	4075	3295	1536	881	171	138	121	73	41	<b>10</b>
Gross Block	94165	104096	112928	124031	132480	143076	157990	170217	178900	<b>190158</b>
Cumulative Depreciation/ Amortisation	70943	75298	80994	86993	93913	101727	111245	121221	130529	<b>139142</b>
Inventory	94795	101529	106496	103714	124635	135157	242096	244871	246032	<b>279182</b>
Debtors/Trade Receivables	71224	66754	69912	101769	169341	205571	227653	216836	289681	<b>268723</b>
Working Capital	70441	84952	110903	151777	200996	263090	313556	365629	NA	<b>NA</b>
Working Capital (As per Revised Sch VI)	NA	NA	NA	NA	NA	NA	NA	NA	430800	<b>478815</b>
Capital Employed	93663	113750	142832	188817	239563	304438	360301	414625	NA	<b>NA</b>
Capital Employed (As per Revised Sch VI)	NA	NA	NA	NA	NA	NA	NA	NA	479171	<b>529831</b>
Net Worth	97486	122908	157637	202705	257135	321295	378368	432526	498571	<b>562221</b>
Earning Per Share (in Rupees)	32.58	39.51	55.79	72.88	89.77	103.34	93.22	90.11	107.68	<b>103.74</b>
Book Value Per Share (in Rupees)	121.86	153.64	197.05	253.38	321.42	401.62	472.96	540.66	623.21	<b>702.78</b>
No. of Employees	13750	13038	12390	12262	12357	12371	11961	11545	11180	<b>10791</b>

## Directors' Report

To the Members,

Your Directors are pleased to present the 58 Annual Report of the Company, together with the Audited Accounts for the financial year ended 31 March 2012.

### Performance Highlights

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

(₹ in lakhs)

	2011 - 12	2010 - 11
Value of Production	<b>579,358.25</b>	552,080.34
Turnover (Gross)	<b>570,363.36</b>	552,969.32
Profit Before Depreciation, Finance Cost and Tax	<b>119,624.71</b>	128,392.23
Finance Cost	<b>60.01</b>	73.37
Depreciation	<b>12,079.89</b>	12,204.23
Provision for Tax	<b>24,495.03</b>	29,967.78
Profit After Tax	<b>82,989.78</b>	86,146.85
Add: Balance brought forward from previous year	<b>217,306.59</b>	191,303.51
Balance available for Appropriation	<b>300,296.37</b>	277,450.36
Interim Dividend paid	<b>8,000.00</b>	4,800.00
Proposed Final Dividend	<b>8,640.00</b>	12,480.00
Tax on Dividend	<b>2,699.42</b>	2,821.79
Transfer to General Reserve	<b>40,000.00</b>	40,000.00
Transfer to Capital Reserve	<b>56.81</b>	41.98
Reserves & Surplus	<b>554,221.01</b>	490,570.65
Net Worth	<b>562,221.01</b>	498,570.65
Earnings Per Share (in ₹)	<b>103.74</b>	107.68
Book Value Per Share (in ₹)	<b>702.78</b>	623.21

Distribution of Value of Production for 2011 - 12 is given below:

	Amount (₹ in lakhs)	Percentage
Materials	366,903.48	63.33%
Employee Cost	108,123.05	18.66%
Finance Cost	60.01	0.01%
Depreciation / Amortisation	12,079.89	2.09%
Other Income (Net of other expenses)	-15,292.99	-2.64%
Provision for Tax	24,495.03	4.23%
Profit After Tax	82,989.78	14.32%
Total	579,358.25	100%

Company's sales turnover for the year 2011 - 12 has increased to ₹ 570,363.36 lakhs from ₹ 552,969.32 lakhs in 2010 - 11, registering a growth of 3.15 %. The growth in sales turn over is marginal due to the inability of the Company to execute a few orders for reasons such as delay in Bulk Production Clearance of new products, partial receipt of items from Consortium Partners, delay in customer trials and evaluation of certain products, etc. Profit After Tax for the year was ₹ 82,989.78 lakhs as against ₹ 86,146.85 lakhs, lower by ₹ 3,157.07 (3.66%) over previous year. The main reasons for lower profits are: Lower value addition - ₹ 32,928.00 lakhs and Increase in Employee cost - ₹ 3,936.87 lakhs. These are, however, compensated partly by increase in other income - ₹ 39,051.00 lakhs. The lower value addition is mainly on account of high material content in some major products supplied/projects executed during the year, such as, Radio Trunking System, AKASH Missile System, Coastal Surveillance System, TABLET PC, National Population Register and Socio Economic Caste Census, Passive Night Vision System, etc.

### Dividend

Your Company paid 216% dividend (₹ 21.60 per share) for 2010 - 11. For the year 2011 - 12, the Company paid 100% interim dividend (₹ 10 per share) in February 2012. Subject to approval by the Shareholders in the ensuing Annual General Meeting, it is proposed to pay 108% (₹ 10.80 per share) as final dividend, which would mean a total dividend of 208 % (₹ 20.80 per share) for the year 2011 - 12.

### Other Highlights

- Turnover from indigenously developed products is 81 percent.
- Supplies to the defence contributed to 73 percent of turnover as against 80 percent in 2010 - 11.
- User trials of Weapon Locating Radar (WLR) were successfully completed.
- On Board Acceptance Test successfully completed for Combat Management System.
- 6 lakhs Tablet PCs were developed and supplied in record time to the Ministry of Rural Development. This is used for conducting Socio Economic Caste Census to identify Below Poverty Line families.
- The Prime Minister of Mauritius inaugurated the Coastal Surveillance Radar System in Mauritius during April 2011.

- Major progress in Socio Economic Caste Census and National Population Register.
- Customer Co-ordination Cell was inaugurated at Bangalore. This facility will serve as single point window for complaint registration on wide range of BEL products and maintain status of complaints online.
- E-procurement was implemented during the year.

### Major Orders Executed

Some of the significant supplies made against major orders during the year 2011-12 include: Akash Weapon System, Central Acquisition Radar, Digital Radio Trunking System, Mobile Communication Terminal, Coastal Surveillance System, Mobile Ground Based Elint, Sonar Systems, Ship borne EW Systems, Passive Night Vision Devices, Strategic Communication Network, Navy Net, T90 Stabilizer Items, Instant Fire Detection Suppression System, Communication Radio Sets-Combat Net Radio, Radio Relay F (Low Band), UHF Hand-held Radio, HF Radio Set, V/UHF Transceiver, Tablet PC, Socio Economic Caste Census and National Population Register.

These have been supplied to a wide range of customers like the Army, Navy, Air Force, Coast Guard, Defence PSUs, Paramilitary, Ministry of Home Affairs, Ministry of Rural Development and others.

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

**Akash Weapon System** - It is a medium-range, surface-to-air missile system, which provides air defence against a variety of multiple air threats. It employs command guidance, real-time multi-sensor data processing and threat evaluation and relies on phased array radar to guide the missile.

**Central Acquisition Radar (Rohini)** - It is a 3-D surveillance radar in S band. It has an integrated IFF (Identification of Friend or Foe) with co-mounted antenna and has been developed jointly with LRDE.

**Digital Radio Trunking System** - It is a TETRA (Terrestrial Trunked Radio) based 4 channel Radio, operating in the UHF band, supporting secure voice, data and message communication. Each channel can be trunked into 4 slots, thereby totally 16 slots can be supported.

**Socio Economic Caste Census**- A consortium of Central Public Sector Undertakings led by BEL and including Electronics Corporation of India Limited and ITI Limited, has been awarded the work of conducting the Socio Economic Caste Census by the Ministry of Rural Development, using the Tablet PC manufactured by BEL. The Census will cover the entire population of approximately 122 crore people.

**National Population Register**-As part of the National Population Register Project of the Registrar General of India, Ministry of Home Affairs, Government of India, bilingual data entry of the demographic details of each individual across 9 coastal States, 4 coastal Union Territories, Manipur and Nagaland is being undertaken. The population covered will be around 57.62 Crores. BEL has completed data digitisation of 21 Crore records and 50 lakh biometric enrolments for this project.

### Exports

Your Company's export turnover during the year 2011-12 was US\$38.45 million as against the previous year export of US\$41.53 million.

The range of products exported include Coastal Surveillance Radar System, Radar Finger Printing System, HF communication sets, Radar Warning Receiver, Fitted-up Shelters, Electronic Voting Machines, X-Ray tubes, electro-mechanical parts (like Stators, Casing, etc.) and electronic assemblies.

During the year, the Company participated in 5 international exhibitions to show case its products and systems capabilities. Countries in Africa, Latin America, Southeast Asia, SAARC, Middle East & CIS countries are the markets for export of BEL products and systems. BEL has also been interacting with the Ministry of External Affairs on a regular basis to supply Coastal Surveillance Radar System to Indian friendly countries under the Government of India one time aid.

Apart from the export of products and services, BEL is focusing on the opportunities in the areas of offset obligations of vendors in the various RFPs of Ministry of Defence. BEL has also identified contract manufacturing (both build to print and build to specs) as one of the new areas to address the emerging opportunities with OEMs. BEL

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. Further, efforts are being made to establish long-term supply chain relationships with global players. BEL has successfully completed supply of first off sample for flight panel for Boeing, USA. This is expected to result in a business of about US \$ 2 Million every year.

The Company received the following Exports Awards during the year:

- (i) Award for Outstanding Achievement in Export of Electronic Products from ELCINA-EFY for the year 2010 - 11; and
- (ii) Award for Excellence in Export (Gold) from Karnataka State for the year 2009 - 10 and 2010 - 11.

### Order Book Position

Order book of the Company as on 01.4.2012 is ₹ 2,574,800 lakhs. The order book mainly comprises of major programs like Akash Weapon Systems for Airforce & Army, Battle Field Surveillance System, Command Information Decision Support System, Tactical Control Radar, Passive Night Vision Devices etc., for which the delivery dates are spread across next 2 to 4 years. Taking this in view, the orders available for dispatch plan of 2012 - 13 is around ₹ 565,000 lakhs.

Your Company has an export order book of US \$ 40.5 million as on April 1 2012. This includes an offset order book of US \$ 9.9 million.

### Finance

During the financial year 2011-12, your Company has met its fund requirements towards incremental working capital and additional investments on Capital equipments from internal resources. Borrowing has been avoided through close monitoring of cash flows and efficient cash management. Your Company has retained the highest rating by ICRA for both short term and long term sanctioned bank limits. During the year, your Company inducted three more banks in the consortium of banks, which will help in securing the best rates for the various services availed from the consortium banks. Based on the user requirements, changes continue to be carried out in the online ERP system which should help in better information flow to all concerned. The accounts for the year 2011-12 have been prepared in accordance

with requirements of the Revised Schedule VI notified by the Ministry of Corporate Affairs.

The inventory position of your Company as on 31 March 2012 was ₹ 279,181.82 lakhs (Net), as against ₹ 246,031.74 lakhs (Net) as on 31 March 2011. The inventory as on 31 March 2012 works out to 178 days of the Value of Production (DPE) for the year 2011-12 as against the corresponding position at 164 days as on 31 March 2011. The increase in inventory levels at the year end is to meet the higher sales targets of the year 2012 - 13.

The position of Trade Receivables as on 31 March 2012 was ₹ 268,723.27 lakhs (Net) as against ₹ 289,680.69 lakhs (Net) as on 31 March 2011. This works out to 172 days of Turnover for the year 2011-12 with the corresponding position at 191 days in the previous year. The realisation of Trade Receivables will continue to be closely monitored to ensure speedy collection which should result in further reduction in Trade Receivables in number of days of Turnover by the end of 2012 - 13.

Your 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 31 March 2012. 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 31 March 2012 are claimed and pending settlement for want of valid documentation.

### 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 R&D engineers had close co-operation with DRDO, other national research and development agencies and academic institutes. R&D activities were carried out during the year 2011-12 in all the business segments, namely Radars, Military Communication, Naval Systems, Weapon Systems, Electronic Warfare, Avionics, C<sup>4</sup>I Systems, Electro-optics, Tank Electronics, Gun up-grades, Civilian Equipments & Systems and Components.

Development & Engineering Divisions attached to all the Strategic Business Units of Bangalore and Other Units

concentrated on the development of products and systems 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 turnover of the Company for the year 2011-12 indicates that 54% of the turnover is from BEL developed products, 27% of the turnover is from products developed in association with DRDO and other National Labs and remaining 19% is from products for which technologies were acquired through foreign ToTs.

### New Product Development

During 2011-12, different R&D Divisions of BEL have completed development of varieties of new products/systems/technology modules. Some of the new products/systems introduced during the year include the following:

**Coastal Surveillance System** - It is a major system under supply to the Indian Coast Guard. It is a chain of static sensors (Radar, Electro-optics and Meteorological) located along the Indian coast for monitoring the movement of ships, vessels and small boats. The images, captured through Radar and Electro-optic sensors are transmitted to the Control Centre through a hierarchical reporting system.

**Tablet PC** - BEL designed and manufactured Tablet PC for the Ministry of Rural Development for use in enumeration for the Socio Economic Caste Census. The Tablet PC was designed and developed in a record time of four months. It is a hand-held, low cost computing device. It has a 7" TFT LCD with touch screen, Internet connectivity through Ethernet, USB, Mini SD Card Slot, Headphone Jack and 2 GB Memory card. The next model with enhanced features is under development.

**Integrated Anti Submarine Warfare Complex** - It is a ship-based Fire Control System for control of launch of rockets and torpedoes to engage surface and sub-surface targets. The system interfaces with sonar systems and other ship borne systems like COTS radar, ship data network, ship house-hold data and computes the target's motion parameters and controls the launch of rockets and torpedoes suitably. The system has consoles for interfacing with ASW Sonar Systems and

External System Interfaces and two Fire Distribution Units for rocket launching and torpedo launching. This is done in collaboration with Naval Science and Technological Laboratory, Vishakhapatnam.

**Advanced Torpedo Defence System** - It is a ship-based system capable of passive detection of surface and submarine targets and torpedoes and active deception of torpedoes through decoys. The system consists of Sonar sub-system with towed transducer array and on-board electronics for target detection and a fire control sub-system with decoy launchers for expendable decoys. This is done in collaboration with Naval Physical and Oceanographic Laboratory, Kochi and Naval Science and Technological Laboratory, Vishakhapatnam.

**Digital Radio Trunking System** - It is a TETRA based 4 channel Radio, operating in the UHF band of 380 to 400MHz, supporting secure voice, data and message communication.

**Upgraded Indigenous Forward Observer Simulator** - It is used to train Forward Observers for indirect firing, using guns of various range capabilities. This is a computer-based system with projection displays for presentation of various images. This is interfaced with models of Integrated Observation Equipment and Laser Designator and Range Finder.

**Electro Optic Fire Control System** - It is used for surveillance, tracking and engagement of sea/air targets. The system is interfaced with the existing gun of NOPV for engagement of targets.

**Integrated Radio Line Modem** - It is a frequency hopping Radio modem, operating in UHF band and integrated with Line modem, as standby for providing redundant data communication. This system is used for providing highly reliable data communication between elements of the weapon system.

**Remotely Operated Vehicle** - This is used for detection of Improvised Explosive Device and diffusion by remote control. The product is engineered based on DRDO technology. This features multiple cameras on-board with pan, tilt and zoom, Six axis Manipulator Arm with versatile geometry, changeable 3 finger and parallel jaw grippers, touch screen and joystick control and stair climbing capability.

Thermal Imaging Camera for Flycatcher Radar - This provides thermal image of targets, which supplements the radar picture of the Flycatcher. It is co-mounted with the antenna for simultaneous viewing of thermal image along with the radar image. The Thermal Imager is a cooled, 3rd Gen Camera, operating in 3-5µm band and has been completely developed in-house at BEL.

Scientists from Central Research Laboratories and other R&D divisions of BEL have contributed 55 Technical Papers in the national and international journals during the year.

### Quality

Your Company adopted the Total Quality Management (TQM) philosophy in the year 1990 under the acronym "TORQUE" which stands for "Total Organisational Quality Enhancement". 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 who have a role to play in meeting and exceeding customer's expectations through supply of quality products and services. Some of the critical operational performance indicators like first time pass, OTD (On Time Delivery), process cycle time, manufacturing yield, customer complaints, quality cost, etc., are monitored on monthly basis through SAP and corrective actions are initiated for continual improvement.

From early nineties, all Units/SBUs/Divisions of the Company have been certified for ISO 9001 Quality Management System and ISO 14001 Environment Management System. Seven Units/SBUs (Ghaziabad, Panchkula, Kotdwara, Hyderabad, Military Communication, Electronics Warfare & Avionics and Export Manufacturing) are also certified for AS 9100 Aerospace Standards. Company's Pune Unit manufacturing X-Ray tubes is also certified to ISO 13485 standard for medical devices. The Central Software Development group of the Company is certified to CMMi Level 5.

The Company adopted the CII-EXIM Bank Business Excellence Model to improve its overall strategic and operational excellence. Adoption of this Model since 2002 has helped the Company in understanding the expectations of various stakeholders and enhancing their satisfaction level. Most of the Units/SBUs of the Company have achieved 'Commendation for Strong Commitment to Excel' under the CII-EXIM Bank

Business Excellence Model and two Units have climbed to 'Commendation for Significant Achievement'. The Company has also built a large pool of trained Business Excellence Assessors to drive excellence in the organisation.

During the year 2011-12, five BEL Units participated in the 'CII-EXIM Bank Award for Business Excellence'. Bangalore Unit achieved Level-II recognition i.e. 'Commendation Certificate for Significant Achievement'. Remaining four Units namely Kotdwara, Ghaziabad, Chennai and Panchkula received 'Commendation Certificate for Strong Commitment to Excel' under this Award scheme.

'Six Sigma' methodology was adopted by the Company about a decade back for achieving breakthrough improvements. Bharat Electronics Quality Institute has been imparting training on 'Six Sigma' since July 1999 and has trained 1467 officers so far. At present there are 37 Certified Six Sigma Black Belts in the Company.

155 Six Sigma projects were completed during the year, resulting in cost reduction, process improvement and customer satisfaction. All the seven Six Sigma case studies, which were presented at the National Convention organised by QCFI-Hyderabad, bagged "Par-Excellence Award", the highest ever achieved by any Company in Six Sigma.

BEL Executives won two Prizes, one in Manufacturing Category and one in LEAN & DFSS Category, in the Six Sigma case study competitions organised by Indian Statistical Institute, Bangalore.

All the key and special manufacturing processes in the Company are being brought under SPC which is an on-line process monitoring, control and improvement technique. During the year, 25 processes were identified and brought under SPC. Process capability studies and control charts of these processes have been implemented.

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, a total of 38 engineers

were certified as Reliability Professionals by the Centre for Reliability.

Customer satisfaction survey was conducted during the year for six products from different Units/SBUs. In the survey, overall customer satisfaction was found to be 81.33%. As part of the customer satisfaction initiatives during the year, the Company organised a Technology Seminar for the Naval customers.

### Information Systems

SAP implementation - BEL has undertaken SAP Business Suite implementation across all the Units and Offices. Implementation of SAP R/3 including Payroll, Product Lifecycle Management module at all Units and Offices of BEL was completed in a phased manner by July 2008. Most of the SAP modules have now been implemented and stabilised. Further improvements in the system have been made based on users feedback by incorporating checks and validations in the processes mapped in SAP. BEL has won SAP ACE Award for Public Services 2012 for BEST RUN PUBLIC SECTOR UNDERTAKING category.

During the year 2011-12, BEL has rolled out the following modules:

- Supplier Relationship Management 7.0 with Procurement for Public Sector
- Customer Relationship Management
- Strategic Enterprise Management
- Business Objects Reporting Tool
- Knowledge Management System (Collaboration Folders)

In order to tap the potential of the advancements in the hardware and software technology environment, BEL has planned to upgrade its hardware platform and SAP ECC version from 5.0 to 6.0. The hardware upgradation and SAP version change work shall be carried out in 2012 -13 and 2013 -14.

Network Security - Measures such as Firewall and Intrusion Prevention Systems have been implemented to secure Data Centre and Disaster Recovery Site which are in BEL's Intranet. Similarly, security measures, such as Web Application Firewall, Reverse Proxy Firewall, Intrusion Prevention System and SSL (Secured Socket Layer) security during transmission are implemented for securing internet hosted applications like

SRM (Supplier Relationship Module) and CRM (Customer Relationship Module), which are accessed by vendors and customers. Setting up of SRM/CRM Disaster Recovery Site and its security is under progress.

Database Security - Database servers are on Unix OS, which is less vulnerable to virus attacks. Database is accessed only through SAP application. Roles and Authorisations in SAP restrict access to data. In SAP everything that is not explicitly allowed is forbidden. Except designated database administrators, direct access to OS and Database to all others is restricted at network security.

### Human Resources

Your Company's employee strength as on 31 March 2012 is 10,791 persons as against 11,180 as on 31 March 2011. Of this, 3,696 were engineers/scientists. Women employees were 2,254 as on 31 March 2012. A total of 322 executives consisting of engineers, scientists and other professionals were inducted during the year. During the year 2011-12, 5.57% of the candidates recruited belonged to the minority community.

Your Company has been implementing the Government Directives on Reservation. The particulars of SC/ST and other categories of employees as on 31 March 2012 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	820	56	1048	92
Scheduled Tribe	250	5	141	25
OBC	854	73	944	54
Ex-Servicemen	103	77	328	80
Physically Handicapped	79	11	146	17

In order to address the learning and organisation development needs, various management development programmes as well as technology programmes were organised during 2011 -12 through premier training institutions for all grades of executives. The Company-wide per capita training man-days for the year 2011-12 was 3.52 as against 3.37 in 2010 -11. The MoU score for HRD for the year was "Excellent" at 1.28. The composite score is arrived at based on per capita training mandays, percentage of people trained and feed back index. The e-PMS module in SAP has been

implemented from the year 2011-12 onwards. The PMS process will be done online in respect of executives upto the grade of E-VIA. 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.

BEL has been conferred with "Organisation with Innovative Practices, 2012" Award by Institute of Public Enterprises, Hyderabad. The IPE HR Leadership Awards are given to companies which have an outstanding performance record and foster innovation in HR Practices with exemplary learning and development initiatives in place.

### Employee Relations & Welfare

Employee relations in all Units continued to be smooth and harmonious throughout the year. Regular interactions took 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 Associations and also separately with respective Trade Unions and Officers Associations.

Various welfare programmes were organised for the benefit of employees and their families, which included programmes addressing specific needs of sections of employees, such as, SC/ST employees, differently abled employees and women employees. Differently abled employees are provided free transport facility for commuting to the factory and back to residence, provided grace time for registering attendance, ramps at ATM counter etc. BEL Bangalore complex received the National Award for "Empowerment of Persons with Disabilities" under the "Best Employer" category. Programmes conducted in the Units included health and safety awareness/improvement, vigilance awareness, etc. 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 spouses, 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.

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) Award for R&D, Technology Development and Innovation for the year 2010 - 11, from the Hon'ble President of India.
- Raksha Mantri's Awards for 2009 - 10 in the categories of Best Performance in Exports, Best Performing Division, Import Substitution and Design Effort & Innovation.
- Best Employer of Persons with Disabilities National Award for 2011.
- PSE Excellence Award 2011 for R&D, Technology, Development & Innovation by the Department of Public Enterprises, Government of India, and Indian Chamber of Commerce in the Navratna category.
- Gold Prize in the Defence sector category of the DNA-Dainik Bhaskar India Pride Awards (2011) for Excellence in PSUs.
- Mr I V Sarma, Director (R&D), received the Association of Old Crows (AOC)'s Award for the 'Best Contributor in Electronic Warfare (EW) from Indian PSUs.'
- Two of our employees have received the prestigious Prime Minister's Shram Ratna and Shram Devi Awards for 2008 and 2009, respectively.

### Environment Management

Your Company has been maintaining a clean and green environment at all its nine manufacturing Units, which are all ISO 14001 certified. Clean surroundings, green environment, clean technology, stringent pollution control measures, waste water treatment, zero effluent discharge, rainwater harvesting, energy conservation, water conservation, systematic management and disposal of hazardous and other forms of wastes and several other endeavors have become a part of the well-established Environmental Management System. Bangalore Complex and Ghaziabad Unit are certified for OHSAS 18001: 2007. Disposal of scrapped and hazardous



material is done through e-auction. Municipal solid waste is sent for scientific disposal.

BEL has received the Certificate of Merit for Excellent Energy Conservation from the Union Ministry of Power for 2010 - 11 and the Certificate of Merit for Energy Conservation from KREDL, Government of Karnataka, for 2009 - 10.

The Sustainability Report separately attached to the Directors' Report contains further details on Environment Management.

### Subsidiary/Joint Ventures

Your Company's subsidiary at Pune, BEL Optronics Devices Ltd (BELOP) recorded a turnover of ₹ 6,273.92 lakhs as against the turnover of ₹ 5,236.06 lakhs in the previous year. BELOP achieved Profit After Tax of ₹ 815.69 lakhs as against ₹ 445.23 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 8 February 2011. Hence, Annual Accounts of the Subsidiary Company, BEL Optronics 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 8 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 ₹ 42,931 lakhs as against ₹ 44,240 lakhs in the previous year. The

Profit After Tax was ₹ 5,034 lakhs as against ₹ 5,755 lakhs in the previous year. The JVC declared 100% dividend for the year 2011-12 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 and it had no business transaction during the year. It has been decided 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

Performance of the Vigilance Department during the year has been satisfactory. 99.6% of the executives of the Company have filed their Annual Property Returns. 1188 Purchase Orders/Contracts and 623 high value Orders/Contracts have been 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 the year, 8 Works Contracts and 10 high value POs have been inspected by in-house inspection teams. 2570 Regular/Surprise inspections were conducted. During the year, there were totally 2 Vigilance cases, both carried over from the previous year. At the end of the year, there are no cases pending under investigation.

150 executives have been trained in the Principles of Natural Justice & Domestic Enquiry Training Programme (for Dy. Mgrs. & above). 702 Executives and 284 Non-executives have taken part in Vigilance Awareness Training Programme. 45 Executives & 34 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.
- Details of awarded Contracts/Purchase Orders valuing more than ₹10 lakhs in respect of works contracts, service contracts, capital items and non-production items.
- Details of awarded Contracts/Purchase Orders issued on nomination/single tender basis value exceeding ₹5 lakhs.
- Details of awarded Purchase Orders/Sub Contract Orders for production items with a threshold value of ₹100 lakhs and above.
- Vendor Payments Information System.

### E-Procurement

E-procurement at BEL has been implemented on SAP SRM 7.0 platform having Public Sector procurement features. It has been implemented at all 9 Units of BEL for both Purchase and Sub-contract. The system is integrated with ERP system with the latest security such as Web Access Firewall, Reverse proxy and encryption of data from the client side upto the server in place. Second level authentication through Digital Signature for both publishing the bid and submission of response from the Vendor has been enabled. Six types of procurement have been configured in the system. As per CVC circular No. 010/VGL/035 dated 12.01.2012, action has been taken for certification of e-procurement system.

### Integrity Pact

One of the latest initiatives of the Central Vigilance Commission to eradicate corruption in procurement activity is introduction of the Integrity Pact in large value contracts in all Government Organisations. In line with the directives from Ministry of Defence and the Central Vigilance Commission, BEL has adopted Integrity Pact with all vendors/suppliers/contractors/service providers for all Orders/Contracts of value ₹2,000 lakhs and above. The pact essentially envisages an agreement between the prospective vendors/bidders and the Principal (BEL), committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. In other words, entering into this Pact is a preliminary

qualification. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As per recommendation by the Central Vigilance Commissioner, BEL has appointed Shri N K Sinha, IAS (Retd.), former Secretary, Planning Commission and former Chairman, PESB as the Independent External Monitor (IEM) for monitoring implementation of Integrity Pact in BEL. The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact. IEM will take stock of the ongoing tendering processes on quarterly basis. The IEM conducts this review once in every quarter. In case of a complaint arising out of tendering process, the matter shall be examined by the IEM, who would look into the records, conduct an investigation, and submit recommendations to the management. During his visits to the Corporate Office every quarter, the IEM holds structured meetings with the Chairman & Managing Director. So far, 52 Orders/Contracts are covered under Integrity Pact.

### Implementation of Official Language

Your Company is committed to adhere with the Official Language policies of the Government of India. During the year, the Committee of Parliament on Official Language visited the Company's Corporate Office on 06.05.2011 and Panchkula Unit on 08.02.2012. Ministry of Home Affairs officials inspected the Corporate Office on 12.05.2011. Hindi workshops for those having working knowledge in Hindi were conducted. Action is in progress for Unicode activation on all the PCs Company-wide and training on Unicode covering all Executives and Employees. Company's website is available in Hindi and English and efforts are on to progressively have the entire website in bilingual. 12 Units/Offices have been notified under rule 10(4) of OL rules indicating that 80% or more staff have working knowledge in Hindi in these Units/Offices and orders have been issued under rule 8(4) of OL Rules for those having proficiency in Hindi to do their Official work in Hindi. Standards have been issued for giving Hindi/Indian names for all the BEL Products and to have the names and descriptions in Devanagari. Corporate Office bagged the Second Prize for excellent performance in OL implementation by TOLIC (Undertakings), Bangalore. Efforts are on to ensure the progressive use of Hindi in all spheres of activities of the Company.

### 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](http://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 2011-12 the Company received and attended to 331 requests for information under RTIA. Most of the requests were information related to Human Resources, specifically recruitment and service related matters.

### Directorate

Following changes took place in the Directorate of your Company since the last report. Mr Anil Kumar was appointed as Chairman & Managing Director with effect from 1 October 2011 in place of Mr Ashwani Kumar Datt, who retired on attaining the age of superannuation on 30 September 2011. Mr Sunil Kumar Sharma was appointed as Director (Bangalore Complex) with effect from 1 September 2011 in place of Mr H S Bhadoria, who retired on attaining the age of superannuation on 31 August 2011. Government appointed Lt Gen S P Kochhar, Bar to AVSM, SM, VSM, ADC, Signal Officer-in-Chief and Senior Colonel Commandant, Corps of Signals, Army HQs as one of the part-time Government Directors with effect from September, 2011 in place of Lt Gen (Retd) P Mohapatra, PVSM, AVSM, ADC. Government terminated the Board Membership of Mr G Madhavan Nair with effect from 16 April 2012. Lt Gen (Retd) G Sridharan, Part-time Independent Director exited the Board on completion of his three year tenure of appointment on 17 May 2012. Mr M G Raghuvver, Director (Finance) retired on attaining the age of superannuation on 31 May 2012.

Mr Amol Newaskar was appointed as Director (Other Units) w.e.f. 24 May 2012. Government nominated Air Marshal K K Nohwar, PVSM, VM, ADC, Vice Chief of Air Staff, as Permanent Special Invitee to BEL Board Meetings, with effect from 27th September, 2011 in place of Air Marshal N A K Browne, PVSM, AVSM, VM, ADC. Government nominated Vice Admiral B Kannan, AVSM, VSM, Chief of Material, Indian Navy as Special Invitee to all BEL

Board Meetings in place of Vice Admiral Ganesh Mahadevan, PVSM, AVSM, VSM. Government nominated Air Marshal D C Kumaria, PVSM, AVSM, VM, VSM, ADC, Vice Chief of Air Staff as Special Invitee to all BEL Board Meetings in place of Air Marshal K K Nohwar.

### 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. 31.12 of the Notes to Accounts;
- (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 2011-12 for audit of accounts of Bangalore Complex, Hyderabad and Chennai Units and Corporate Office. M/s Mittal Gupta & Co, Chartered Accountants, New Delhi, were re-appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for 2011-12. M/s G D Apte and Co., Chartered Accountants, Pune were appointed as Branch Auditors for Pune and Navi Mumbai Units for 2011-12. M/s N Koteswara Rao & Co., Chartered Accountants, Guntur were reappointed as Branch Auditors for Machilipatnam Unit for 2011-12.

### Auditors' Report

Auditors' Report on the Annual Accounts for the financial year 2011-12 and 'Nil' 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.

### 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 is annexed to this Report.

### Corporate Governance

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 Government Guidelines on Corporate Governance for Central Public Enterprises, is annexed to this Report.

### Sustainability Report

As required under the Guidelines on "Sustainable Development" issued by the Dept of Public Enterprises, Govt of India, a separate chapter on the Company's efforts on "Sustainable Development" 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 given as per Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, as amended, are "Nil" for the year 2011-12.

### Acknowledgement

Your Directors place on record their deep appreciation and gratitude for the valuable support received from all the customers, particularly the Defence Services and the Department of Defence Production and look forward to their continued support and co-operation in future. Your Directors also place on record their gratitude for the support received from various Ministries of the Government of India, especially the Ministry of Defence. Your Directors express their sincere thanks to 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. Your Directors appreciate the sincere efforts put in by all the employees at all levels, which enabled the Company to achieve the good performance during the year. Your Directors express their appreciation and gratitude to all the shareholders/investors for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of the Company in the coming years.

**For and on behalf of the Board**

Bangalore  
1 August 2012

**Anil Kumar**  
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 2011-12 (as at 31 March 2012)
  - (a) The number of equity shares held : 1,700,223 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 : ₹ 757 lakhs
  - ii) for the financial years/period of the Subsidiary since it became the holding Company's Subsidiary : ₹ 3,148 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.

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

Bangalore  
21 June 2012

### 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 31 March 2012

				(₹ in lakhs)	
(a) Capital	:	1,832.29	(f) Turnover (Gross)	:	6,273.92
(b) Reserves & Surplus	:	2,546.87	(g) Profit Before Tax/(Loss)	:	1,248.36
(c) Total Assets (Current & Non-current)	:	24,275.83	(h) Provision for Taxation	:	432.67
(d) Total Liabilities (Current & Non-current)	:	9,674.50	(i) Profit After Tax	:	815.69
(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 2011 - 12

Energy conservation measures taken during the year 2011 - 12 include the following:

- Installation of energy efficient screw chillers in AC plants for meeting variable cooling load demand.
- Commissioning of roof top grid connect BEL make 29.92KWp solar PV power plant for new management block.
- Usage of Energy Efficient 5 Star rated split air conditioners and ceiling fans.
- Providing Variable Feed Controller for High pressure compressed air network.
- Replacement of old reciprocating compressors with energy efficient screw compressor.
- Lighting Management System and daylight harvesting at new buildings.
- Incorporation of LED Street lights in place of conventional street lights.
- Replacement with energy efficient light fittings.
- Energy Audit through Petroleum Conservation Research Association.
- Installation of HT Capacitor Panel (Capacitor Bank) at Main Sub-Station to improve power factor at full load.

##### (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 ₹ 260 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 82 units during 2011 - 12 from 89 units during 2010 - 11.

The electrical energy consumption for the year 2011 - 12 is 47.1 million KWhrs as against 49.6 million KWhrs during 2010 - 11.

During the year 2011 - 12, about 10.46 million KWhrs of electrical energy was wheeled from wind power plants installed at Davanagere and Hassan, 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 2011 - 12, 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	: FLR & FCC for Akash Missile System, Advanced Tactical Display, IFF MK - XI
Communication	: IP Encryptor (G4 Grading), Mobile Communication System for Multi Layer Communication Network, ULSB MK - III
Naval Systems	: Integrated ASW Complex (IAC MOD - C), Advanced Torpedo Defence System (ATDS), EOFCS for NOPV, Coastal Surveillance System
Electronic Warfare	: Multi Sensor Warning System for Helicopters, Microwave Monitoring Station (Radio Relay), Low Power Jammer, DCME Analyser & Decoder
Command & Control Systems	: Dual Sensor end Data Acquisition & Transmission Terminal (SDATT) for Integrated Air Command & Control System (IACCS)
Electro - optics	: Commander's TI Sight for T - 90, Combined TI & CCD for Zu - 23, Uncooled TI Driver's Sight for Arjun Tank, Eye Safe High Repetition LRF (AD - HRN), TI Camera for Fly Catcher Radar

Tank Electronics & Gun Up-grade	: Fire Control Computer (FCC MK-II for Arjun, Integrated Fire Detection & Suppression System (IFDSS) for T-90.
Other Products	: Tablet PC, Signal Conditioner Hybrid Micro-Circuits (HMC) for DRDL, LORROS Mast, Shelters for 3D Tactical Control Radar, High capacity Lithium Battery for LUP-29I

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

Large numbers 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 2011-12, BEL has spent a sum of ₹ 46,821.18 lakhs on R&D. The expenditure on Revenue account was ₹ 42,685.60 lakhs and on Capital account was ₹ 4,135.58 lakhs. The total expenditure as percentage of turnover during the year was 8.21%.

## 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 2011-12, R&D Engineers of BEL have completed development of products like AKASH, IAC MOD-C, ATDS, Commander's TI Sight for T-90, FCC MK-II for Arjun and Driver's Uncooled TI Sight by working closely with DRDO and other National Labs, absorbing/adapting their technologies.

### (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, save foreign exchange and promote 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 ₹ 18,788.40 lakhs as against ₹ 16,169.97 lakhs in the previous year. Foreign Exchange Outgo was ₹ 221,737.06 lakhs as against ₹ 187,509.04 lakhs in the previous year.

## Annexure to Directors' Report

### 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 was faced with a major challenge of managing growth and rising input costs in the past year. The growth in 2011-12 is 6.9%, compared to 8.4% in the previous two years. This slowdown is due to the weak industrial growth.

The Indian economy is estimated to register a further decline in the growth rate combined with poor profitability due to increase in interest rates leading to higher borrowing cost and other rising costs. This situation has led to using the internal accruals against borrowings. Overall, there has been a reduction in investment by Corporates, both in the public and private sector. However, in the defence segment, there have been investments by both private and public sector enterprises. Though some impact has been witnessed in terms of higher raw material costs, the defence industry has not seen any negative impact on the demand or manufacturing of defence products.

Despite Country's fiscal deficit or inflation issues, the expansionary budget of the Government has helped in increasing the budget for the Defence Ministry this year also. There is an increase in total Defence allocation to ₹19,340,700 lakhs compared to ₹16,441,500 lakhs in the previous year, a growth of 17.63% over the previous year. Share of Capital Expenditure in the defence budget is projected as 41.15% with a growth of 15% compared to last year (additional ₹1,037,982 lakhs). This amounts to ₹6,645,943 lakhs, being earmarked for Capital

Acquisition or modernisation of forces. Further, Navy has been allotted ₹2,415,151 lakhs for the modernisation, while the share of budget for Indian Air Force is ₹2,850,390 lakhs and Army is ₹1,380,400 lakhs. This gives tremendous opportunity for BEL as it supplies multiple products for Indian Navy, Army and Air force. Current order book position of BEL gives ample proof of the opportunities.

The Defence Production Policy 2011 has emphasised on the self reliance by developing indigenous products and reducing the dependency on the foreign OEMs. This gives opportunities to Indian companies in terms of developing indigenous products required for the Defence forces.

The Defence Offset Policy also will gradually help in sourcing products or services from India. Many foreign companies will source directly from Indian Companies or set up Joint Venture to address the Offset Policy requirements. It is to be noted that for MMRCA projects the Offset is at 50% of the contract value whereas it is 30% for all contracts above ₹30,000 lakhs. This gives immense opportunity for BEL not only in MMRCA project but also in other major projects.

Participation of BEL in Offset opportunities of Defence has provided an exposure to the best international practices in terms of project management, vendor management practices, risk assessment & management, vendor process certifications, latest manufacturing techniques, latest technologies etc.

The Ministry of Defence has come out with a Guidelines document for establishing Joint Venture Companies by Defence Public Sector Undertakings. This opens up the opportunity for Indian & foreign companies to jointly develop products with DPSUs in India within the framework of guidelines. The Guidelines give details on Need for JVC, Protection of DPSU's interest in JVC, procedure for formation of JVC, exit policies etc.



The guidelines will help in enhancing fairness and transparency in the selection of the JV partner by the DPSUs while ensuring a well-defined nature and scope of the tie up. It also provides a streamlined, fair and transparent framework for entering into JVs by DPSUs, with the ultimate objective of obtaining advanced technologies from foreign sources and obtain self-reliance in defence production and shorter time frames for delivery to meet the increasing requirements of armed forces.

This will also help BEL to form JVs with reputed Indian and Foreign Companies with the Complementary strengths and address the various segments of defence market.

(b) SWOT Analysis

**Strengths:**

- Clearly defined Vision, Mission, Objectives and Values
- Good Image & reputation resulting from performance and track record
- Good work ethics
- Strong multi layered in-house R&D resulting in Technology and New product development
- Joint development with technology partners for complementary technologies
- 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 & Government agencies
- Active learning from domestic & foreign collaborators
- Expertise in executing large projects
- Good financial strength
- Long term commitment to customers

**Weaknesses:**

- Response time needs further improvement
- Limited risk taking
- Limited value addition in certain projects
- Limited experience in certain marketing related functions

**Opportunities:**

- Growing Defence and Security needs
- Increased Offset opportunities
- Policy of self reliance in Defence
- MoD guidelines for DPSUs to establish JVCs
- 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
- TRAI recommendation encouraging indigenous manufacturing of Telecom Products by Indian telecom industry with preferential market & fiscal incentives.

**Threats:**

- Increasing competition from Indian Private industry and foreign OEMs in defence sector
- Rapid changes in technology
- Difficulty in Sourcing of critical technologies at exorbitant cost
- Emergence of Joint Ventures of foreign OEMs with Indian private industries.

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

**I. 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. BEL is enhancing its efforts for in-house developments and also further strengthening the close co-operation with DRDO Labs, other national research laboratories and R&D 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 2011-12:

- R&D Divisions across all the SBUs and Units of BEL, supported by the Central-D&E and two Central Research Laboratories located at Bangalore and Ghaziabad, have continued to

contribute significantly to the generation of new business through the development of state-of-the-art products with cutting edge technologies.

- R&D Divisions of BEL continued to actively interact with the National Labs, namely, DRDO, ISRO, CSIR, C-DAC, C-DOT and leading academic institutions like IITs, NITs and IISc for the development of specialised indigenous technologies.
- BEL invested more than 8.21% of its turnover in R&D during 2011-12.
- Core design groups have been formed in the areas of TR Modules and Encryption for In-house design of these modules, catering to various other R&D Groups.
- R&D Committees have been formed in core business areas to chart out technology roadmaps & action plans for developing technology.
- New projects initiated during 2011-12 include development of Software Defined Radio (SDR) for Navy/Air Force, Solid State Coastal and Surface Surveillance Radars, Point to Multi-point Radio Relay, Uncooled Thermal Weapon Sight, etc.
- Knowledge Management Portal has been created as part of SAP System and has been implemented across the Company.
- Around 55 technical papers were published by scientists and R&D engineers of BEL in various national and international journals/seminars/conferences.
- R&D Engineers are motivated by suitably awarding the individuals/team for excellence in in-house R&D efforts, technology development and innovative ideas.
- BEL has filed applications for 12 Patents in the areas of ASICs, RF Circuits, Phase Shifters, Avionics, Radar Signal Processing, Adaptive Beam Forming, Automatic Target Recognition, etc.

## 2. Manufacturing:

- The Super-components facility is being upgraded for manufacturing of all Microwave Modules-TR

Modules, Homodyne Receivers, Superheterodyne Receivers, Channelised Receivers.

- Infrastructure facility has been created in Bangalore Complex for the manufacture of 10 Million Smartcards.
- New infrastructure facilities have been set up in Bangalore to augment production capacity. They include 2,000 sqm space for the Digital Mobile Radio Relay Project; 12,000 sqm space for Naval Systems (Integration Building with facilities for testing & integration of Fire Control Systems; Coastal Surveillance System Control Room and Central Maintenance Facility; and Radar Integration Test facility); 5,000 sqm space for Electronic Warfare & Avionics; 3,500 sqm for Network Centric Systems; 4,500 sqm for the New Management Building and 3,000 sqm for the Central Research Laboratory.
- A new Pick & Place Machine has been added in the SMT line of the Automatic Manufacturing Facility at Panchkula Unit which will augment the capacity of the line from the current 17,000 components per hour to 35,000 components per hour and help in taking up prototype jobs in addition to production.
- In Hyderabad Unit, Clean Room Facility of Class 10,000 for precision assemblies and two Anechoic Chambers have been set up and Vector Signal Generator has been commissioned.
- An SMT line consisting of Stencil Printer, Pick & Place Machine and Reflow Oven with a capacity of 8,450 operations per hour has been set up at Kotdwara Unit.
- Test bed for Gigabit Ethernet based Ship Data Network at Bangalore Complex and Test Set up & Reference System for Combat Management System Development at Ghaziabad 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) Strategic alliances for emerging businesses through Co-development, Co-production, Product manufacture through technology transfer

BEL has entered into alliances for addressing emerging markets with suitable partners/ defence labs for collaboration. It is being pursued proactively and addressed at SBU/Unit level in their area of operation and strength. Following are some of the areas in which such alliances have been entered:

- Production and support of Laser designator Pods
  - Development of various versions of Software Defined Radio (SDR)
  - Modernisation of NBC Systems for ICV BMP/2/2K Development of Airborne EW Suites
  - Development of EW Systems
  - Development of New Generation Radars
- (ii) Forming of Joint Ventures/ Acquiring Technology companies (for both existing/emerging business areas)
    - BEL is discussing with M/s Thales for forming Indian Joint Venture in the area of civilian Radars & select defence Radars.
    - Given the requirement of night vision devices, the Company is exploring the possibility of establishing a manufacturing facility of key component of Thermal Imager. In this regard, BEL is in discussion with International OEMs.
  - (iii) Identified areas of Diversification

On the diversification front, BEL has identified Nuclear Power Instrumentation, Homeland security and Signalling Equipment for Railways as

its future growth areas as they are allied to our core businesses.

Efforts are underway on the following new segments for diversification :

- The new telecom manufacturing policy released by Govt. of India, encourages indigenous design & production of telecom equipment by providing various incentives. BEL is looking for opportunities in the telecom area for diversification.
- BEL has been doing moderate business in Homeland security segment for the last few years. The business includes X-ray machines, baggage and cargo scanners, under-vehicle inspection, face detection & recognition and number plate readers. BEL has software expertise in these areas and will continue to invest in it. Recently, BEL has augmented manpower and put a dedicated team to enhance focus on the growing business of Homeland security.
- BEL is currently focusing on nuclear power instrumentation business and is participating in certain tenders floated by the Nuclear Power Corporation of India Ltd., and taken up development projects to gain experience as this is a new area for BEL. The gestation period of such business is high and also involves installation and commissioning work at atomic power plants after winning the contracts.
- BEL has recently initiated in-house development projects on Railway Signaling Equipments. Recently a new product for fire and smoke detection for Railway A/C coaches has been developed targeting the large no of A/C trains being introduced every year. The Railway business is also expected to grow after 2-3 years of development work followed by user trials & evaluation, necessary railway type approvals etc.

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

#### 1. Risk Management:

The Risk Management Committee constituted earlier identified the various risks associated with different areas of operations such as: Technology, Market/Product, Human Resources, Finance, Enterprise, Operations, etc., and recommended risk mitigation measures. These measures are being implemented. For continuous identification, updation, evaluation, prioritisation and management of risks, the Company has put in place a comprehensive 'Risk Management Framework'. Under this Framework, at Apex level there is a Corporate Risk Management Committee (CRMC) headed by a General Manager and members drawn from important functional areas like Strategic Planning, Technology Planning, Marketing, Finance and HR. At Unit level, there are Unit Risk Management Committees (URMCs) at each Unit/Central Research Laboratories (CRL). The URMCs are headed by the respective Unit/CRL head and have members drawn from functional areas such as R&D, Production, Marketing, Finance and HR. Risk champions are appointed at Corporate Level and in each of the Units. Corporate Risk Champion is of the rank of GM/AGM and Unit Risk Champions are at the level of AGM. CRMC shall receive reports from URMC's and review the risk management efforts in the Company as a whole on a quarterly basis. CRMC shall report to the Management Committee on half yearly basis and report to the Board annually.

#### 2. Cost Reduction:

In the backdrop of increasing competition for strategic electronic products & systems both in defence and non-defence areas, cost reduction strategy has been one of the thrust areas of the Company to achieve cost competitiveness. Cost reduction activities focus both on manufacturing and non-manufacturing areas and encompass all facets of business like production, administration, finance, services etc. 'Cost Reduction' adopted

in late 90's has taken firm roots in the Company. 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. The Cost reduction efforts have been institutionalised across the Company and has sensitised the employees of its benefits. During 2011-12, 57 Task forces worked on Cost reduction in units/SBUs and achieved a cost reduction of ₹ 20,300 lakhs.

### 3. Indigenisation:

Self-reliance is one of the objectives of the Company to meet the strategic needs of the nation. The indigenisation activity, therefore, in BEL, is an ongoing activity and enough avenues are created to help the process of indigenisation. The indigenisation activity basically covers the technology development through in-house R&D effort & joint development with national labs like DRDO, ISRO, CSIR, C-DOT, Academic institutions and manufacture of high cost imported sub-systems & modules within the Country. The turnover generated from indigenous technology during 2011-12 is 81%. BEL being a recipient of prestigious Raksha Mantri Awards for Import Substitution and Design Effort & Innovation is ample proof to the R&D efforts of the Company.

## B) Internal Control System and its Adequacy

Your Company has in place adequate system of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of Company's policies & procedures issued from time to time.

Your Company has a well defined delegation of power with authority limits for approving revenues as well as expenditures. Processes for formulating and reviewing annual and long term business plans have been laid down.

The Company uses a state-of-the-art ERP System to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with best practices.

Your Company has in-house professionally qualified audit team to carry out internal audit of the Company's activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and the audit committee. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. The Internal Audit function is headed by General Manager (Internal Audit) reporting to the Chairman & Managing Director.

Your Company has an audit committee which reviews internal control systems and the significant audit observations submitted by the internal audit. The adequacy of Internal Control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. The audit committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations. 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 your 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 as and when 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. All the changes made by Ministry of Corporate Affairs in terms of reporting as per the Revised Schedule VI have been complied with.

## 2. Performance Highlights

(₹ in lakhs)

	Year ended 31 March 2012	Year ended 31 March 2011
Turnover	<b>570,363.36</b>	552,969.32
Total Expenditure Before Financing Cost	<b>542,125.91</b>	474,825.02
Profit Before Finance Cost and Tax	<b>107,544.82</b>	116,188.00
Operating Margin (PBIT / Gross Sales) Ratio	<b>18.86%</b>	21.01%
Profit After Tax	<b>82,989.78</b>	86,146.85
No. of Days Inventory / Value of Production (DPE Method)	<b>178</b>	164
No. of Days Trade Receivables / Turnover	<b>172</b>	191
Current Ratio	<b>1.54</b>	1.55
Debt Equity Ratio	<b>0.00002</b>	0.00008

## 3. Analysis of Financial Performance of 2011-12

- Turnover registered a growth of 3.15% from ₹552,969 lakhs in 2010 - 11 to ₹570,363 lakhs in 2011 - 12
- Value of Production has increased from ₹552,080 lakhs in 2010 - 11 to ₹579,358 lakhs in 2011 - 12, an increase of 4.94%
- Sales per employee has increased from ₹49.46 lakhs in 2010 - 11 to ₹52.86 lakhs in 2011 - 12

- Book Value Per Share has increased from ₹623.21 in 2010 - 11 to ₹702.78 in 2011 - 12
- Net Worth has grown from ₹498,570.65 lakhs in 2010 - 11 to ₹562,221.01 lakhs in 2011 - 12.

## D) Development in Human Resources

BEL operates in a highly competitive business environment and it is essential to enhance its capability to achieve significant growth. Only highly trained and motivated employees can prepare the Company to be a world-class organisation. New idea generation, flexibility and innovation through human capital is essential and hence sustained development of employees both at the individual and at the team level has been the philosophy of all BEL's human resource development initiatives.

Various training programs are designed to enhance competencies in areas like Technical, Functional and 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 senior managers with leadership competencies. 99 senior executives underwent the program last year. Post training effectiveness initiatives are also in place to assess the impact of the training.

Driving significant change is one of the most challenging tasks that any large organisation faces. It requires that new paradigms replace the established ways of doing business. Our "Leading the Change" program for senior executives aims at aligning the thinking and attitudes of senior executives to that required for a global organisation. 111 senior executives have undergone the program last year.

The advantages of teamwork are reinforced in an Outbound Learning Program. This training takes the participant away from comfort zone, in an informal risk-free environment, thereby enabling the participant to experiment and explore the hidden potential. 5 cross-functional teams (117 participants) attended the program during the year 2011 - 12.

Emotional Intelligence is a key requirement for a Leader to be effective, facilitate employees to achieve superior business performance, develop the ability to manage self to adapt to change and to enhance positive attitude for building a culture of trust, support, openness and collaboration. A total of 419 executives attended the program in 2011-12. The program also had one-on-one counseling sessions.

Competency Awareness Workshops have been conducted to familiarise the executives on the BEL Behavioural Competency Model and its implications for business. About 68 executives attended the program in 2011-12.

Advanced Management Program is being organised for General Managers with an international component for enhancing their awareness on global management practices. 2 General Managers attended this program.

In order to strengthen the marketing cadre, a dedicated 3-months Marketing program is being conducted through a premier institute with a one month on-the-job project, post the program. 21 executives participated in the program.

Strategizing is an important component of the normal work of a senior executive. Strategy Building and Competitive Intelligence program was organised through the faculty of a premier institute and 57 senior executives attended the program.

In order to enhance the Quality awareness and impart key Quality concepts, structured Quality Programs have been introduced from 2011-12 and a total of 51 junior

executives attended the program. The course is being conducted through the faculty of BEL Quality Institute.

Performance Review Discussions are an important aspect of PMS. Last year, three one-day Development Oriented Performance Review and Feedback workshops were conducted and 57 senior executives attended the workshops.

Technology programs to enhance knowledge of engineers in various technology areas were conducted. Some of the programs were Mechanical Vibrations, Advanced DSP Design Techniques, Embedded Systems, Essentials of FPGA design, Advanced FPGA implementation, Designing with VHDL, Advances in VLSI Signal Processing, Cognitive Radio – the next frontier in wireless communication, Basic Altera FPGA Course, Vx Works training etc.

Various training programs were organised for non-executives on quality, safety, technical and other related subjects in BEL Units.

The Company conducted an Employee Engagement Survey in 2011-12 and Action Planning would be carried out.

## **E) Corporate Social Responsibility (CSR)**

CSR Policy of the Company has identified the following broad areas for providing benefit to the stakeholders:

- Health Care
- Education
- Rural Development
- Environment Protection
- Conservation of Natural Resources

During the year 2011 - 12 the Company has spent ₹ 236 Lakhs on the following CSR activities :

Name of the Project	Agency
Providing Solar Street Lights and Home Lighting Systems to cater towards area lighting and internal lighting requirements	Vidya Vanam – A school of Tribal Children, Coimbatore
Construction of Class Rooms and provision of furniture for the Class Rooms in Government Schools	Government High School, Aralumallige Gate, Doddaballapur and Government High School, Bijjavara, Devanahalli, Bangalore Rural
Providing infrastructure support including water tank, furniture, writing boards, book shelves, water coolers etc.	Government School, Kotdwara
Equipments for Orthopedically Challenged like X-Ray Machine, Trauma Ambulance , Operation Theatre, Portable Ventilator and equipments for Rehabilitation	Saket Institute of Orthopedically Challenged, Panchkula
Equipment for TB Clinic and Medical Centre	Ramakrishna Mission Hospital, New Delhi
Computer Lab equipment and furniture for Mechanical, Civil and Communication Labs	Government Polytechnic College, Machilipatnam
Infrastructure support to Shankara Cancer Hospital and Research Centre which includes providing Blood Bank deep freezer, Voltage stabilizer, Plasma storage cabinet, Tesconic tube seater, Tube stripper, RH View box, Lab bacteriological incubation etc.	Sri Shankara Cancer Foundation, Bangalore



## Annexure to Directors' Report

### 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 Wholetime Directors (Executive Directors), including the Chairman & Managing Director, 2 Govt. Directors (Non-executive Directors) and 9 Non-executive Independent Directors. In addition, as per Government directives, (i) the Vice Chief of Air Staff, Indian Air Force (ii) the Chief of Material, Indian Navy and (iii) the Additional Financial Adviser & 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 31 March 2012, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 29 April 2011, 29 June 2011, 29 July 2011, 28 Oct 2011, 27 Dec 2011 and 27 Jan 2012. 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 2011 - 12 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 26 Sept 2011	No. of other directorships held	* Number of Committee membership across all companies	
						As Chairman	As Member
Wholetime (Executive) Directors							
1	Mr Anil Kumar [as CMD wef 1 Oct 2011 and as D(OU) previously]	6	6	Yes	1	Nil	Nil
2	Mr A K Datt	3	3	Yes	1	Nil	Nil
3	Mr M L Shanmukh	6	6	Yes	1	1	1
4	Mr I V Sarma	6	6	Yes	2	Nil	1
5	Mr M G Raghuvier	6	6	Yes	2	Nil	2
6	Mr H N Ramakrishna	6	6	Yes	Nil	Nil	Nil

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 26 Sept 2011	No. of other directorships held	* Number of Committee membership across all companies	
						As Chairman	As Member
7	Mr S K Sharma (wef 1 Sept 2011)	3	3	Yes	2	Nil	1
8	Mr H S Bhadoria (up to 31 Aug 2011)	3	3	No	2	Nil	1
Part-time Govt (Non-executive) Directors							
9	Mr Satyajeet Rajan	6	3	No	Nil	Nil	1
10	Lt Gen S P Kochhar (wef 1 Sept 2011)	3	1	No	Nil	Nil	Nil
11	Lt Gen P Mohapatra (up to 31 Aug 2011)	3	1	No	2	Nil	Nil
Non-executive Independent Directors							
12	Lt Gen (Retd) G Sridharan	6	6	Yes	Nil	2	-
13	Mr Anil Razdan	6	6	No	6	Nil	3
14	Prof V K Bhalla	6	6	No	4	1	3
15	Mr M S Ramachandran	6	4	No	5	Nil	3
16	Prof Anurag Kumar	6	3	No	Nil	Nil	Nil
17	Prof G Madhavan Nair	6	3	No	Nil	Nil	Nil
18	Dr Satyanarayana Dash	6	5	No	Nil	Nil	Nil
19	Mr N Sitaram	6	6	No	Nil	Nil	Nil
20	Dr R Venkata Rao	6	6	No	2	Nil	1

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/she 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](http://www.bel-india.com). All Board members and senior management personnel have affirmed compliance with the Code of Conduct during the year 2011-12. 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 Government Director and one Wholtime Director. In addition, the Statutory Auditors of the Company, the Director (Finance), Director (Other Units) 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 26 Sept 2011. The terms of reference of the Audit Committee are as specified in Section 292A of the Act, Clause 49 of the Listing Agreement and the DPE Guidelines.

During the year ended 31 March 2012, the Audit Committee met six times on 29 April 2011, 29 June 2011, 29 July 2011, 28 Oct 2011, 18 Jan 2012 and 27 Jan 2012.

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	3
Mr Anil Razdan	6	6
Prof V K Bhalla	6	6

Name	Meetings held during respective tenure of Director	No. of meetings attended
Mr M S Ramachandran	6	5
Mr S K Sharma (wef 1 Sept 2011)	3	3
Mr H S Bhadoria (upto 31 Aug 2011)	3	3

### Remuneration Policy

Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government 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 2011 - 12 are given below :

(in ₹)

Name of Director	Salary	Benefits *	Company contribution to PF & Incremental Gratuity	Incentive	Leased Accommodation	Total
Mr Anil Kumar	2,495,476	62,393	477,792	691,711	0	3,727,372
Mr A K Datt (upto 30 Sept 2011)	1,413,176	536,267	135,178	1,030,630	0	3,115,251
Mr M L Shanmukh	2,129,339	75,762	766,316	789,331	600,000	4,360,748
Mr H S Bhadoria (upto 31 Aug 2011)	1,169,006	220,338	111,277	768,018	250,000	2,518,639
Mr I V Sarma	1,947,320	43,819	251,066	730,338	555,744	3,528,287
Mr M G Raghuv eer	2,226,955	66,051	231,375	702,160	0	3,226,541
Mr H N Ramakrishna	2,274,344	64,301	871,360	700,439	0	3,910,444
Mr S K Sharma (wef 1 Sept 2011)	1,138,004	52,591	828,869	0	350,000	2,369,464

\* Medical and other perquisites valued as per IT Rules

Part-time Government 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 2011-12 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	120,000	70,000	190,000
Prof V K Bhalla	120,000	70,000	190,000
Mr M S Ramachandran	80,000	60,000	140,000
Prof Anurag Kumar	60,000	-	60,000
Prof G Madhavan Nair	60,000	-	60,000
Dr Satyanarayana Dash	100,000	-	100,000
Mr N Sitaram	120,000	50,000	170,000
Dr R Venkata Rao	120,000	40,000	160,000

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 Anil Kumar and Mr Satyajeet Rajan hold 100 shares each in the Company, on behalf of the Government of India. No other Directors of the Company hold any BEL shares or convertible instruments of the Company as on 31 March 2012.

### 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. Director (Other Units) : 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 31 March 2012. 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. R&D Committee comprising of the Chairman & Managing Director, 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 ₹ 1500 lakhs in each case.
2. Investment Committee comprising of the Chairman & Managing Director, the Director (Other Units) and the Director (Finance) to approve investment of short-term surplus funds.
3. Appointments Committee comprising of the Chairman & Managing Director and Wholtime Directors of relevant functional areas and one Part-time Director for filling up vacancies in the posts of General Managers/Executive Directors.
4. Remuneration Committee headed by an Independent Director, comprising of two Part-time Directors,

Director (HR) and Director (Finance), to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionised supervisors.

### 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
2008-09	Magadh Hall, The Lalit Ashok Hotel Kumara Park, High Grounds Bangalore – 560 001	29 Sept 2009 at 2.30 pm
2009-10	Kalinga Hall, The Lalit Ashok Hotel Kumara Park, High Grounds Bangalore – 560 001	28 Sept 2010 at 2.30 pm
2010-11	Grand Ball Room, Hotel Sheraton, Brigade Gateway, 26/ 1 Dr Rajkumar Road, Rajaji Nagar, Bangalore – 560 055	26 Sept 2011 at 2.30 pm

All the resolutions, including special 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

- Related Party Transactions are disclosed in Notes to the Accounts (Note No. 31.14 of Notes to the Statement of Profit & Loss of the Company for the year-ended 31 March 2012). The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.
- 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.

- 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.
- 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.
- Administrative and office expenses as a percentage of total expenses and reasons for increase, if any:

There has not been any increase. Administrative and office expenses were 3.50 % of the total expenses for the year 2011-12.

### Training of Directors

Directors were sponsored for training programme on Corporate Governance conducted by the Institute of Public Enterprises, Hyderabad in the earlier year. Continuing with this practice, four Directors attended the 2-day residential Induction Programme for Directors, on 18-19 Aug 2011 at Goa, organised by the Centre for Corporate Governance/The Institute of Public Enterprise, Hyderabad along with ONGC Subir Raha Chair on Corporate Governance.

### 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.

Your Company has implemented the Presidential Directive issued by the Government of India regarding implementation of Executives Pay Revision effective 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 Lines/Business Bhaskar (in English/Hindi) and Samyuktha Karnataka/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.

### 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 2011 - 12.

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

The Company has paid listing fees for the financial year 2011 - 12 and 2012 - 13 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

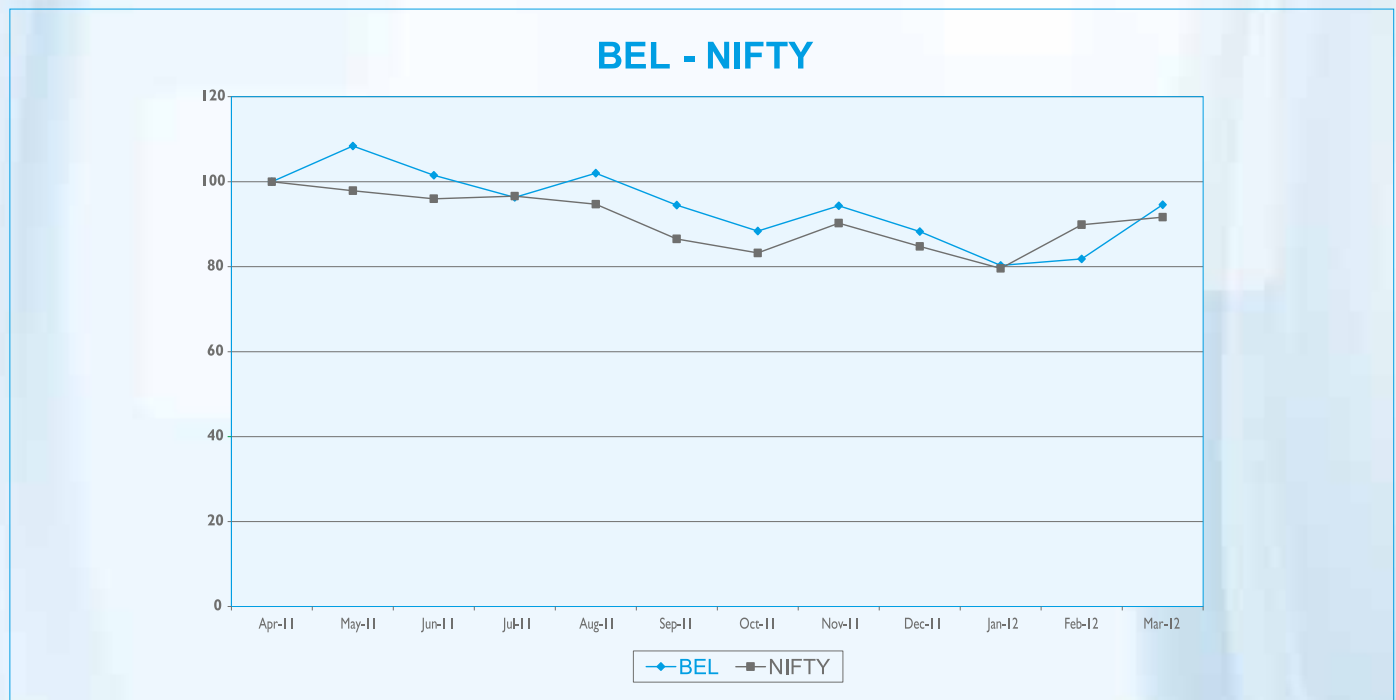
The Company has paid annual custody fees for the financial year 2011-12 and 2012-13 to both the Depositories, viz., NSDL and CDSL.

### 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 2011	1,887.90	1,645.00	1,889.00	1,645.00
May 2011	1,862.85	1,656.00	1,864.00	1,655.00
June 2011	1,712.00	1,547.00	1,715.00	1,533.00
July 2011	1,760.00	1,582.30	1,781.10	1,575.20
August 2011	1,765.00	1,533.00	1,771.00	1,530.05
September 2011	1,642.00	1,486.50	1,650.00	1,475.00
October 2011	1,627.70	1,462.30	1,620.00	1,434.65
November 2011	1,590.00	1,463.05	1,595.00	1,465.30
December 2011	1,550.00	1,293.00	1,551.50	1,290.00
January 2012	1,534.70	1,345.05	1,535.00	1,341.00
February 2012	1,643.95	1,368.00	1,643.00	1,366.00
March 2012	1,665.75	1,482.00	1,710.00	1,478.00

A comparison of closing quotation of the Company’s share price on NSE with the closing position of NSE NIFTY during the year 2011 - 12 (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 1 April 2011 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 2011 - 12 is given below:

	BSE	NSE	BSE+NSE
No. of shares traded	1,317,649	8,739,828	10,057,477
Value (₹ in Lakhs)	20,743.34	137,683.76	158,427.10

### 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) Limited  
 # 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 Chairman & Managing Director, Director (Finance) and Director (Other Units) to consider and approve all share transfer requests and related matters. The Share Transfer Committee meets periodically to approve the transfers within the specified period.

### Shareholding Pattern as on 31 March 2012

Sl. No.	Category	No. of Share holders	No. of Shares	% Holding
1	Central Government	7	60,689,600	75.86
2	Mutual Funds/UTI	72	5,603,873	7.00
3	Financial Institutions/Banks	4	40,500	0.05

Sl. No.	Category	No. of Share holders	No. of Shares	% Holding
4	Insurance Companies	24	7,100,474	8.88
5	Foreign Institutional Investors	91	3,062,031	3.83
6	Bodies Corporate	704	1,875,927	2.34
7	Individuals	21,998	1,497,443	1.87
8	Clearing Members	155	33,932	0.04
9	NRIs	583	48,881	0.06
10	Trusts	5	47,339	0.06
	Total	23,643	80,000,000	100.00

### Top 10 Shareholders as on 31 March 2012

Sl. No.	Name	No. of Shares	% Holding
1	Central Government	60,689,600	75.86
2	Life Insurance Corporation of India	3,166,576	3.96
3	LIC of India Market Plus I Growth Fund	1,371,928	1.71
4	LIC of India Market Plus Growth Fund	1,178,095	1.47
5	HDFC Trustee Company Limited - HDFC Equity Fund	967,903	1.21
6	LIC of India Profit Plus Growth Fund	575,698	0.72
7	HDFC Trustee Company Limited - HDFC Tax Saver Fund	568,951	0.71
8	HDFC Trustee Company Limited - HDFC Top 200 Fund	547,000	0.68
9	Franklin Templeton Mutual Fund A/c Franklin India Blue - chip Fund	530,000	0.66
10	Emerging Markets Growth Fund, Inc.	380,971	0.48

### Distribution of Shareholding as on 31 March 2012

No. of Equity Shares Held	No. of Share holders	%	No. of Shares	%
Upto 500	22,926	96.97	955,779	1.19
501 - 1,000	306	1.29	233,285	0.29
1,001 - 2,000	136	0.58	197,578	0.25
2,001 - 3,000	52	0.22	128,109	0.16
3,001 - 4,000	25	0.11	89,915	0.11
4,001 - 5,000	32	0.14	150,490	0.19
5,001 - 10,000	47	0.20	334,863	0.42



10,001 and above	119	0.50	77,909,981	97.39
Total	23,643	100.00	80,000,000	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 2011-12, the Company transferred to the Fund an amount of ₹ 125,706 from the Unpaid Dividend Account (₹ 87,670 of final dividend 2003-04, and ₹ 38,036 of interim dividend 2004-05). The unclaimed/unpaid final dividend for the year 2004-05 and interim dividend for the year 2005-06 are due for transfer to the Fund in 2012-13. 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 2004-05 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

ICRA has reaffirmed the following credit ratings of the Company for 2012-13:

- (i) Long-term rating of [ICRA] AAA (pronounced ICRA triple A) to ₹ 20,000 Lakhs fund based bank limits.

- (ii) Short-term rating of [ICRA] AI+ (pronounced ICRA A one plus) to ₹ 160,000 Lakhs non-fund based bank limits.

- (iii) Short-term rating of [ICRA] AI+ (pronounced ICRA A one plus) to ₹ 500 Lakhs short-term debt programme.

The outlook on the long-term rating is 'stable'. These ratings indicate the highest credit quality in the long and short-term. The instruments rated in these categories carry the lowest credit risk in the long and short-term. These ratings are valid till 22 March 2013.

### 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 : 21 September 2012  
Time : 2 pm  
Venue : Rashtrakavi Kuvempu Kalakshetra  
(Opposite BEL PU College)  
Near BEL Hospital and BEL Factory  
Jalahalli, Bangalore - 560 013

### Financial Calendar 2012 - 13

Financial Year	: 1 April 2012 to 31 March 2013
First quarter results	: By end of July 2012
Second quarter results	: By end of October 2012
Third quarter results	: By end of January 2013
Fourth quarter results	: By end of April 2013
Annual General Meeting	: September 2013

### Book Closure

11 Sept 2012 to 21 Sept 2012 (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) 28380267
2. Site IV, Sahibabad Industrial Area  
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) 3937252, 2591528, 3937400  
Fax: (0172) 2594548, 2591463

4. Balbhadrapur, Dist. Pauri Garhwal  
Kotdwara – 246149, (Uttaranchal)  
Phone: (01382) 231171 to 231178  
Fax: (01382) 231132, 231135
5. Plot No. L-1, 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) 25865400, 22903000  
Fax: (020) 25880577, 25888789
7. Industrial Estate, Nacharam  
Hyderabad - 500 076 (Andhra Pradesh)  
Phone: (040) 27194700  
Fax: (040) 27171406
8. Post Box No. 26  
Ravindranath Tagore Road  
Machilipatnam - 521 001 (Andhra Pradesh)  
Phone: (08672) 223581 to 223582  
Fax: (08672) 222640
9. Post Box No. 981, Nandambakkam  
Chennai - 600 089 (Tamil Nadu)  
Phone: (044) 22326906  
Fax: (044) 22326905

### Registered Office / Address for Correspondence

Bharat Electronics Limited  
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 31 March 2012.

Bangalore  
21 June 2012

For **Bharat Electronics Ltd**

**Anil Kumar**  
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  
Nagavara, Outer Ring Road  
Bangalore - 560 045

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited, for the year ended 31 March 2012, as stipulated in clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India 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 Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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 an opinion on the financial statements of the Company.

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

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 Company's Management has conducted the affairs of the Company.

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

Bangalore  
21 June 2012

**R M Kamath**  
Partner  
Membership No. 022907

## Annexure to Directors' Report

### Sustainability Report

Government of India, Department of Public Enterprises (DPE) vide Office Memorandum No. 3(9)-2010-DPE(MoU) dated 23 Sept 2011 issued guidelines on Sustainable Development for Central Public Enterprises.

Above DPE guidelines define "Sustainable Development" as "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environmental responsibility."

DPE has included Sustainable Development as a compulsory element for CPSEs under "Non-Financial Parameters" having a 5% weightage (5 marks) in MoU for CPSEs.

Following paragraphs provide an overview of Sustainable Development activities in BEL.

#### Environment Management

BEL continues its strong tradition to sustain the environment with growth. The pristine beauty of the environment in our plants are home to many species of birds which are at the top end of the ecochain fostering biodiversity in flora and fauna supporting the insects and other life forms. This picture of harmony has been built on the foundation of strong environmental management practices which are deep rooted and based on International Standards such as ISO14001(2004), pollution prevention measures, energy and water conservation, use of eco friendly materials and processes, reduction, reuse and recycling of waste, reduction of hazardous waste and sustenance of zero discharge. Your Company will now measure its carbon footprint and move towards Carbon Neutral status by the use of renewable green energy for its operations. Several capacity building programs have been conducted to increase awareness among the workforce to environmental issues and promote an environment free of pollution. The Company strives to serve as an example in its environment endeavors through the following initiatives:

#### Cleaner Technology

Continual improvement by introducing 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 compliant to European and other International directives. Based on the above guidelines, RoHS compliant processes have been introduced in PCB manufacturing and metal finishing processes. 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. The Company has also introduced replacement to degreasing chemical with non Ozone depleting substances in chemical degreasing process.

#### 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.

#### Water Pollution

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

### **Hazardous Waste Management System**

Hazardous waste is a key issue in environmental management. BEL has established a system by constructing exclusive, well-protected place for safe-keeping the hazardous waste with enclosed areas. Intermediate stores exist in each production division wherein identified Hazardous Wastes are quantified and stored till shifting to central hazardous waste stores. These items are brought and stored in the central hazardous waste stores and disposed of as per the norms of State Pollution Control Board. BEL has tied up with the State Pollution Control Board "Treatment, Storage and Disposal Facility" operators for disposal of landfillable solid hazardous waste. This system in practice effectively prevents pollution caused by hazardous wastes.

By introduction of appropriate chemicals that generate less hazardous sludge in detoxification of waste water and by adoption 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, helps 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.

### **e-Waste Management**

Pending legislation on handling and management of e-waste, BEL is proactive enough to make four categories of e-waste which are disposed off scientifically. BEL has geared up with system and infrastructure to comply with e-waste (Management and Handling) Rules 2011 which will be effective from 1 May 2012.

### **Biomedical Waste**

Biomedical wastes generated in BEL hospital and medical centres are collected and disposed of 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. There is a concerted effort to reduce, recycle, reuse waste so that paper and plastic can be recycled and reused rather than as landfills. BEL has taken a new initiative for recycling of paper and plastic waste in partnership with M/s ITC. This has resulted not only in saving trees, but also energy and water besides fetching value to BEL.

### **On Site Emergency Plan and Systems**

In an effort to reduce the impact in 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 790 ML in 2011-12 against 807 ML in 2010-11 in Bangalore Complex. 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. Rain water harvesting and ground water recharging have been implemented in other Units of BEL also. 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.

## Specific Sustainable Development Initiatives

### Wind Energy

Generation of wind energy through two Wind Energy Power Plants at Davanagere (2.5 MW) and Hassan (3 MW) resulted in 104.6 lakh units of energy wheeled during 2011 - 12, resulting in a reduction of ₹74 lakhs in the energy bill and an equivalent reduction of 9,728.66 tons of CO<sub>2</sub> emission. It is proposed to set up another Wind Energy Power Plant with a capacity of 10 MW during 2012-13, with an expected generation of 80 lakh units of energy per annum.

### Solar Power

BEL is establishing grid interactive Solar Power of 30 Kilo Watt capacitors at the New Management Building at Bangalore factory. The Solar Power System was developed and built by BEL.

### Green Buildings

For new buildings, the Green Building Concept is introduced at the design stage itself with natural light harvesting; wind-powered roof extractors for internal cooling; PUF-insulated roofing sheets to reduce the heat load; orientation of buildings to avoid heat loss due to direct sunlight; variable refrigerant volume system to optimise air conditioning; Integrated Building Management System (IBMS); Lighting Management System for energy-efficient lighting; and solar power on rooftop.

### Energy Efficient Air Conditioning

BEL has taken the sustainable development projects in the area of air conditioning by installing energy efficient 5 star rated units of 50 TR capacity in place of old inefficient units. The chillers used for air conditioning at the Bangalore Complex and other Units have been replaced with energy efficient screw chillers.

### LED Street Lights

Conventional street lights are being replaced with equivalent low energy LED fittings both in Bangalore and Ghaziabad Units. There are 280 streetlights inside the Bangalore Complex, which use 150W and 250 W lamps. 91 of the 250 W streetlights have been replaced with 70 W LED streetlights, leading to a drastic reduction in the energy consumed for factory street lighting. In order to optimally use the lighting resources lighting management system has been introduced in new Naval Systems Buildings.

### Ecological Sustainability

Luxuriant greenery with resplendent lawns and large number of trees not only contribute pollution-free internal environment but also reduces impact of pollution outside the factory. Thick carpet of green plantations, spreading over 170 acres of land and nurturing more than 135,000 trees in Bangalore Complex alone adds to this verdure. Similar focus on planting trees and maintenance of large green and clean environment in all BEL Units and its townships stand a testimony for BEL's commitment to Afforestation.

## 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 31 March 2012, the Statement of Profit and Loss 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 amended) 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 Clause 15 of Note 31 of Company's share of Assets, Liabilities, Income and Expenses in the joint ventures is based on audited financial statements of GE BE Private Limited and audited financial statements of BEL Multitone Private Limited as provided by the respective operators of Joint Ventures.
  - c. The Balance Sheet and the Statement of Profit and Loss 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, Statement of Profit and Loss 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 Clause 12 of Note 31 regarding Segment Reporting.
  - e. As the Company is a Government Company, it is exempted from the provisions of Section 274(1)(g) of the Companies Act, 1956 regarding disqualification of Directors vide Notification GSR 829(E) dated 21 October 2003 issued by Ministry of Finance, Department of Company Affairs.
  - 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 31 March 2012.
    - ii) In the case of the Statement of Profit and Loss, 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 RGN Price & Co**  
*Chartered Accountants*  
 Firm Regn. No. 002785S

**R M Kamath**  
*Partner*

Bangalore  
 21 June 2012

Membership No. 022907

## Annexure referred to in Para 3 of our report of even date on the Accounts of Bharat Electronics Limited for the year ended 31 March 2012

- (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 Materials, 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 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 confirmation from certain sub-contractors were not obtained and in this regard please refer Note No. 18(i) and 18(ii).
- (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. 4 (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 of ₹ 2.05 lakhs though matured have not been claimed by 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 Companies (Cost Accounting) Rules 2011 made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 has maintained cost records and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (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 31 March 2012 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	64.90	Customs, Excise and Service Tax Appellate Tribunal, New Delhi
		57.26	CESTAT, Bangalore
		49.17	Commissioner (Appeals), Bangalore
UP Trade Tax Act, 1948	Benefit of Concessional Form 3D not allowed	2.03	1st Appellate Authority
	Acceptance of Duplicate Copy of Form 3D(I)	1.22	DC (Appeals)
Central Sales Tax, Act 1956	Sales Tax	8.18	Deputy Commissioner (Appeal)
	Benefit of Concessional Form C	2.30	AC (Appeal)
	Central Sales Tax	530.06	Sales Tax Appellate Tribunal
Trade Tax	Benefit of concessional form not allowed	220.08	Uttarakhand High Court, Nainital

Nature of Statute	Nature of Dues	Amount disputed (₹ in Lakhs)	Forum where dispute is pending
ESI Act, 1948	Interest and Damages 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
AP Sales Tax	Sales Tax	10.83	DC (Appeals) Secunderabad Division, Hyderabad
The Andhra Pradesh Value Added Tax Act	AP VAT	26.04	Sales Tax Appellate Tribunal
Karnataka Sales Tax Act	Sales Tax	3,287.41	JC (Appeals) Bangalore
Service Tax	Service Tax	103.38	Commissioner (Appeals), Bangalore
	Service Tax	10.58	CESTAT Bangalore
	Interest and Penalty on Service Tax	2.58	Commissioner (Appeals), Bangalore
Urban Land Tax	Land Tax	41.44	Principal Commissioner and Commissioner Land Reforms, Chennai
Vacant Land Tax	Land Tax	10.35	Director, Directorate of Town Panchayat, Chennai
Employees Provident Fund and Miscellaneous Provision Act, 1952	Provident Fund	17.58	Regional Provident Fund Commissioner and Recovery Officer

- (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 banks.
- (xii) According to the information furnished to us, 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 4(xvi) of Companies (Auditor's Report) Order, 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 Companies (Auditor's Report) Order, 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 R G N Price & Co**  
*Chartered Accountants*  
Firm Regn. No. 002785S

**R M Kamath**  
*Partner*

Bangalore  
21 June 2012

Membership No. 022907



सत्यमेव जयते

सं / No. Reports/BEL-A/Cs/2012-13/ *doI*  
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 : 12.7.2012

To

Shri. Anil Kumar,  
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.

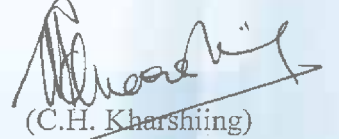
I forward herewith **Nil Comments Certificate** of the Comptroller and Auditor  
General of India under Section 619(4) of the Companies Act, 1956 on the accounts of  
**Bharat Electronics Limited, Bangalore** for the year ended 31 March 2012.

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.

The receipt of this letter may please be acknowledged.

Yours faithfully,



(C.H. Kharshiing)

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.  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दूर भा / Phone: 2226 7646 / 2226 1168

E-mail : mabbir@giasbg01.vsnl.net.in

E-mail : mabbir@giasbg01.vsnl.net.in

तार / Telegram : DIRCOMIT

फैक्स/ Fax : 080-2226 2491

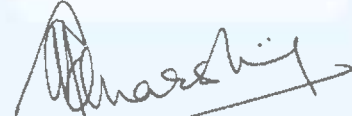
फैक्स/ Fax : 080-2226 2491

**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 2012.**

The preparation of financial statements of Bharat Electronics Limited, Bangalore for the year ended 31 March 2012 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 21.06.2012.

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 2012. 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: 12.7.2012**

## 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, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS UNDER DEVELOPMENT:

#### (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 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. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as “Intangible Assets under Development”.

**(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

- i) Research and Development expenditure (other than on specific development-cum-sales contracts and R&D projects initiated at customer's request), is charged off as expenditure when incurred. R&D expenditure on development-cum-sale contracts and on R&D projects initiated at customer's request are treated at par with other sales contracts.
- ii) Where R&D projects are initiated at customer's request, and such projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.
- iii) R&D 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 Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

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

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

## 9. INVESTMENTS

- (i) Investments are categorised as Trade Investments or Other Investments. 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. TRADE RECEIVABLES AND OTHER RECEIVABLES

- (i) Full provision is made for all Trade Receivables and Other Receivables considered doubtful of recovery having regard to the following considerations:
  - a. Time barred dues from the government/government departments/government companies are generally not treated as doubtful.
  - b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities/courts.
- (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 as determined under the prevailing tax laws

are recognised in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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 **R G N Price & Co**  
Chartered Accountants  
Firm Regn. No. 002785S

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

21 June 2012  
Bangalore



## Balance Sheet as at 31 March 2012

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Fund</b>			
(a) Share Capital	1	8,000.00	8,000.00
(b) Reserves & Surplus	2	554,221.01	490,570.65
		<b>562,221.01</b>	498,570.65
<b>(2) Government Grants</b>	3	<b>1,474.56</b>	1,686.42
<b>(3) Non-Current Liabilities</b>			
(a) Long - Term Borrowings	4	1.38	12.62
(b) Other Long Term Liabilities	5	418.13	209.27
(c) Long - Term Provisions	6	30,322.07	25,907.86
		<b>30,741.58</b>	26,129.75
<b>(4) Current Liabilities</b>			
(a) Short- Term Borrowings	31	-	-
(b) Trade Payables	7	108,142.70	84,096.21
(c) Other Current Liabilities	8	754,705.84	674,227.52
(d) Short-Term Provisions	9	28,549.75	31,452.52
		<b>891,398.29</b>	789,776.25
<b>TOTAL</b>		<b>1,485,835.44</b>	1,316,163.07
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	50,632.12	48,150.61
(ii) Intangible Assets	11	383.79	220.49
(iii) Capital Work - in - Progress	12	11,344.47	5,558.93
(iv) Intangible Assets under development	13	11.99	209.35
(b) Non Current Investment	14	1,198.11	1,198.11
(c) Deferred Tax Assets (Net)	15	22,815.57	18,064.90
(d) Long- Term Loans & Advances	16	17,355.42	11,097.41
(e) Other Non Current Assets	17	11,880.98	11,087.08
		<b>115,622.45</b>	95,586.88
<b>(2) Current Assets</b>			
(a) Inventories	18	267,379.70	235,013.53
(b) Trade Receivables	19	268,694.89	289,657.88
(c) Cash & Bank Balances	20	677,252.23	651,935.64
(d) Short- Term Loans & Advances	21	150,797.67	41,733.91
(e) Other Current Assets	22	6,088.50	2,235.23
		<b>1,370,212.99</b>	1,220,576.19
<b>TOTAL</b>		<b>1,485,835.44</b>	1,316,163.07

Accounting Policies & Note No. 1 to 31 form part of Accounts.

As per our report of even date attached.

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

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

21 June 2012  
Bangalore

## Statement of Profit & Loss for the year ended 31 March 2012

(₹ in Lakhs)

PARTICULARS	Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>I. REVENUE FROM OPERATIONS</b>			
(i) Turnover			
(a) Sale of Products		481,696.72	520,642.98
(b) Sale of Services		88,666.64	32,326.34
(c) Gross (a+b)		570,363.36	552,969.32
(d) Excise Duty		5,362.64	5,794.70
(e) Net Turnover (c-d)		565,000.72	547,174.62
(ii) Other Operating Revenues	23	11,763.40	11,334.69
<b>TOTAL [i(e)+ii]</b>		<b>576,764.12</b>	<b>558,509.31</b>
<b>II. OTHER INCOME</b>	24	<b>58,549.08</b>	<b>27,597.99</b>
<b>III. TOTAL REVENUE (I+II)</b>		<b>635,313.20</b>	<b>586,107.30</b>
<b>IV. EXPENSES</b>			
(a) Cost of Material Consumed		304,526.48	246,887.29
(b) Cost of Stores & Spares Consumed		2,753.27	2,186.32
(c) Purchases of Stock in Trade		59,623.73	63,857.45
(d) Changes in Inventories of Finished Goods, WIP & Scrap	25	(8,994.89)	888.98
(e) Employee Benefits Expense	26	108,123.05	104,186.18
(f) Finance Costs	27	60.01	73.37
(g) Depreciation and Amortisation Expense	10 & 11	12,079.89	12,204.23
(h) Other Expenses	28	49,271.25	41,717.18
<b>TOTAL EXPENSES (a to h)</b>		<b>527,442.79</b>	<b>472,001.00</b>
V. Profit before exceptional & extraordinary items & tax (III-IV)		107,870.41	114,106.30
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		107,870.41	114,106.30
VIII. Extraordinary items		-	-
IX. Profit for the year (VII-VIII)		107,870.41	114,106.30
X. Prior Period Items (Net)	29	385.60	(2,008.33)
XI. Profit for the period before tax (IX-X)		107,484.81	116,114.63
XII. Tax Expense			
- Current Year		29,800.00	31,900.00
- Earlier Years		(554.30)	458.80
- Deferred Taxes		(4,750.67)	(2,391.02)
Total Provision for Taxation		24,495.03	29,967.78
XIII. Profit for the period (XI-XII)		82,989.78	86,146.85
XIV. Earnings per equity share:	30		
(1) Basic [in Rupees]		103.74	107.68
(2) Diluted [in Rupees]		103.74	107.68

Accounting Policies &amp; Note No. 1 to 31 form part of Accounts.

As per our report of even date attached.

For **R G N Price & Co**  
Chartered Accountants  
Firm Regn. No. 0027855

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

21 June 2012  
Bangalore

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - I</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital 100,000,000 (100,000,000) Equity Shares of ₹ 10 each	<b>10,000.00</b>	10,000.00
Issued, Subscribed & Fully Paid-up Capital 80,000,000 (80,000,000) Equity Shares of ₹ 10 each	<b>8,000.00</b>	8,000.00

i. Reconciliation of No. of Shares

Particulars	2011-2012		2010-2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00
Add: Shares issued during the year	-	-	-	-
Less: Shares Bought Back, Others etc., during the period	-	-	-	-
Shares outstanding at the end of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2012 is given below:

Name of Shareholder	2011-2012		2010-2011	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	60,689,600	75.86%	60,689,600	75.86%

iii. Shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment. NIL NIL

iv. The aggregate value of calls unpaid (including Director/Officers of Company) NIL NIL

v. The Company has only one class of shares viz., Equity Shares.

vi. Each holder of Equity Shares is entitled to one vote per share on show of hands and in poll in proportion to the Number of shares held by him/her.

vii. Each Share Holder has a right to receive the dividend declared by the Company.

viii. On winding up of the Company, the equity shareholders will be entitled to get the realised value of the remaining assets of the Company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
a) Land Valuation Reserve	200.64	200.64
b) Capital Profit:		
At the beginning of the year	890.24	848.26
Add: Transfer from Profit for the period	56.81	41.98
	947.05	890.24
c) On acquisition of Machilipatnam Unit	0.85	0.85
d) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	1,198.54	1,141.73
<b>GENERAL RESERVE</b>		
At the beginning of the year	272,122.33	232,122.33
Add: Transfer from Surplus for the period	40,000.00	40,000.00
	312,122.33	272,122.33
<b>SURPLUS</b>		
At the beginning of the year	217,306.59	191,303.51
Add: Profit for the period	82,989.78	86,146.85
Amount available for appropriation	300,296.37	277,450.36
Less: Appropriation		
Dividend on Equity Shares		
- Interim Dividend	8,000.00	4,800.00
- Proposed Final Dividend	8,640.00	12,480.00
Dividend Tax	2,699.42	2,821.79
Transfer to General Reserve	40,000.00	40,000.00
Transfer to Capital Reserve	56.81	41.98
Surplus carried forward	240,900.14	217,306.59
	554,221.01	490,570.65
<b>NOTE - 3</b>		
<b>GOVERNMENT GRANTS</b>		
Grant from Government for Research and Other purposes		
At the beginning of the year	1,686.42	2,041.96
Add: Additions during the year	38.00	22.91
Less: Transfer to Statement of Profit & Loss	249.86	378.45
	1,474.56	1,686.42
	1,474.56	1,686.42

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 4</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Long Term Maturity of Finance Lease Obligations</b>		
Liability on Leased Assets (Vehicles)	1.38	12.62
	<b>1.38</b>	<b>12.62</b>
i. Total outstanding liability on Leased Assets	9.81	41.05
Less: Amount expected to be paid within next 12 months (Refer Note 8)	8.43	28.43
	<b>1.38</b>	<b>12.62</b>
ii. The above liability is secured by vehicles taken on lease. (Refer Note 10)		
iii. Terms of Repayment		
- Fixed Non cancellable period is 60 months from date of commencement of the rentals.		
- Lease Rentals in respect of each vehicle is determined based on prevailing interest rate at the time of availment of Lease Finance.		
- Lease Rental variation clause is applicable.		
- In case of premature termination of Lease (with the consent of the Lessor) the Lessee shall pay the Lessor the discounted value of future receivables		
- Termination Value at the rate of 1% of the Lease amount of vehicle is payable for sale of car on behalf of Lessor.		
iv. As per the provisions of Accounting Standard 19, the following information is disclosed in respect of above Finance Lease:		
a) The net carrying amount (WDV) at the Balance Sheet date	7.51	32.95
b) Total minimum lease payments as at the reporting period date	10.43	45.74
c) The present value of minimum lease payments as at the reporting period date	9.81	41.05
d) The minimum lease amount payable with present value for each of the following periods is given below:		

Particulars	2011-12		2010-11	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
a) not later than one year	8.76	8.43	30.13	28.43
b) later than one year & not later than five years	1.67	1.38	15.61	12.62
c) later than five years	-	-	-	-
<b>TOTAL</b>	<b>10.43</b>	<b>9.81</b>	<b>45.74</b>	<b>41.05</b>

## NOTE - 5

### OTHER LONG TERM LIABILITIES

Trade Payables	203.01	50.00
Security Deposits	215.12	159.27
	<b>418.13</b>	<b>209.27</b>

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 6</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Employee Benefits</b>		
Long-term Compensated Absences	17,692.78	14,742.69
BERECHS	12,629.29	11,165.17
	<b>30,322.07</b>	<b>25,907.86</b>

- i. **Long Term Compensated Absence Scheme:**
- |   |                  |                  |
|---|------------------|------------------|
| Total liability in respect of Long Term Compensated Absences          | 20,041.98        | 17,183.51        |
| Less: Amount expected to be paid within next 12 months (Refer Note 9) | 2,349.20         | 2,440.82         |
|   | <b>17,692.78</b> | <b>14,742.69</b> |
- ii. The amount of Liability on long term compensated absences has been bifurcated between current and non current based on the report of Actuary.
- iii. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Long Term Compensated Absence: The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non-Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences: Annual Leave (AL) 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 Statement of Profit & Loss 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	2011-2012	2010-2011
<b>a) Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Net Expenses Recognised in the Statement of Profit & Loss [Expenses: ₹ 3,572.40, Provisions: ₹ 2,858.46]	6,430.86	3,115.55
<b>b) Principal Assumptions:</b>		
Discounting Rate	8.60%	8.40%
Rate of increase in compensation level	7.50%	7.50%
<b>c) Amounts to be recognised in Balance Sheet:</b>		
Liability recognised in Balance Sheet [as per actuarial valuation]	20,041.98	17,183.52

- iv. **BEL Retired Employees' Contributory Health Scheme (BERECHS)**
- |   |                  |                  |
|---|------------------|------------------|
| a. Total outstanding of BERECHS                                     | 14,853.79        | 13,174.15        |
| Less: Amount expected to be payable within 12 months (Refer Note 9) | 2,224.50         | 2,008.99         |
|   | <b>12,629.29</b> | <b>11,165.16</b> |
- b. The amount of Liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary.
- v. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of 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 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the insurance coverage.

## Notes to Accounts

(₹ in Lakhs)

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

Particulars	2011-2012	2010-2011
<b>a. Change in Benefit Obligations:</b>		
Present Value of Obligation (PVO) as at the beginning of the year	13,475.95	12,963.40
Current Service Cost	838.91	762.25
Interest Cost	1,102.17	1,053.28
Actuarial (gain)/loss	724.63	(454.35)
Benefits paid	(1,319.92)	(848.63)
<b>Present Value of Obligation as at the end of the period</b>	<b>14,821.74</b>	<b>13,475.95</b>
<b>b. Change in Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected return on Plan Assets	-	-
Contributions	1,319.92	848.63
Benefits paid	(1,319.92)	(848.63)
Actuarial gain/(loss)	-	-
<b>Fair Value of Plan Assets at the end of the period</b>	<b>-</b>	<b>-</b>
<b>c. Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Opening Net Liability	-	-
Current Service Cost	838.91	762.25
Interest on Defined benefit obligation	1,102.17	1,053.28
Expected return on Plan Assets	-	-
Net Actuarial (gain)/loss recognised in the period	724.63	(454.35)
<b>d. Expenses Recognised in the Statement of Profit &amp; Loss</b>	<b>2,665.71</b>	<b>1,361.18</b>
Add: Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004) over 14 years	333.85	333.85
<b>Net Expenses Recognised in the Statement of Profit &amp; Loss (Expenses: ₹ 1,319.92, Provisions: ₹ 1,679.64)</b>	<b>2,999.56</b>	<b>1,695.03</b>
<b>e. Principal Assumptions:</b>		
Discounting Rate	8.60%	8.40%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	2.50%	6.00%
Attrition Rate	1.00%	1.00%
<b>f. Amounts recognised in Balance Sheet:</b>		
Present Value of Obligation as at the end of the period	14,821.74	13,475.95
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(14,821.74)	(13,475.95)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet (as per actuarial valuation)	14,821.74	13,475.95
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 2011 - 12	3,004.61	2,670.76
<b>Liability recognised in Balance Sheet</b>	<b>14,853.79</b>	<b>13,174.15</b>
<b>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:</b>		
Effect on the aggregate of the service cost and interest cost	219.66	45.88
Effect on defined benefit obligation	1,568.97	345.25
<b>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:</b>		
Effect on the aggregate of the service cost and interest cost	(185.96)	(45.13)
Effect on defined benefit obligation	(1,328.25)	(342.18)

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE-7</b>		
<b>TRADE PAYABLES</b>		
- Dues to Micro & Small Enterprises	64.83	101.19
- Others	108,077.87	83,995.02
	<b>108,142.70</b>	<b>84,096.21</b>

- i. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31 March 2012 is furnished below:

Particulars	2011-2012	2010-2011
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 March 2012:		
Principal Amount	64.83	101.19
Interest	2.24	1.66
b. 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 31 March 2012:		
Principal Amount	90.12	81.86
Interest	0.68	0.13
c. 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	0.71	0.47
d. The amount of interest accrued and remaining unpaid at the end of the year ending 31 March 2012.	2.95	2.45
e. 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.	0.23	0.55

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

	As at 31 March 2012	As at 31 March 2011
<b>NOTE-8</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of Finance Lease Obligations (Liability on Leased Assets - Vehicles) #	8.43	28.43
Unpaid Dividend Account *	18.15	17.28
Unpaid Matured Deposits (including interest thereon) *	40.47	40.47
Interest accrued and due on Trade Payables - MSMED (Refer Note 7)	2.95	2.13
<b>Other Liabilities</b>		
Security Deposits	1,308.87	971.37
Outstanding Expenses	18,015.93	10,892.06
Advances/Progress Payment received from Customers	717,813.26	644,106.30
Statutory Liabilities	12,877.98	14,472.78
Others	4,619.80	3,696.70
	<b>754,705.84</b>	<b>674,227.52</b>

# Refer Note No. 4

\* Amount to be transferred to the Investor Education &amp; Protection Fund as at Balance Sheet date

NIL

NIL



## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE-9</b>		
<b>SHORT TERM PROVISIONS</b>		
Taxation [Net of Advance Tax ₹ 95,627.22 (₹ 100,816.15)] (Refer Note 16)	-	-
Proposed Final Dividend	8,640.00	12,480.00
Dividend Tax	1,401.62	2,024.57
<b>Employee Benefits</b>		
Gratuity	2,280.17	2,811.22
Proposed Pension Scheme	9,201.55	6,900.91
Long-Term compensated absences	2,349.20	2,440.82
BERECHS	2,224.50	2,008.99
	16,055.42	14,161.94
Provision for Performance Warranty	2,452.71	2,786.01
	<b>28,549.75</b>	<b>31,452.52</b>

- i. 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:

Particulars	2011-2012	2010-2011
Opening Balance (a)	2,786.01	4,099.94
Additional Provisions made during the year (b)	214.44	754.77
Amounts used during the year (c) *	90.00	95.91
Unused Amounts reversed during the year (d)	457.74	1,972.79
Closing Balance (e) = (a+b-c-d)	2,452.71	2,786.01

\* Represents amount debited to opening provision.

- ii. During the year the Company has recognised an amount of ₹ 5,826.60 (₹ 6,083.69) towards contribution to Employees Provident Fund and Pension Schemes in the Profit and Loss Account. The guidance on implementing AS 15 (Revised) 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 31 March 2012, 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	2011-2012	2010-2011
<b>i) Change in Benefit Obligations:</b>		
Present Value of Obligation as at the beginning of the year	100,285.66	83,740.57
Current Service Cost	21,580.60	18,874.13
Interest Cost	7,783.88	6,284.01
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain)/loss	(4,183.99)	1,768.00
Benefits paid	(15,240.88)	(10,381.05)
Present Value of Obligation as at the end of the period	110,225.27	100,285.66

## Notes to Accounts

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
<b>ii) Change in Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	110,388.26	91,720.82
Expected return on Plan Assets	10,240.90	8,475.28
Contributions	22,946.33	20,660.10
Benefits paid	(15,240.88)	(10,381.05)
Actuarial gain/(loss) on Plan Assets	(818.52)	(86.89)
Fair Value of Plan Assets at the end of the period	127,516.09	110,388.26
<b>iii) Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Opening Net Liability	-	-
Current Service Cost	21,580.61	18,874.13
Interest Cost	7,783.88	6,284.01
Expected return on Plan Assets	(10,240.90)	(8,475.28)
Net Actuarial (gain)/loss recognised in the period	(3,365.46)	1,854.89
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	15,758.13	18,537.75
<b>iv) Amounts recognised in Balance Sheet:</b>		
Present Value of Obligation as at the end of the period	110,225.27	100,285.66
Fair Value of Plan Assets at the end of the period	127,516.08	110,388.26
Difference	(17,290.81)	(10,102.60)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet	-	-
<b>v) Amount for the Current Period:</b>	-	-
Present Value of Obligation	110,225.27	100,285.66
Plan Assets	127,516.08	110,388.26
Surplus/(Deficit)	17,290.80	10,102.60
Experience Adjustments on Plan liabilities - (Loss)/Gain	4,135.24	(6,666.52)
Experience Adjustments on Plan Assets - (Loss)/Gain	(818.52)	(86.89)
<b>vi) Category of Assets as at 31 March 2012:</b>		
Government of India Securities	18.86%	16.96%
State Government Securities	23.39%	20.50%
High Quality Corporate Bonds	44.03%	45.23%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	13.72%	17.30%
Mutual Funds	0.00%	0.00%
Cash	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>vii) Principal Assumptions:</b>		
Discounting Rate	8.60%	8.40%
Salary Escalation Rate	7.50%	7.50%
Expected Rate of Return on Plan Assets	9.05%	8.95%

## Notes to Accounts

(₹ in Lakhs)

### iii. 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	2011-12	2010-11	2009-10	2008-09	2007-08
i)	Present Value of Obligation as at the end of the period	37,773.15	38,107.60	41,585.38	35,120.87	24,027.68
ii)	Fair Value of Plan Assets at the end of the period	35,492.98	35,296.38	38,436.96	24,579.01	23,785.92
iii)	Excess of Obligation over Plan Assets - Surplus / (Deficit)	(2,280.17)	(2,811.22)	(3,148.42)	(10,541.86)	(241.76)
	<b>Experience Adjustments</b>					
iv)	Experience Adjustments on Plan liabilities - (Loss) / Gain	(3,375.25)	(2,176.81)	(1,485.62)	(472.76)	(1,529.33)
v)	Experience Adjustments on Plan Assets - (Loss) / Gain	97.29	(55.53)	3,074.51	(234.41)	47.75

### iv. 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 ₹ 2,280.17 (₹ 2,811.22). In case of Provident Fund, there is no actuarial liability assessed for shortfall in interest as at year end.

### v. Gratuity Scheme:

As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Gratuity:

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

Particulars	2011-2012	2010-2011
<b>i. Change in Benefit Obligations:</b>		
Present Value of Obligation as at the beginning of the year	38,107.60	41,585.38
Current Service Cost	738.88	2,551.74
Interest Cost	2,896.28	2,919.89
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain)/loss	3,286.46	1,224.12
Benefits paid	(7,256.07)	(10,173.53)
<b>Present Value of Obligation as at the end of the period</b>	<b>37,773.15</b>	<b>38,107.60</b>
<b>ii. Change in Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	35,296.38	38,436.96
Expected return on Plan Assets	3,044.16	3,440.06
Contributions	4,311.22	3,648.42
Benefits paid	(7,256.07)	(10,173.53)
<b>Actuarial gain / (loss) on Plan Assets</b>	<b>97.29</b>	<b>(55.53)</b>
<b>Fair Value of Plan Assets at the end of the period</b>	<b>35,492.98</b>	<b>35,296.38</b>
<b>Excess of Obligation over Plan Assets</b>	<b>2,280.17</b>	<b>2,811.22</b>

## Notes to Accounts

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
<b>iii. Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Opening Net Liability	-	-
Current Service Cost	738.88	2,551.74
Interest Cost	2,896.28	2,919.89
Expected return on Plan Assets	(3,044.16)	(3,440.06)
Net Actuarial (gain)/loss recognised in the period	3,189.17	1,279.65
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
<b>Expenses Recognised in the Statement of Profit &amp; Loss</b>	<b>3,780.17</b>	<b>3,311.22</b>
<b>Actual Return on Plan Assets</b>	<b>9.13%</b>	<b>9.70%</b>
<b>iv. Amounts recognised in Balance Sheet:</b>		
Present Value of Obligation as at the end of the period	37,773.15	38,107.60
Fair Value of Plan Assets at the end of the period	35,492.98	35,296.38
Funded Status	(2,280.17)	(2,811.22)
Unrecognised Actuarial (gains)/losses		-
<b>Liability recognised in Balance Sheet [after considering payment of ₹ 1,500 (₹ 500) to the Trust during the year]</b>	<b>2,280.17</b>	<b>2,811.22</b>
<b>v. Category of Assets as at 31 March 2012:</b>		
State Govt. Securities	14.45%	16.21%
Govt. of India Securities	2.58%	2.97%
High Quality Corporate Bonds	17.19%	25.61%
Special Deposit	0.00%	0.00%
Investment with Insurer	65.78%	55.21%
<b>Principal Assumptions:</b>		
Discounting Rate	8.60%	8.40%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	9.13%	9.70%

vi. For BERECHS & Long Term Compensated Absence, refer Note 6 for disclosure details.

vii. Proposed Pension Scheme

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 ₹9,201.55 has been made in the accounts upto the year 2011-12.

## Notes to Accounts

### NOTE - 10 FIXED ASSETS-TANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2011	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2012	Accumulated Depreciation Upto 31.03.2011	Depreciation for the year	Deductions/ adjustments during the year	As at 31.03.2012	As at 31.03.2011
Free Hold Land *	1,086.64	-	-	1,086.64	-	-	-	1,086.64	1,086.64
Lease Hold Land	708.20	-	-	708.20	81.04	11.11	-	616.05	627.16
Roads and Culverts	605.45	55.50	-	660.95	434.38	17.13	-	209.44	171.07
Buildings ++	16,860.19	1,369.25	1.64	18,227.80	8,717.52	489.31	(4.16)	9,016.81	8,142.67
Installations ++	5,975.06	230.63	84.51	6,121.18	4,365.84	295.41	84.51	1,544.44	1,609.22
Plant and Machinery ++	65,725.82	5,074.89	1,209.56	69,591.15	52,254.65	4,217.83	1,206.99	14,325.66	13,471.17
Electronic Equipment ++	46,879.96	3,176.70	1,035.21	49,021.45	34,049.56	3,495.61	1,035.21	12,511.49	12,830.40
Equipment for R & D Lab	20,744.92	3,382.32	867.22	23,260.02	14,710.84	2,022.76	489.42	7,015.84	6,034.08
Vehicles	984.82	54.72	152.04	887.50	816.67	82.52	152.04	140.35	168.15
Vehicles - Under Lease	128.86	-	62.02	66.84	95.91	18.77	55.34	7.50	32.95
Office Equipment ++	10,697.96	794.60	363.12	11,129.44	8,611.44	792.34	361.07	2,086.73	2,086.52
Furniture, Fixtures and other Equipment ++	5,500.64	618.80	96.79	6,022.65	3,635.04	416.38	95.98	2,067.21	1,865.60
Assets acquired for Sponsored Research **	1,334.91	-	-	1,334.91	1,309.93	21.02	-	3.96	24.98
<b>Total ***</b>	<b>177,233.43</b>	<b>14,757.41</b>	<b>3,872.11</b>	<b>188,118.73</b>	<b>129,082.82</b>	<b>11,880.19</b>	<b>3,476.40</b>	<b>50,632.12</b>	<b>48,150.61</b>
Previous Year	168,629.82	11,524.38	2,920.77	177,233.43	120,121.46	11,857.42	2,896.06	48,150.61	48,508.36

Free Hold Land consists of 943.67 acres (943.67 acres) and Lease Hold Land consists of 302.4 acres (302.4 acres).

\* Land includes 28,124 (23,515) Sq. yards leased to commercial / religious organisations and in their possession.

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

++ Additions during the year include ₹ 753.26 (₹ 426.79) in respect of the assets of Central Research Laboratories of BEL.

\*\*\* Gross Block and Accumulated Depreciation include ₹ 4,951.32 (₹ 2,365.33) pertaining to assets not in active use, disposal of which is pending.

## Notes to Accounts

### NOTE - II FIXED ASSETS-INTANGIBLE

PARTICULARS	GROSS BLOCK (AT COST)			AMORTISATION			NET BLOCK	
	Cost as at 01.04.2011	Additions/ adjustments during the year	Deductions/ adjustments during the year	Accumulated Amortisation Upto 31.03.2011	Amortisation for the year	Deductions/ adjustments during the year	As at 31.03.2012	As at 31.03.2011
				Total cost as at 31.03.2012				
Enterprise Resource Planning (ERP)- Software Licenses /Implementation	1,666.61	372.43	-	1,446.12	209.13	-	1,655.25	383.79
<b>Total</b>	<b>1,666.61</b>	<b>372.43</b>	<b>-</b>	<b>2,039.04</b>	<b>209.13</b>	<b>-</b>	<b>1,655.25</b>	<b>220.49</b>
Previous Year	1,587.23	79.38	-	1,666.61	346.81	-	1,446.12	487.92

i. 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.

ii. 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)

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 ₹ 81.63 (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 Long Term Loans & 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 accounted 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 in the year 2007-08 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 Nirddharan Suchi of Government of Maharashtra.

iii) 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%/15%
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

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 12</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Civil Construction	7,236.83	3,368.18
Plant, Machinery	2,796.57	1,281.99
Others	567.87	243.36
	<u>10,601.27</u>	<u>4,893.53</u>
Add: Capital Items in Transit	1,111.23	1,033.43
	<b>11,712.50</b>	5,926.96
Less: Provision	368.03	368.03
	<u><b>11,344.47</b></u>	<u>5,558.93</u>
<b>NOTE - 13</b>		
<b>Intangible Assets under Development</b>		
<b>Enterprise Resource Planning (ERP) -</b>		
<b>Software Licenses / Implementation</b>		
Opening Balance	209.34	193.68
Add: Addition during the year	175.08	95.05
	<u>384.42</u>	<u>288.73</u>
Less: Amount Capitalised during the year	372.43	79.38
	<b>11.99</b>	209.35
	<u><b>11.99</b></u>	<u>209.35</u>

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 14</b>		
<b>NON-CURRENT INVESTMENTS (at Cost)</b>		
<b>TRADE, UNQUOTED</b>		
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
<b>SUBSIDIARY:</b>		
BEL Optronics Devices Ltd., Pune 1,700,223 (1,700,223) Equity Shares of ₹ 100 each fully paid	936.08	936.08
<b>JOINT VENTURE:</b>		
GE-BE Private Ltd., Bangalore 2,600,000 (2,600,000) Equity Shares of ₹ 10 each fully paid	260.00	260.00
BEL Multitone Private Ltd., Bangalore 318,745 (318,745) Equity Shares of ₹ 10 each fully paid	31.88	31.88
Less: Provision for Diminution in value of Investment	29.90	29.90
	1.98	1.98
	261.98	261.98
<b>OTHERS, UNQUOTED</b>		
<b>INVESTMENT IN CO-OPERATIVE SOCIETIES</b>		
Cuffe Parade Persopolis Premises Co-op. Society, Mumbai 40 Shares (40 Shares) of ₹ 50 each fully paid	0.02	0.02
Sukh Sagar Premises Co-op. Society, Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid		
Shri Saptarata Co-op. Society Ltd., Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid	0.01	0.01
Dalamal Park Co-op. Society Ltd., Mumbai 5 Shares (5 Shares) of ₹ 50 each fully paid		
Chandralok Co-op Housing Society Ltd., Pune 30 Shares (30 Shares) of ₹ 50 each fully paid	0.02	0.02
	0.05	0.05
	1,198.11	1,198.11
Aggregate Value of Quoted Investments	NIL	NIL
Aggregate Value of Unquoted Investments	1,198.11	1,198.11
Aggregate Provision for diminution in Value of Investment	29.90	29.90

Investment made in Co-operative Societies are in respect of apartments owned by the Company, cost of which is included under Fixed Assets (Refer Note 10)



## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 15</b>		
<b>DEFERRED TAX ASSETS</b>		
Deferred Tax Assets	27,075.05	22,274.78
Deferred Tax Liabilities	4,259.48	4,209.88
	<b>22,815.57</b>	<b>18,064.90</b>

### Break up of Net Deferred Tax Assets is given below:

	2011-2012	2010-2011
Deferred Tax Asset		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc.	26,742.85	22,007.32
Technical Know-how fee	332.20	267.46
	<b>27,075.05</b>	<b>22,274.78</b>
Deferred Tax Liability		
Depreciation	4,259.48	4,209.88
	<b>4,259.48</b>	<b>4,209.88</b>
Net Deferred Tax Assets	<b>22,815.57</b>	<b>18,064.90</b>

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 16</b>		
<b>LONG TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Capital Advances	374.28	130.33
Security Deposits	2,244.76	2,383.81
Other Loans & Advances		
Loans to Employees	1,074.40	1,239.63
Loans to Others	76.93	78.78
Advances to Employees	0.70	0.74
Advances for Purchase	2,322.50	57.43
Advance to Others	142.88	183.22
Advance payment of Income Tax [Net of Provision for Tax - ₹ 95,627.22 (₹ 100,816.15)] - Refer Note 9	11,045.49	6,964.29
Balances with Customs, Port Trust and Other Government Authorities	66.36	58.85
Prepaid Expenses	7.12	0.33
	<b>17,355.42</b>	<b>11,097.41</b>
<b>Unsecured, Considered Doubtful</b>		
Capital Advances	0.30	0.28
Security Deposits	76.83	59.53
<b>Other Loans &amp; Advances</b>		
Loans to Others	132.00	132.00
Advances to Employees	-	0.02
Advances for Purchase	492.73	432.00
Advance to Others	2,149.63	570.38
Balances with Customs, Port Trust and Other Government Authorities	46.85	50.94
	<b>2,898.34</b>	<b>1,245.15</b>
Less: Provision	<b>2,898.34</b>	<b>1,245.15</b>
	<b>17,355.42</b>	<b>11,097.41</b>

For Related Party Disclosures refer Note 31 (14a)

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 17</b>		
<b>OTHER NON CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw Materials & Components	23,915.06	20,541.15
Less: Provision	<u>13,843.56</u>	<u>10,287.02</u>
	10,071.50	10,254.13
Work in Progress	1,547.10	568.37
Stores & Spares	135.31	128.04
Loose Tools	48.21	67.67
	<u>11,802.12</u>	<u>11,018.21</u>
<b>Trade Receivables</b>		
<b>Unsecured, Considered Good</b>		
Trade Receivables	28.38	22.81
<b>Unsecured, Considered Doubtful</b>		
Trade Receivables	54,536.80	47,261.06
Less: Provision	<u>54,536.80</u>	<u>47,261.06</u>
	-	-
	<u>28.38</u>	<u>22.81</u>
<b>Others</b>		
<b>Unsecured, Considered Good</b>		
Claims Receivables - Purchases	46.37	46.06
Others	4.11	-
	50.48	46.06
<b>Unsecured, Considered Doubtful</b>		
Claims Receivables - Purchases	396.73	328.40
Others	130.41	126.08
	527.14	454.48
Less: Provision	<u>527.14</u>	<u>454.48</u>
	-	-
	<u>50.48</u>	<u>46.06</u>
	<u>11,880.98</u>	<u>11,087.08</u>

Valuation of Inventory has been made as per Company's Accounting Policy (Refer Accounting Policy 10).

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 18</b>		
<b>INVENTORIES</b>		
Raw Materials & Components	123,387.02	103,230.22
Add: Raw Materials & Components in Transit	12,738.14	13,434.77
Less: Provisions	23.34	45.28
	<b>136,101.82</b>	116,619.71
Work in Progress	<b>110,352.90</b>	91,876.70
Finished Goods	7,597.12	18,990.25
Add: Finished Goods in Transit	2,303.58	1,306.86
Less: Provisions	116.54	-
	<b>9,784.16</b>	20,297.11
Stock in Trade	5,624.89	4,205.45
	<b>5,624.89</b>	4,205.45
Stores & Spares	2,277.35	1,498.44
Add: Stores & Spares in Transit	273.64	15.99
	<b>2,550.99</b>	1,514.43
Loose Tools	2,867.98	372.86
Add: Loose Tools in Transit	1.65	1.69
	<b>2,869.63</b>	374.55
Disposable Scrap	97.63	125.58
Less: Provisions	2.32	-
	<b>95.31</b>	125.58
	<b>267,379.70</b>	235,013.53

- i) Raw Materials and Components include ₹4,008.13 (₹2,816.65) being materials with subcontractors, out of which ₹265.07 (₹90.19)] of materials is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not material.
- ii) Pending reconciliation, stock verification discrepancies for the year [shortages of ₹65.67 (₹42.24) and surplus of ₹36.94 (₹16.13)] have not been adjusted in the accounts.
- iii) Valuation of Inventory has been made as per Companies Accounting Policy. (Refer Accounting Policy 10)
- iv) The United Nations Climate Change Secretariat has granted 4852 TON CO<sub>2</sub>EQ Carbon Credit for the 2.5MW BEL Grid Connected Wind Power Project at Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2009. The Carbon Credits are included under Finished Goods at a Value of ₹0.58 (₹ Nil). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.

## NOTE - 19 TRADE RECEIVABLES

### Secured, Considered Good

Less than Six Months	42.00	57.79
Over Six Months	7.00	1.36
	<b>49.00</b>	59.15

### Unsecured, Considered Good

Less than Six Months	133,324.68	171,094.57
Over Six Months	135,321.21	118,504.16
	<b>268,645.89</b>	289,598.73
	<b>268,694.89</b>	289,657.88

## Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 20</b>		
<b>CASH &amp; BANK BALANCES</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
Balance with Banks	41,126.44	89,948.24
Cheques/Drafts on hand	60.70	2,826.29
Cash on hand	29.02	34.89
Term Deposits (incl. accrued interest)	129,325.06	182,158.40
	<b>170,541.22</b>	<b>274,967.82</b>
<b>OTHER BANK BALANCES</b>		
Term Deposits (incl. accrued interest)	506,692.86	376,950.54
Unpaid Dividend	18.15	17.28
	<b>506,711.01</b>	<b>376,967.82</b>
	<b>677,252.23</b>	<b>651,935.64</b>

- i. Cash and cash equivalents includes Term Deposits with original maturity period upto three months. Term Deposits with original maturity period beyond 3 months have been included in Other Bank Balances.
- ii. Company does not have any Term Deposits with original maturity period more than 12 months.

## NOTE - 21

### SHORT TERM LOANS & ADVANCES

#### Unsecured, Considered Good

Security Deposits	448.97	402.24
Loans to Employees	219.97	250.80
Loans to Others	1.85	1.84
Advances to Employees	865.03	680.45
Advances for Purchase	137,391.71	33,059.06
Advance to Others	5,291.26	1,596.53
Balances with Customs, Port Trust and Other Government Authorities	5,006.12	4,860.68
Prepaid Expenses	1,572.76	882.31
	<b>150,797.67</b>	<b>41,733.91</b>

For Related Party Disclosures refer Note 31 (14a)

## NOTE - 22

### OTHER CURRENT ASSETS

Claims Receivables - Purchases	4,470.48	899.86
Others	1,618.02	1,335.37
	<b>6,088.50</b>	<b>2,235.23</b>

## Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 23</b>		
<b>OTHER OPERATING REVENUES</b>		
Export Benefits	189.08	193.05
Transport Receipts	401.22	495.14
Rent Receipts	419.97	316.00
Canteen Receipts	571.63	548.31
Electricity Charges Collected	96.63	87.16
Water Charges Collected	29.59	30.94
Provisions Withdrawn		
- Performance Warranty	243.30	1,218.02
- Contingencies towards Long Term Contracts	-	598.75
- Doubtful Debts, LD	1,481.59	2,932.11
- Inventory	372.65	949.50
- Loans & Advances	63.74	109.75
- Others	262.72	235.60
Transfer from Grants	249.86	378.45
Miscellaneous	7,381.42	3,241.91
	<u>11,763.40</u>	<u>11,334.69</u>

<b>NOTE - 24</b>		
<b>OTHER INCOME</b>		
Interest Income from Staff /IT Refund /Others	315.71	213.54
Interest income on Term Deposits	56,935.26	24,144.23
Income from Long Term Investments (Dividend)	260.00	260.00
Foreign Exchange Differential Gain	-	2,648.84
Profit on Sale of Fixed Assets	212.18	136.10
Miscellaneous (Net of "Nil" expenses)	825.93	195.28
	<u>58,549.08</u>	<u>27,597.99</u>

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement /the reporting date

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 25</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND SCRAP [ACCRETION/(DECRETION)]</b>		
<b>Work-in-Progress:</b>		
Closing Balance	111,900.00	92,445.07
Opening Balance	92,445.07	97,824.51
	<u>19,454.93</u>	<u>(5,379.44)</u>
Less: Adjustment pertaining to earlier years	35.68	1,447.36
	<u>19,419.25</u>	<u>(6,826.80)</u>
<b>Finished Goods:</b>		
Closing Stock	9,900.70	20,297.11
Opening Stock	20,297.11	14,406.82
	<u>(10,396.41)</u>	<u>5,890.29</u>
<b>Scrap:</b>		
Closing Stock	97.63	125.58
Opening Stock	125.58	78.05
	<u>(27.95)</u>	<u>47.53</u>
	<u>8,994.89</u>	<u>(888.98)</u>

## Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 26</b>		
<b>EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus/Ex-gratia	83,214.31	80,803.82
Gratuity	3,780.17	3,311.22
Contribution to Provident and Pension Funds	8,055.01	8,129.88
Provision for BEL Retired Employees Contributory Health Scheme	1,679.64	846.40
Welfare Expenses [including Salaries ₹ 1,237.90 (₹ 1,430.02), PF Contribution ₹ 72.23 (₹ 92.81)]	11,393.92	11,094.86
	<b>108,123.05</b>	<b>104,186.18</b>

The Company's VRS Scheme was opened for the period from 15.07.2011 to 29.08.2011. An amount of ₹ 2,544.03 (₹ Nil) has been debited to "Salaries & Wages" being the exgratia amount paid as per the scheme.

## NOTE - 27 FINANCE COSTS

### Interest Expenses

Interest on Lease Finance	3.46	7.98
Interest on Dues to Micro & Small Enterprises	1.52	1.38
Other Interest Expenses	25.03	34.01
	<b>30.01</b>	<b>43.37</b>
<b>Other borrowing costs</b>		
Loan Processing Charges	30.00	30.00
	<b>60.01</b>	<b>73.37</b>

## Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 28</b>		
<b>OTHER EXPENSES</b>		
Power and Fuel	2,689.57	2,768.63
Water charges	297.62	276.47
Royalty & Technical Assistance	3,001.00	1,150.41
Rent	1,825.74	1,328.01
Rates & Taxes	271.43	269.80
Insurance	500.85	444.19
Auditors Remuneration		
Audit Fees	10.01	8.14
Tax Audit Fees	2.00	2.00
Fees for Company Law Matters	0.85	0.85
Other Services (Certification Fees)	1.68	1.59
Reimbursement of Expenses	8.00	6.90
	22.54	19.48
Repairs & Maintenance:		
Buildings	1,668.82	1,380.57
Plant & Machinery	1,296.77	1,192.05
Others	5,466.02	5,111.39
	8,431.61	7,684.01
Bank Charges	372.68	376.90
Printing and Stationery	422.79	430.33
Advertisement & Publicity	717.27	744.13
Travelling Expenses	5,518.27	4,708.98
Hiring Charges for Van & Taxis	661.95	628.55
Excise Duty - Others	55.95	64.01
Packing & Forwarding	1,130.31	1,351.59
Bad Debts & Advances Written Off	1,049.32	533.29
Less: Charged to Provisions	1,043.38	529.06
	5.94	4.23
Provision for Obsolete/Redundant Materials	4,518.20	2,258.67
Provisions for Doubtful Debts, Liquidated damages, customers' claims and disallowances	9,808.88	10,632.18
Provision for Doubtful Advances, claims	1,810.11	197.58
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	510.65	4.19
Less: Charged to Provisions	508.14	-
	2.51	4.19
Sponsorship/Contribution for Professional & Social Activities	263.50	295.38
<b>Others:</b>		
Other Misc Direct Expenditure	2,664.57	2,163.64
After Sales Service	176.47	341.41
Telephones	549.00	621.57
Expenditure on Seminars & Courses	651.26	640.09
Other Selling Expenses	173.69	131.38
Foreign Exchange Differential Loss	370.64	-
Miscellaneous	2,356.90	2,181.37
	49,271.25	41,717.18

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/the reporting date.

## Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 29</b>		
<b>PRIOR PERIOD ITEMS</b>		
Prior Period Income:		
Sales	(92.34)	(260.74)
Accretion to WIP	35.68	1,447.36
Depreciation	19.03	-
Others	(38.71)	844.63
Total Prior Period Income (A)	<u>(76.34)</u>	<u>2,031.25</u>
Prior Period Expenditure:		
Material Consumed	63.26	-
Bank Charges	-	3.68
Depreciation	9.43	-
Foreign Exchange Loss	236.57	-
Others	-	19.24
Total Prior Period Expenditure (B)	<u>309.26</u>	<u>22.92</u>
Total Prior Period Items Net Income/(Expenditure) [ (A) - (B) ]	<u>(385.60)</u>	<u>2,008.33</u>

## NOTE - 30

### EARNING PER SHARE

Profit for the period - Before Extraordinary item	82,989.78	86,146.85
Profit for the period - After Extraordinary item	82,989.78	86,146.85
Number of Shares used in computing earnings per Share	80,000,000.00	80,000,000.00
Earnings per Share - Basic & Diluted		
Before Extraordinary item (Amount in Rupees)	103.74	107.68
After Extraordinary item (Amount in Rupees)	103.74	107.68

## NOTE - 31

### GENERAL NOTES TO ACCOUNTS

- 1) The operating cycle period, as per Revised Schedule VI requirement has been determined at individual contract level.
- 2) The Company has made modifications to the following Accounting Policies with effect from 2011 - 12 and onwards mainly to incorporate the change in terminologies and regrouping requirements under Revised Schedule VI as compared to Pre-revised Schedule VI.
  - a) Fixed Assets, Capital Work in Progress and Intangible Assets under development [previously "Fixed Assets, Capital Work in Progress"] (Policy No. 4)
  - b) Research & Development Expenditure (Policy No. 7)
  - c) Government Grants (Policy No. 8)
  - d) Investments (Policy No. 9)
  - e) Trade Receivables and Other Receivables [previously "Sundry Debtors"] (Policy No. 11)
  - f) Income Tax (Policy No. 12)
  - g) Foreign Currency Transactions (Policy No. 14)
  - h) Technical Know How (Policy No. 17)

All the above modifications have no impact on profit for the year nor are they expected to have a material effect in later years.



## Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
3) a) The Company has been sanctioned working capital limit of ₹ 1,80,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).		
b) The interest rate payable on fund based limit is linked to SBI Base Rate plus 1%. (Interest rate payable as on 31.03.2012 is 11% p.a.).		
c) The amount utilised is re-payable on demand. Utilisation as on 31.03.2012 is NIL (NIL)		
d) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.		
4) a) Estimated amount of contracts remaining to be executed on Capital Account and not provided	18,318.26	15,438.01
b) Other commitments i.e., Non-cancellable contractual commitments (i.e. cancellation of which will result in a penalty disproportionate to the benefits involved)	-	-
5) Exemption has been granted vide GOI Letter No. F.No.46/6/2012-CL-III, dated 08.06.2012 to the Company from compliance with the following provisions contained in Part II of Schedule VI to the Companies Act, 1956, as amended:		

Paragraph	Particulars
5 (ii) (a) (1)	Raw materials under broad heads
5 (ii) (a) (2)	Goods purchased under broad heads
5 (ii) (e)	Gross Income derived under broad heads
5 (iii)	Work-in-progress under broad heads.
5 (viii) (a)	Value of imports calculated on CIF basis by the Company during the financial year in respect of: i) Raw materials; ii) Components and spare parts; iii) Capital Goods;
5 (viii) (b)	Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;
5 (viii) (c)	Total value of all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;
5 (viii) (e)	Earnings in foreign exchange classified under the following heads, namely: i) Export of goods calculated on FOB basis; ii) Royalty, know-how, professional and consultation fees; iii) Interest and dividend; iv) Other income, indicating the nature thereof.

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

Particulars	2011-2012	2010-2011
<b>EXPENDITURE</b>		
Materials	11,901.58	10,329.11
Employees Remuneration & Benefits	19,698.54	17,259.87
Depreciation	2,830.53	2,158.92
Others	8,254.95	5,279.42
<b>Gross Expenditure</b>	<b>42,685.60</b>	35,027.32
<b>INCOME</b>		
Sales	812.70	3,464.49
Accretion/ (Decretion) to WIP & FG	5,686.39	2,244.03
Others	3,662.19	2,071.04
<b>Gross Income</b>	<b>10,161.28</b>	7,779.56
<b>Net Expenditure</b>	<b>32,524.32</b>	27,247.76

## Notes to Accounts

(₹ in Lakhs)

### 7) Contingent Liabilities:

Particulars	2011-2012	2010-2011
Claims not acknowledged as Debts	9,558.48	10,834.02
Outstanding Letters of Credit	70,523.99	26,774.99
Others	1,083.01	398.25
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	11,770.88	8,698.05

8) Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation has been done and provisions/adjustments have been made wherever considered necessary.

9) Liability, if any, in respect of labour matters under dispute before various judicial authorities is not ascertainable, but is expected to be not material.

10) 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:

Particulars	2011-2012	2010-2011
a) Contract revenue recognised during the year	-	-
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 31.03.2012 (net of provision for contingency)	3,522.08	3,522.08
e) Amount of advances received and Outstanding as at 31.03.2012	48.85	48.85
f) The amount of retention	1,466.65	1,466.65

11) "Excise Duty" which is paid during the year in respect of turnover is shown as a deduction from turnover (Gross) in the Statement of Profit and Loss. "Excise Duty- Others" which is included in Note No. 28 - "Other Expenses" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.

12) 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.

13) Trade Receivables as on 31.03.2012 includes ₹14,615 which has not been billed to MTNL pending completion of installation and commissioning activity in respect of Convergent Billing Project.

### 14) 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%)

## Notes to Accounts

(₹ in Lakhs)

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	2,789.68	-	-	2,789.68
		(942.95)	-	-	(942.95)
2	Sale of Goods	-	1,377.56	-	1,377.56
		-	(1,533.98)	-	(1,533.98)
3	Rendering Services	-	0.20	-	0.20
		-	-	-	-
4	Receiving Services	-	-	-	-
		-	-	-	-
5	Rent Received	-	-	0.42	0.42
		-	-	(0.42)	(0.42)
6	Provision for Corporate Guarantees	-	-	-	-
		-	-	-	-
7	Interest Income on Loans	-	-	-	-
		-	-	-	-
8	Dividend Income on Investments	-	260.00	-	260.00
		-	(260.00)	-	(260.00)
9	Trade Payables Outstanding as on 31.03.2012	1,128.45	0.07	-	1,128.52
		(151.15)	(0.07)	-	(151.22)
10	Trade Receivables Outstanding as on 31.03.2012	-	391.01	-	391.01
		-	(357.91)	-	(357.91)
11	Provision for doubtful Trade Receivables as on 31.03.2012	-	10.27	-	10.27
		-	(17.45)	-	(17.45)
12	Provision for Customer disallowances as on 31.03.2012	-	6.44	-	6.44
		-	-	-	-
13	Investment in Equity as on 31.03.2012 *	936.08	260.00	31.88	1,227.96
		(936.08)	(260.00)	(31.88)	(1,227.96)
14	Advance for Purchase Outstanding as on 31.03.2012	18,944.93	-	-	18,944.93
		-	-	-	-

\* 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. As on 31 March 2012, One Official (Manager) is on deputation with BELOP.

## Notes to Accounts

(₹ in Lakhs)

(c) The Key Management Personnel & their remuneration details are as follows:

The total salary including other benefits drawn by the Key Management Personnel as detailed below during the year 2011-12 is ₹ 267.57 (₹ 258.29) as detailed below:

Names with Designation	Year	Salary & Allowances incl. Benefits*	Contribution to PF & Incremental Gratuity/ Leave/ BERECHS	Leased Accommodation	Others	Total
Shri Anil Kumar [CMD from 01.10.11 & Dir [OU] - from 03.02.10 to 30.09.11]	2011-2012	25.58	4.78	-	6.92	37.28
	2010-2011	21.87	3.40	-	2.52	27.79
Shri A K Datt [CMD upto 30.09.11]	2011-2012	19.49	1.35	-	10.31	31.15
	2010-2011	27.98	2.34	6.88	8.39	45.59
Shri M L Shanmukh Dir [HR]	2011-2012	22.05	7.66	6.00	7.89	43.60
	2010-2011	27.96	3.12	6.00	6.56	43.64
Shri M G Raghuvver Director [Finance]	2011-2012	22.93	2.31	-	7.02	32.26
	2010-2011	22.13	5.07	-	4.66	31.86
Shri H N Ramakrishna Dir [Mktg.]	2011-2012	23.39	8.71	-	7.00	39.10
	2010-2011	22.38	3.19	-	4.28	29.85
Shri I V Sarma Dir [R&D]	2011-2012	19.91	2.51	5.56	7.30	35.28
	2010-2011	22.97	3.66	5.56	6.07	38.26
Shri S K Sharma Dir [BG CX] [from 01.09.11]	2011-2012	11.91	8.29	3.50	-	23.70
	2010-2011	-	-	-	-	-
Shri H S Bhadoria Dir [BG CX] [upto 31.08.11]	2011-2012	13.89	1.11	2.50	7.68	25.18
	2010-2011	26.61	2.30	6.00	6.39	41.30
Total [ Current Year]	2011-2012	159.15	36.72	17.56	54.12	267.55
Total [ Previous Year]	2010-2011	171.90	23.08	24.44	38.87	258.29

\* includes terminal benefits at the time of retirement.

### 15) 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

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)	
	2011-2012	2010-2011	2011-2012	2010-2011
<b>EQUITY AND LIABILITIES</b>				
Share Capital	260.00	260.00	31.88	31.88
Reserves & Surplus	13,016.64	12,009.40	(25.31)	(26.93)
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	11.44	11.18	21.50	21.50
Other Long-Term Liabilities	-	-	-	-
Long-Term Provisions	16.64	14.04	-	-

Notes to Accounts

(₹ in Lakhs)

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Audited)	
	2011-2012	2010-2011	2011-2012	2010-2011
<b>Current Liabilities</b>				
Short Term Borrowings	-	-	-	-
Trade Payables	1,717.82	1,052.22	12.26	12.26
Other Current Liabilities	424.58	135.72	0.33	0.36
Short-term Provisions	304.98	307.06	-	-
<b>TOTAL - EQUITIES AND LIABILITIES</b>	<b>15,752.10</b>	<b>13,789.62</b>	<b>40.66</b>	<b>39.07</b>
<b>ASSETS</b>				
<b>Non Current Assets</b>				
Fixed Assets - Tangible Assets	1,363.70	1,260.74	-	-
Capital Work in Progress	300.30	67.34	-	-
<b>Investments</b>	-	-	-	-
Deferred Tax Assets	215.54	179.40	-	-
Long-term Loans & Advances	61.36	101.92	0.36	0.55
Other Non Current Assets	-	-	-	-
<b>Current Assets</b>				
Inventories	1,545.18	943.54	-	-
Trade Receivables	1,119.82	658.32	1.20	1.20
Cash & Bank Balances	320.58	291.46	38.09	37.02
Short - Term Loans & Advances	10,607.22	10,062.26	-	-
Other Current Assets	218.40	224.64	1.01	0.30
<b>TOTAL ASSETS</b>	<b>15,752.10</b>	<b>13,789.62</b>	<b>40.66</b>	<b>39.07</b>
<b>REVENUE FROM OPERATION</b>				
Sale of Manufactured Products (Gross)	10,481.90	10,939.24	-	-
Less: Excise Duty	(14.04)	(8.06)	-	-
<b>Net Sale of Manufactured Products</b>	<b>10,467.86</b>	<b>10,931.18</b>	<b>-</b>	<b>-</b>
Sale of Services	680.16	563.16	-	-
Other Operating Revenue	36.14	24.44	-	-
<b>Total Revenue from Operations</b>	<b>11,184.16</b>	<b>11,518.78</b>	<b>-</b>	<b>-</b>
Other Income	864.76	785.98	2.77	1.91
<b>Total Income (A)</b>	<b>12,048.92</b>	<b>12,304.76</b>	<b>2.77</b>	<b>1.91</b>
<b>EXPENDITURE</b>				
Cost of Material Consumed	7,617.22	8,049.60	-	-
Change in inventories of Finished Goods, WIP, Stock in Trade & Scrap	(284.96)	(101.92)	-	-
Employee Benefit Expenses	664.82	535.08	-	-
Finance Cost	6.24	4.42	-	-
Depreciation and Amortisation Expense	381.68	348.66	-	-
Other Expenses	1,731.08	1,228.76	1.16	1.01
<b>Total Expenditure (B)</b>	<b>10,116.08</b>	<b>10,064.60</b>	<b>1.16</b>	<b>1.01</b>
<b>Profit Before Tax</b>	<b>1,932.84</b>	<b>2,240.16</b>	<b>1.62</b>	<b>0.90</b>
Tax Expense				
Current Tax	(660.14)	(745.94)	-	-
Deferred Tax	36.14	2.08	-	-
<b>Profit (Loss) after Tax (A)-(B)</b>	<b>1,308.84</b>	<b>1,496.30</b>	<b>1.62</b>	<b>0.90</b>

## Notes to Accounts

(₹ in Lakhs)

16) The Company's share of contingent liabilities in the JVCs is as under.

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Audited)	
	2011-2012	2010-2011	2011-2012	2010-2011
Capital Commitments	143.26	181.74	-	-
Other Commitments				-
Other Contingent Liabilities	574.60	1,286.48	-	-

17) Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2012 is given below. (Last year figures are shown in brackets).

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent
USD	845.49	43,487.63	119.89	6,072.51	1,098.16	56,698.17
	(627.21)	(28,470.02)	(53.10)	(2,357.23)	(434.41)	(19,652.44)
Euro	141.90	9,815.65	53.84	3,628.43	211.02	14,597.04
	(199.11)	(12,765.29)	(26.63)	(1,656.04)	(124.96)	(8,011.57)
GBP	9.80	810.79	0.28	22.50	9.32	771.38
	(16.50)	(1,205.11)	(0.21)	(15.03)	(5.12)	(373.83)
JYEN	16.84	10.66	-	-	-	-
	(68.58)	(37.69)	-	-	(25.02)	(13.75)
SGD	0.20	8.10	-	-	0.13	5.17
	(0.18)	(6.41)	-	-	(0.04)	(1.69)
CHF	74.55	4,289.01	-	-	396.65	22,818.15
	(8.95)	(443.18)	(0.01)	(0.70)	(11.18)	(554.19)
Canadian Dollar	0.66	34.28	-	-	-	-
	(0.52)	(24.13)	(0.10)	(4.61)	(22.63)	(1,057.89)
Others		362.93		8.16		11.47
		(1,089.48)		-		(81.80)
Total (₹)		58,819.05		9,731.60		94,901.38
		(44,041.31)		(4,033.61)		(29,747.16)
Amount covered by Exchange Rate variation clause from Customers out of the above		37,595.25		-		41,602.45
		(14,390.95)		-		(9,130.99)

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

The Company does not have any derivative instruments.

18) The Company has prepared these financial statements as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 issued by Ministry of Corporate Affairs. Previous year's figures have been regrouped/reclassified to conform to the classification required by the Revised Schedule VI. Previous year's figures have also been regrouped/reclassified wherever otherwise considered necessary. Figures in brackets relate to previous year.

For **R G N Price & Co**  
Chartered Accountants  
Firm Regn. No. 0027855

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

21 June 2012  
Bangalore

## Cash Flow Statement for the year ended 31 March 2012

(₹ in Lakhs)

Particulars	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax as per Profit & Loss Account	107,484.81	116,114.63
Adjustments for:		
Extraordinary items		
Depreciation and Amortisation Expense (incl. prior period items)	12,089.32	12,204.23
Provision for Employee Benefits	6,307.69	2,933.85
Provision for Contingencies towards Long-Term Contract	-	(598.75)
Provision for Performance Guarantee	(333.30)	(1,313.93)
Interest Income	(56,935.26)	(24,144.23)
Dividend Income	(260.00)	(260.00)
Finance Cost	60.01	73.37
Profit on Sale of Fixed Assets	(212.18)	(136.10)
Transfer from Government Grants	(249.86)	(378.45)
<b>Operating Profit Before Working Capital Changes</b>	<b>67,951.23</b>	<b>104,494.62</b>
Adjustments for:		
Trade Receivables & Advances	(94,140.85)	(83,157.99)
Inventories	(33,150.08)	(1,161.22)
Trade Payables & Advances	104,752.80	315,401.61
<b>Cash Generated from Operations</b>	<b>45,413.10</b>	<b>335,577.02</b>
Receipt of Grants	38.00	22.91
Direct Taxes Paid (Net)	(33,326.90)	(33,825.08)
<b>Cash Flow Before Extraordinary Items</b>	<b>12,124.20</b>	<b>301,774.85</b>
Extraordinary Items	-	-
<b>Net Cash from Operating Activities</b>	<b>12,124.20</b>	<b>301,774.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(20,718.02)	(14,229.19)
Sale of Fixed Assets	607.89	160.81
Bank Deposits	(129,743.18)	(110,788.75)
Interest Received	56,935.26	24,144.23
Dividend Received	260.00	260.00
<b>Net Cash from/(used) in Investing Activities</b>	<b>(92,658.05)</b>	<b>(100,452.90)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Long-Term Borrowings	(31.24)	(31.56)
Dividends Paid (including Dividend Tax)	(23,801.50)	(17,910.63)
Finance Cost	(60.01)	(73.37)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(23,892.75)</b>	<b>(18,015.56)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(104,426.60)</b>	<b>183,306.39</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<b>274,967.82</b>	<b>91,661.43</b>
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>170,541.22</b>	<b>274,967.82</b>

### 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 Note 20 is inclusive of ₹ 506,692.86 (₹ 376,950.54) being the deposits having a original maturity period of more than three months.

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

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

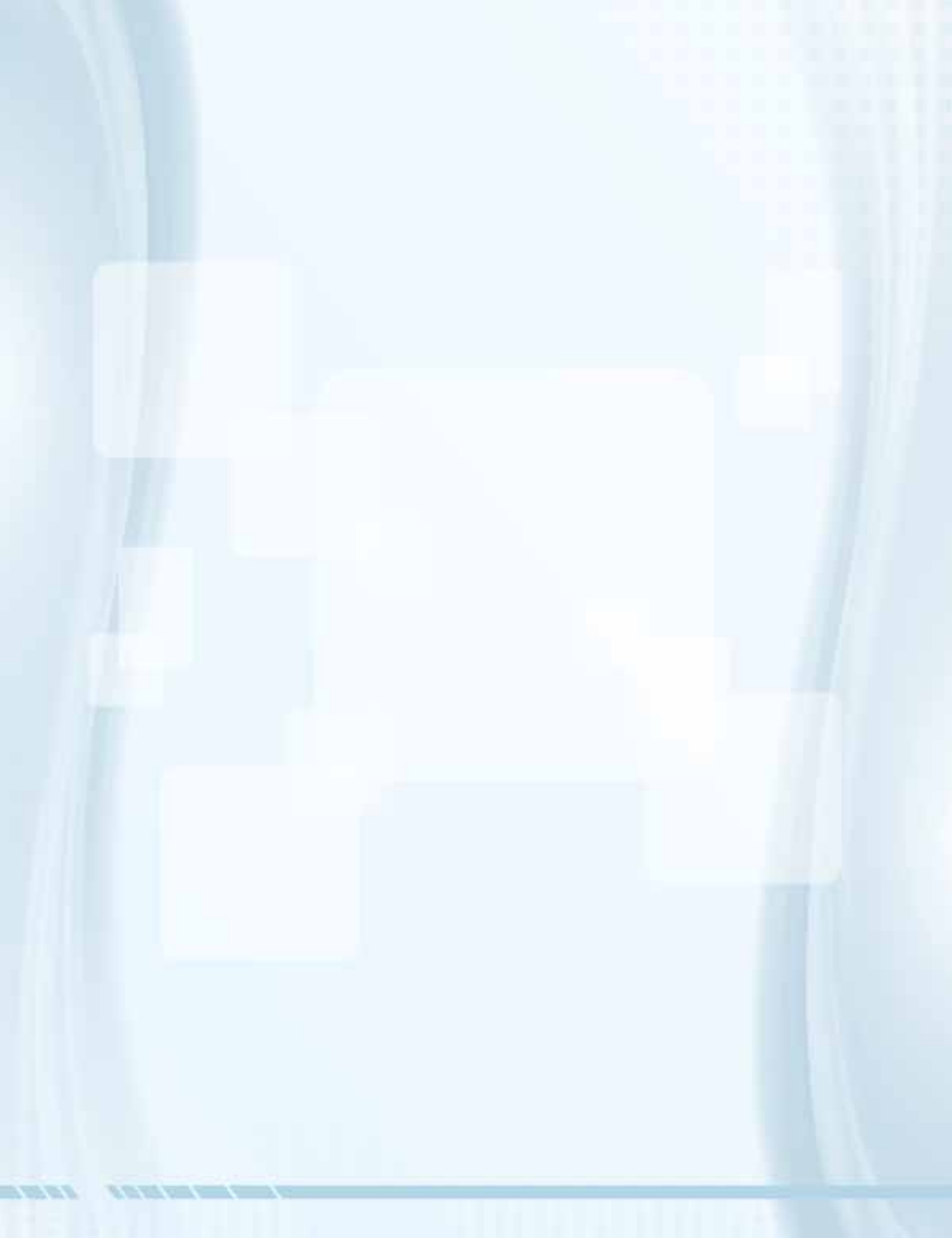
**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

21 June 2012  
Bangalore

## Consolidated Financial Statements





## AUDITORS' REPORT

To

The Board of Directors  
Bharat Electronics Limited  
Nagavara, Outer Ring Road  
Bangalore - 560 045

1. We have audited the attached Consolidated Balance Sheet of Bharat Electronics Limited Group as at 31 March 2012, and the Consolidated Statement of Profit and Loss 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.
2. We conducted our audit in accordance with auditing standards generally accepted 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 also 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.
3. We did not audit the financial statements of the Subsidiary BEL Optronics Devices Limited whose financial statements reflect total assets of ₹ 24,275.82 lakhs, as at 31 March 2012, total revenue of ₹ 6,202.94 lakhs, and Cash Inflows amounting to ₹ 2,120.64 lakhs for the year ended 31 March 2012, 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.
4. 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.
5. 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 31 March 2012;
  - b. In the case of the Consolidated Statement of Profit and Loss, 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  
Firm Regn. No. 002785S

**R M Kamath**  
Partner  
Membership No. 022907

New Delhi  
30 July 2012

## Significant Accounting Policies on the Consolidated Financial Statements (CFS) for the year 2011-12

### 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, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS UNDER DEVELOPMENT

#### (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 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. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as “Intangible Assets under Development”.

**(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**

- (i) Research and Development expenditure (other than on specific development-cum sales contracts and R&D projects initiated at customer's request), is charged off as expenditure when incurred. R&D expenditure on development-cum-sale contracts and on R&D projects initiated at customer's request are treated at par with other sales contracts.
- (ii) Where R&D projects are initiated at customer's request, and such projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.
- (iii) R&D 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 Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition.

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

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

**9. INVESTMENTS**

- i) Investments are categorised as Trade Investments or Other Investments. 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. TRADE RECEIVABLES AND OTHER RECEIVABLES

- (i) Full provision is made for all Trade Receivables and Other Receivables considered doubtful of recovery having regard to the following considerations:
  - a) Time barred dues from the government/government departments/government companies are generally not treated as doubtful.
  - b) Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities/courts.
- (ii) Provision for bad and doubtful dues is generally made for dues 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 as determined under the prevailing tax laws are recognised in the Statement of Profit and Loss 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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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 **R G N Price & Co**  
Chartered Accountants  
Firm Regn. No. 002785S

**R M Kamath**  
Partner  
Membership No. 022907

30 July 2012  
New Delhi

**Anil Kumar**  
Chairman & Managing Director

**Elaine Mathias**  
General Manager (Finance)

**M L Shanmukh**  
Director (HR)

**C R Prakash**  
Company Secretary

## Consolidated Balance Sheet as at 31 March 2012

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Fund</b>			
(a) Share Capital	1	8,000.00	8,000.00
(b) Reserves & Surplus	2	570,550.37	505,257.04
		<b>578,550.37</b>	513,257.04
<b>(2) Minority Interest</b>	2A	<b>301.13</b>	251.87
<b>(3) Government Grants</b>	3	<b>11,644.95</b>	1,728.32
<b>(4) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	34.77	46.85
(b) Other Long-Term Liabilities	5	457.32	214.61
(c) Long-Term Provisions	6	30,366.45	25,949.09
		<b>30,858.54</b>	26,210.55
<b>(5) Current Liabilities</b>			
(a) Short-Term Borrowings	31	-	-
(b) Trade Payables	7	110,346.60	85,233.29
(c) Other Current Liabilities	8	743,671.98	674,589.67
(d) Short-Term Provisions	9	28,722.43	31,583.33
		<b>882,741.01</b>	791,406.29
<b>TOTAL</b>		<b>1,504,096.00</b>	<b>1,332,854.07</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	52,609.77	50,080.53
Less: Unrealised Profit		0.12	0.12
		<b>52,609.65</b>	50,080.41
(ii) Intangible Assets	11	383.79	220.49
(iii) Capital Work in Progress	12	11,779.59	5,626.27
(iv) Intangible Assets under development	13	2,919.25	209.35
(b) Non Current Investment	14	0.07	0.07
(c) Deferred Tax Assets (Net)	15	23,037.64	18,245.08
(d) Long-Term Loans & Advances	16	19,719.81	11,452.81
(e) Other Non Current Assets	17	11,880.98	11,087.08
		<b>122,330.78</b>	96,921.56
<b>(2) Current Assets</b>			
(a) Inventories	18	273,249.86	236,490.55
(b) Trade Receivables	19	271,711.18	291,505.41
(c) Cash & Bank Balances	20	682,035.95	653,691.85
(d) Short-Term Loans & Advances	21	148,407.07	51,767.45
(e) Other Current Assets	22	6,361.16	2,477.25
		<b>1,381,765.22</b>	1,235,932.51
<b>TOTAL</b>		<b>1,504,096.00</b>	<b>1,332,854.07</b>

Accounting Policies & Note No. 1 to 31 form part of Accounts.

As per our report of even date attached.

For **R G N Price & Co**  
Chartered Accountants  
Firm Regn. No. 0027855

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

30 July 2012  
New Delhi

## Consolidated Statement of Profit & Loss for the year ended 31 March 2012

(₹ in Lakhs)

PARTICULARS	Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>I. REVENUE FROM OPERATIONS</b>			
(i) Turnover			
(a) Sale of Products		495,304.65	535,735.91
(b) Sale of Services		89,346.80	32,889.50
(c) Gross (a + b)		584,651.45	568,625.41
(d) Excise Duty		5,447.66	5,965.80
(e) Net Turnover (c - d)		579,203.79	562,659.61
(ii) Other Operating Revenues	23	12,215.12	11,376.76
<b>TOTAL [i(e)+ii]</b>		<b>591,418.91</b>	<b>574,036.37</b>
<b>II. OTHER INCOME</b>	24	<b>59,632.93</b>	<b>28,224.60</b>
<b>III. TOTAL REVENUE (I+II)</b>		<b>651,051.84</b>	<b>602,260.97</b>
<b>IV. EXPENSES</b>			
(a) Cost of Material Consumed		315,596.29	257,377.85
(b) Cost of Stores & Spares Consumed		2,808.18	2,279.37
(c) Purchases of Stock in Trade		59,623.73	63,857.45
(d) Changes in Inventories of Finished Goods, WIP & Scrap	25	(10,924.86)	1,172.02
(e) Employee Benefits Expense	26	109,310.53	105,208.57
(f) Finance Costs	27	67.70	77.00
(g) Depreciation and Amortisation Expenses	10 & 11	12,557.45	12,690.53
(h) Other Expenses	28	51,416.77	42,847.78
<b>TOTAL EXPENSES (a to h)</b>		<b>540,455.79</b>	<b>485,510.57</b>
<b>V. Profit before exceptional &amp; extraordinary items &amp; tax (III-IV)</b>		<b>110,596.05</b>	<b>116,750.40</b>
VI. Exceptional Items		-	-
<b>VII. Profit before extraordinary items and tax (V-VI)</b>		<b>110,596.05</b>	<b>116,750.40</b>
VIII. Extraordinary items		-	-
<b>IX. Profit for the year (VII-VIII)</b>		<b>110,596.05</b>	<b>116,750.40</b>
X. Prior Period Items (Net)	29	311.02	(2,000.51)
<b>XI. Profit for the period before tax (IX-X)</b>		<b>110,285.03</b>	<b>118,750.91</b>
<b>XII. Tax Expense</b>			
- Current Year		30,881.32	32,889.19
- Earlier Years		(573.20)	458.80
- Deferred Taxes		(4,756.41)	(2,412.80)
Total Provision for Taxation		25,551.71	30,935.19
<b>XIII. Profit for the period before Minority Interest (XI-XII)</b>		<b>84,733.32</b>	<b>87,815.72</b>
XIV. Minority Interest		58.81	32.10
<b>XV. Profit for the period after Minority Interest (XIII-XIV)</b>		<b>84,674.51</b>	<b>87,783.62</b>
XIV. Earnings per equity share:	30		
(1) Basic [in Rupees]		105.84	109.73
(2) Diluted [in Rupees]		105.84	109.73

Accounting Policies &amp; Note No. 1 to 31 form part of Accounts.

As per our report of even date attached.

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

**R M Kamath**  
Partner  
Membership No. 022907

**Anil Kumar**  
Chairman & Managing Director

**Elaine Mathias**  
General Manager (Finance)

**M L Shanmukh**  
Director (HR)

**C R Prakash**  
Company Secretary

30 July 2012  
New Delhi



## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
100,000,000 (100,000,000) Equity Shares of ₹ 10 each	<b>10,000.00</b>	10,000.00
<b>Issued, Subscribed &amp; Fully Paid-up Capital</b>		
80,000,000 (80,000,000) Equity Shares of ₹ 10 each	<b>8,000.00</b>	8,000.00

i. Reconciliation of No. of Shares

Particulars	2011-2012		2010-2011	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00
Add: Shares issued during the year	-	-	-	-
Less: Shares Bought Back, Others etc., during the period	-	-	-	-
Shares outstanding at the end of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2012 is given below:

Name of Shareholder	2011-2012		2010-2011	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	60,689,600	75.86%	60,689,600	75.86%

- iii. Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. **NIL** NIL
- iv. The aggregate value of calls unpaid (including Director/Officers of Company) **NIL** NIL
- v. The Company has only one class of shares viz., Equity Shares.
- vi. Each holder of Equity Shares is entitled to one vote per share on show of hands and in poll in proportion to the Number of Shares held by him/her.
- vii. Each Share Holder has a right to receive the dividend declared by the Company.
- viii. On winding up of the Company, the equity shareholders will be entitled to get the realised value of the remaining assets of the Company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
a) Land valuation Reserve	200.64	200.64
b) Capital Profit:		
At the beginning of the year	890.24	848.26
Add: Transfer from Profit for the period	57.33	41.98
	<u>947.57</u>	<u>890.24</u>
c) Capital Reserve on Consolidation of Subsidiary	206.82	206.82
d) ESOP [JVC - GE BE Pvt Ltd.,]	2.60	2.18
e) On acquisition of Machilipatnam Unit	0.85	0.85
f) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	<u>1,408.48</u>	<u>1,350.73</u>
<b>GENERAL RESERVE</b>		
At the beginning of the year	273,864.05	233,714.42
Add: Transfer from Surplus for the period	40,130.78	40,149.63
	<u>313,994.83</u>	<u>273,864.05</u>
<b>SURPLUS</b>		
At the beginning of the year	230,042.26	202,594.22
Add: Profit for the period	84,674.51	87,783.62
Amount available for appropriation	<u>314,716.77</u>	<u>290,377.84</u>
Less: Appropriation		
Dividend on Equity Shares		
- Interim Dividend	8,000.00	4,800.00
- Proposed Final Dividend	8,640.00	12,480.00
Dividend Tax	2,741.60	2,863.97
Transfer to General Reserve	40,130.78	40,149.63
Transfer to Capital Reserve	57.33	41.98
Surplus carried forward	<u>255,147.06</u>	<u>230,042.26</u>
	<u>570,550.37</u>	<u>505,257.04</u>
<b>NOTE - 2</b>		
<b>MINORITY INTEREST</b>		
At the beginning of the year	251.87	220.47
Add: Transfer from Statement of Profit & Loss	58.81	32.10
Less: Consolidation Adjustments	9.55	0.70
	<u>301.13</u>	<u>251.87</u>
	<u>301.13</u>	<u>251.87</u>
<b>NOTE - 3</b>		
<b>GOVERNMENT GRANTS</b>		
Grant from Government for Research and Other purposes		
At the beginning of the year	1,728.32	2,083.84
Add: Additions during the year	10,593.75	33.91
Less: Transfer to Statement of Profit & Loss	677.12	389.43
	<u>11,644.95</u>	<u>1,728.32</u>
	<u>11,644.95</u>	<u>1,728.32</u>

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 4</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
<b>Long Term Maturity of Finance Lease Obligations</b>		
Liability on Leased Assets (Vehicles & Computers)	13.27	25.35
<b>Unsecured</b>		
Others	21.50	21.50
	<b>34.77</b>	<b>46.85</b>
i. Total outstanding liability on Leased Assets	33.72	70.07
Less: Amounted expected to be paid within next 12 months (Refer Note 8)	20.45	44.72
	<b>13.27</b>	<b>25.35</b>

ii. The above liability is secured by vehicles taken on lease (Refer Note 10)

iii. Terms of Repayment

- Fixed Non cancellable period is varying from 36 to 60 months from date of commencement of the rentals.
- Lease Rentals in respect of each vehicle is determined based on prevailing interest rate at the time of avilment of Lease Finance.
- Lease Rental variation clause is applicable.
- In case of premature termination of Lease (with the concent of the Lessor) the Lessee shall pay the Lessor the discounted value of future receivables.
- Termination Value at the rate of 1% of the Lease amount of vehicle is payable for sale of car on behalf of Lessor.

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

- |  |       |       |
|--|-------|-------|
| a) The net carrying amount (WDV) at the Balance Sheet date   | 31.24 | 66.15 |
| b) Total minimum lease payments as at the reporting period date  | 38.14 | 81.72 |
| c) The present value of minimum lease payments as at the reporting period date                           | 33.04 | 69.35 |
| d) The minimum lease amount payable with present value for each of the following periods is given below: |       |       |

Particulars	2011-12		2010-11	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
a) not later than one year	23.27	20.01	50.23	44.54
b) later than one year & not later than five years	14.87	13.03	31.49	24.81
c) later than five years	-	-	-	-
<b>TOTAL</b>	<b>38.14</b>	<b>33.04</b>	<b>81.72</b>	<b>69.35</b>

## NOTE - 5

### OTHER LONG TERM LIABILITIES

Trade Payables	202.91	49.90
Security Deposits	215.12	159.27
Other Trade Payables	39.29	5.44
	<b>457.32</b>	<b>214.61</b>

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 6</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Employee Benefits</b>		
Long-term Compensated Absences	17,737.16	14,783.92
BERECHS	12,629.29	11,165.17
	<b>30,366.45</b>	<b>25,949.09</b>
i. Long Term Compensated Absence Scheme:		
Total liability in respect of Long Term Compensated Absences	20,094.00	17,229.84
Less: Amount expected to be paid within next 12 months (Refer Note 9)	2,356.84	2,445.92
	<b>17,737.16</b>	<b>14,783.92</b>

- ii. The amount of Liability on long term compensated absences has been bifurcated between current and non current based on the report of Actuary.
- iii. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Long Term Compensated Absence:

Particulars	2011-2012	2010-2011
a) Expenses Recognised in the Statement of Profit & Loss:	6,443.84	3,118.98
b) Principal Assumptions:		
Discounting Rate	8.35%/8.50/ 8.60%	8.10%/8.25/ 8.40%
Rate of increase in compensation level	5.00%/7.50/ 8.00%	5.00%/7.50/ 8.00%
c) Amounts to be recognised in Balance Sheet:		
Liability recognised in Balance Sheet [as per actuarial valuation]	20,094.00	17,229.83

- iv. BEL Retired Employees' Contributory Health Scheme (BERECHS)
- a. Total outstanding of BERECHS
- |   |                  |                  |
|---|------------------|------------------|
|   | 12,663.80        | 11,204.01        |
| Less: Amount expected to be payable within 12 months (Refer Note 9) | 34.51            | 38.84            |
|   | <b>12,629.29</b> | <b>11,165.17</b> |
- b. The amount of Liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary.
- v. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of BERECHS:

Particulars	2011-2012	2010-2011
a. Change in Benefit Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	13,475.95	12,963.40
Current Service Cost	838.91	762.25
Interest Cost	1,102.17	1,053.28
Actuarial (gain) / loss	724.63	(454.35)
Benefits paid	(1,319.92)	(848.63)
<b>Present Value of Obligation as at the end of the period</b>	<b>14,821.74</b>	<b>13,475.95</b>
b. Change in Fair Value of Plan Assets:		
Fair value of Plan Assets at the beginning of the year		
Expected return on Plan Assets	-	-
Contributions	1,319.92	848.63
Benefits paid	(1,319.92)	(848.63)
Actuarial gain/(loss)	-	-
<b>Fair value of Plan Assets at the end of the period</b>	<b>-</b>	<b>-</b>

**Consolidated Notes to Accounts**

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
<b>c. Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Opening Net Liability	-	-
Current Service Cost	838.91	762.25
Interest on Defined benefit Obligation	1,102.17	1,053.28
Expected return on Plan Assets	-	-
Net Actuarial (gain)/loss recognised in the period	724.63	(454.35)
<b>d. Expenses Recognised in the Statement of Profit &amp; Loss</b>	<b>2,665.71</b>	<b>1,361.18</b>
Add : Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004) over 14 years	333.85	333.85
<b>Net Expenses Recognised in the Statement of Profit &amp; Loss (Expenses: ₹ 1,319.92, Provisions: ₹ 1,679.64)</b>	<b>2,999.56</b>	<b>1,695.03</b>
<b>e. Principal Assumptions:</b>		
Discounting Rate	8.60%	8.40%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	2.50%	6.00%
Attrition Rate	1.00%	1.00%
<b>f. Amounts recognised in Balance Sheet:</b>		
Present Value of Obligation as at the end of the period	14,821.74	13,475.95
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(14,821.74)	(13,475.95)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet (as per actuarial valuation)	14,821.74	13,475.95
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 2011-12	3,004.61	2,670.76
<b>Liability recognised in Balance Sheet</b>	<b>14,853.79</b>	<b>13,174.15</b>
<b>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:</b>		
Effect on the aggregate of the service cost and interest cost	219.66	45.88
Effect on defined benefit obligation	1,568.97	345.25
<b>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:</b>		
Effect on the aggregate of the service cost and interest cost	(185.96)	(45.13)
Effect on defined benefit obligation	(1,328.25)	(342.18)

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 7</b>		
<b>TRADE PAYABLES</b>		
- Dues to Micro & Small Enterprises	79.91	107.02
- Others	110,266.69	85,126.27
	<b>110,346.60</b>	<b>85,233.29</b>

- i. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31 March 2012 is furnished below:

Particulars	2011-2012	2010-2011
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 March 2012:		
Principal Amount	79.91	107.02
Interest	2.24	1.66
b. 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 31 March 2012:		
Principal Amount	191.26	199.66
Interest	0.68	0.13
c. 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	0.71	0.47
d. The amount of interest accrued and remaining unpaid at the end of the year ending 31 March 2012.	3.47	3.33
e. 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.	0.23	0.55

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

	As at 31 March 2012	As at 31 March 2011
<b>NOTE-8</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of Finance Lease Obligations (Liability on Leased Assets - Vehicles & Computers) #	20.45	44.72
Unpaid Dividend Account *	18.15	17.28
Unpaid Matured Deposits (including interest thereon) *	40.47	40.47
Interest accrued and due on Trade Payables - MSMED (Refer Note 7)	3.47	3.33
<b>Other Liabilities</b>		
Security Deposits	1,318.80	979.60
Outstanding Expenses	18,153.47	10,992.16
Advances / Progress Payment received from Customers	705,924.64	644,275.63
Statutory Liabilities	13,296.41	14,520.93
Others	4,896.12	3,715.55
	<b>743,671.98</b>	<b>674,589.67</b>

# Refer Note No. 4

\* Amount to be transferred to the Investor Education & Protection Fund as at Balance Sheet date

NIL

NIL

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 9</b>		
<b>SHORT TERM PROVISIONS</b>		
Taxation [Net of Advance Tax ₹ 99,678.02 (₹ 104,068.49)] (Refer Note 16)	27.12	-
Proposed Final Dividend	8,640.00	12,480.00
Dividend Tax	1,443.80	2,066.69
<b>Employee Benefits</b>		
Gratuity	2,317.64	2,831.88
Proposed Pension Scheme	9,201.55	6,900.91
Long-Term compensated absences	2,356.84	2,445.92
BERECHS	2,224.50	2,008.99
Performance Incentive	34.51	38.84
	16,135.04	14,226.54
Provision for Performance Warranty	2,476.47	2,810.10
	<b>28,722.43</b>	<b>31,583.33</b>

- i. 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:

Particulars	2011-2012	2010-2011
Opening Balance (a)	2,810.10	4,123.36
Additional Provisions made during the year (b)	239.31	756.84
Amounts used during the year (c) *	115.20	97.31
Unused Amounts reversed during the year (d)	457.74	1,972.79
Closing Balance (e) = (a + b - c - d)	2,476.47	2,810.10

\* Represents amount debited to opening provision.

- ii. The Parent Company (BEL) has separate Trusts for Provident Fund. During the year the Parent Company (BEL) has recognised an amount of ₹ 5,826.60 (₹ 6,083.69) towards contribution to Employees Provident Fund and Pension Schemes in the Profit and Loss Account. The guidance on implementing AS 15 (Revised) 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 Parent Company (BEL) has determined on the basis of actuarial valuation carried out as at 31 March 2012, 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	2011-2012	2010-2011
<b>i) Change in Benefit Obligations:</b>		
Present Value of Obligation as at the beginning of the year	100,285.66	83,740.57
Current Service Cost	21,580.60	18,874.13
Interest Cost	7,783.88	6,284.01
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain)/loss	(4,183.99)	1,768.00
Benefits paid	(15,240.88)	(10,381.05)
Present Value of Obligation as at the end of the period	110,225.27	100,285.66

## Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	2011-2012	2010-2011
<b>ii) Change in Fair Value of Plan Assets:</b>		
Fair value of Plan Assets at the beginning of the year	110,388.26	91,720.82
Expected return on Plan Assets	10,240.90	8,475.28
Contributions	22,946.33	20,660.10
Benefits paid	(15,240.88)	(10,381.05)
Actuarial gain/(loss) on Plan Assets	(818.52)	(86.89)
Fair value of Plan Assets at the end of the period	127,516.09	110,388.26
<b>iii) Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Opening Net Liability	-	-
Current Service cost	21,580.61	18,874.13
Interest Cost	7,783.88	6,284.01
Expected return on Plan Assets	(10,240.90)	(8,475.28)
Net Actuarial (gain)/loss recognised in the period	(3,365.46)	1,854.89
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	15,758.13	18,537.75
<b>iv) Amounts recognised in Balance Sheet:</b>		
Present Value of Obligation as at the end of the period	110,225.27	100,285.66
Fair Value of Plan Assets at the end of the period	127,516.08	110,388.26
Difference	(17,290.81)	(10,102.60)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet	-	-
<b>v) Amount for the Current Period:</b>	-	-
Present Value of Obligation	110,225.27	100,285.66
Plan Assets	127,516.08	110,388.26
Surplus/(Deficit)	17,290.80	10,102.60
Experience Adjustments on Plan liabilities - (loss)/Gain	4,135.24	(6,666.52)
Experience Adjustments on Plan Assets - (loss)/Gain	(818.52)	(86.89)
<b>vi) Category of Assets as at 31 March 2012:</b>		
Government of India Securities	18.86%	16.96%
State Government Securities	23.39%	20.50%
High Quality Corporate Bonds	44.03%	45.23%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	13.72%	17.30%
Mutual Funds	0.00%	0.00%
Cash	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>vii) Principal Assumptions:</b>		
Discounting Rate	8.60%	8.40%
Salary Escalation Rate	7.50%	7.50%
Expected Rate of Return on Plan Assets	9.05%	8.95%

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



## Consolidated Notes to Accounts

(₹ in Lakhs)

### iv Gratuity Scheme:

As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Gratuity:

Particulars	2011-2012	2010-2011
<b>i. Change in Benefit Obligations:</b>		
Present Value of Obligation as at the beginning of the year	38,255.63	41,707.78
Current Service Cost	752.50	2,564.95
Interest Cost	2,908.70	2,930.37
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain) / loss	3,306.38	1,231.28
Benefits paid	(7,265.78)	(10,178.86)
<b>Present Value of Obligation as at the end of the period</b>	<b>37,957.43</b>	<b>38,255.52</b>
<b>ii. Change in Fair Value of Plan Assets:</b>		
Fair Value of Plan Assets at the beginning of the year	35,427.14	38,543.56
Expected return on Plan Assets	3,054.54	3,448.62
Contributions	4,327.19	3,667.93
Benefits paid	(7,265.52)	(10,178.86)
Actuarial gain/(loss) on Plan Assets	99.31	(54.04)
<b>Fair Value of Plan Assets at the end of the period</b>	<b>35,642.66</b>	<b>35,427.21</b>
<b>Excess of Obligation over Plan Assets</b>	<b>2,314.77</b>	<b>2,828.31</b>
<b>iii. Expenses Recognised in the Statement of Profit &amp; Loss:</b>		
Opening Net Liability	-	-
Current Service Cost	752.50	2,564.95
Interest Cost	2,908.70	2,930.37
Expected return on Plan Assets	(3,054.54)	(3,448.62)
Net Actuarial (gain)/loss recognised in the period	3,207.07	1,285.32
Past Service Cost (Non Vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
<b>Expenses Recognised in the Statement of Profit &amp; Loss</b>	<b>3,813.73</b>	<b>3,332.02</b>
<b>Actual Return on Plan Assets</b>	<b>7.50%/8.60% / 9.13%</b>	<b>7.50%/8.00% / 9.70%</b>
<b>iv. Amounts recognised in Balance Sheet:</b>		
Present Value of Obligation as at the end of the period	37,957.43	38,255.52
Fair Value of Plan Assets at the end of the period	35,642.66	35,427.21
<b>Funded Status</b>	<b>(2,314.77)</b>	<b>(2,828.31)</b>
Unrecognised Actuarial (gains)/losses	-	-
<b>Liability recognised in Balance Sheet [after considering payment of ₹ 1,500 (₹ 500) to the Trust during the year]</b>	<b>2,314.77</b>	<b>2,828.31</b>
<b>v. Category of Assets as at 31 March 2012:</b>		
State Govt. Securities	14.45%	16.21%
Govt. of India Securities	2.58%	2.97%
High Quality Corporate Bonds	17.19%	25.61%
Special Deposit	0.00%	0.00%
Investment with Insurer	65.78% / 100%	55.21% / 100.00%
<b>Principal Assumptions:</b>		
Discounting Rate	8.25% / 8.35% / 8.60%	8.10% / 8.25% / 8.40%
Salary Escalation Rate	5.00% / 7.50% / 8.00%	5.00% / 7.50% / 8.00%
Expected Rate of Return on Plan Assets	7.50% / 8.60% / 9.13%	7.50% / 8.00% / 9.70%

v. For BERECHS & Long Term Compensated Absence, refer Note 6 for disclosure details.

## Consolidated Notes to Accounts

### NOTE - 10

#### FIXED ASSETS-TANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2011	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2012	Accumulated Depreciation Upto 31.03.2011	Depreciation for the year	Deductions/ adjustments during the year	As at 31.03.2012	As at 31.03.2011
Free Hold Land *	1,184.62	-	-	1,184.62	-	-	-	1,184.62	1,184.62
Lease Hold Land	731.55	-	-	731.55	85.64	11.50	-	634.41	645.91
Roads and Culverts	605.45	55.50	-	660.95	434.38	17.13	-	209.44	171.07
Buildings ++	17,959.21	1,384.07	1.64	19,341.64	9,245.14	533.51	(4.16)	9,782.81	8,714.07
Installations ++	6,374.56	264.88	85.29	6,554.15	4,657.40	332.79	85.03	1,648.99	1,717.16
Plant and Machinery ++	73,442.36	5,502.95	1,246.48	77,698.83	58,936.48	4,572.48	1,243.65	15,433.52	14,505.88
Electronic Equipment ++	47,024.59	3,178.27	1,074.21	49,128.65	34,188.60	3,499.26	1,074.21	12,515.00	12,835.99
Electronic Equipment - Under Lease	6.93	-	-	6.93	6.79	0.14	-	-	0.14
Equipment for R & D Lab	20,744.92	3,382.32	867.22	23,260.02	14,710.84	2,022.76	489.42	7,015.84	6,034.08
Vehicles	985.64	54.72	152.04	888.32	817.45	82.52	152.04	140.39	168.19
Vehicles - Under Lease	190.59	10.66	84.12	117.13	124.44	34.47	73.02	31.24	66.15
Office Equipment ++	10,833.68	808.12	363.38	11,278.42	8,711.98	805.18	361.07	2,122.33	2,121.70
Furniture, Fixtures and other Equipment ++	5,647.17	646.41	96.79	6,196.79	3,756.58	424.99	95.98	4,085.59	1,890.59
Assets acquired for Sponsored Research **	1,334.91	-	-	1,334.91	1,309.93	21.02	-	3.96	24.98
<b>Total ***</b>	<b>187,066.18</b>	<b>15,287.90</b>	<b>3,971.17</b>	<b>198,382.91</b>	<b>136,985.65</b>	<b>12,357.75</b>	<b>3,570.26</b>	<b>145,773.14</b>	<b>50,080.53</b>
Previous Year	178,293.27	11,874.45	3,101.65	187,066.07	127,707.67	12,343.72	3,065.85	50,080.53	50,585.60

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 302.4 acres (302.4 acres).

\* Land includes 28,124 (23,515) Sq. yards leased to commercial/religious organisations and in their possession.

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

++ Additions during the year include ₹ 753.26 (₹ 426.79) in respect of the assets of Central Research Laboratories of BEL.

\*\*\* Gross Block and Accumulated Depreciation include ₹ 4,951.32 (₹ 2,520.79) pertaining to assets not in active use, disposal of which is pending.

## Consolidated Notes to Accounts

### NOTE - 11

#### FIXED ASSETS-INTANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			AMORTISATION			NET BLOCK		
	Cost as at 01.04.2011	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2012	Accumulated Amortisation Upto 31.03.2011	Amortisation for the year	Deductions/ adjustments during the year	As at 31.03.2012	As at 31.03.2011
Enterprise Resource Planning (ERP) - Software Licenses / Implementation	1,666.61	372.43	-	2,039.04	1,446.12	209.13	-	383.79	220.49
<b>Total</b>	<b>1,666.61</b>	<b>372.43</b>	<b>-</b>	<b>2,039.04</b>	<b>1,446.12</b>	<b>209.13</b>	<b>-</b>	<b>383.79</b>	<b>220.49</b>
Previous Year	1,587.23	79.38	-	1,666.61	1,099.31	346.81	-	220.49	487.92

i) The Parent Company (BEL) 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. 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.

ii) 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

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 12</b>		
<b>CAPITAL WORK IN PROGRESS</b>		
Civil Construction	7,236.83	3,368.18
Plant, Machinery	2,796.57	1,281.99
Others	1,002.99	310.70
	<u>11,036.39</u>	4,960.87
Add: Capital Items in Transit	1,111.23	1,033.43
	<u>12,147.62</u>	5,994.30
Less: Provision	368.03	368.03
	<u>11,779.59</u>	<u>5,626.27</u>

**NOTE - 13**

**Intangible Assets under Development  
Enterprise Resource Planning (ERP) -  
Software Licenses/Implementation**

Opening Balance	3,116.60	193.68
Add: Addition during the year	175.08	95.05
	<u>3,291.68</u>	288.73
Less: Amount Capitalised during the year	372.43	79.38
	<u>2,919.25</u>	209.35
	<u>2,919.25</u>	<u>209.35</u>

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 14</b>		
<b>NON-CURRENT INVESTMENTS (at Cost)</b>		
<b>OTHERS, UNQUOTED</b>		
<b>INVESTMENT IN CO-OPERATIVE SOCIETIES</b>		
Cuffe Parade Persopolis Premises Co-op. Society, Mumbai 40 Shares (40 Shares) of ₹ 50 each fully paid	0.02	0.02
Sukh Sagar Premises Co-op. Society, Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid	0.01	0.01
Shri Sapta Ratna Co-op. Society Ltd., Mumbai 10 Shares (10 Shares) of ₹ 50 each fully paid		
Dalamal Park Co-op Society Ltd., Mumbai 5 Shares (5 Shares) of ₹ 50 each fully paid		
Chandralok Co-op Housing Society Ltd., Pune 30 Shares (30 Shares) of ₹ 50 each fully paid	0.02	0.02
	<b>0.05</b>	0.05
<b>INVESTMENT IN GOVERNMENT SECURITIES</b>	<b>0.02</b>	0.02
	<b>0.07</b>	0.07
Aggregate Value of Quoted Investments	NIL	NIL
Aggregate Value of Unquoted Investments	0.07	0.07
Aggregate Provision for diminution in Value of Investment	NIL	NIL

Investment made in Co-operative Societies are in respect of apartments owned by the Company, cost of which is included under Fixed Assets (Refer Note 10)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 15</b>		
<b>DEFERRED TAX ASSETS</b>		
Deferred Tax Assets	27,327.87	22,488.77
Deferred Tax Liabilities	4,290.23	4,243.69
	<b>23,037.64</b>	18,245.08

Break up of Net Deferred Tax Assets is given below:

	2011-2012	2010-2011
<b>Deferred Tax Asset</b>		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc.,	26,995.67	22,221.31
Technical Know-how fee	332.20	267.46
	<b>27,327.87</b>	22,488.77
<b>Deferred Tax Liability</b>		
Depreciation	4,290.23	4,243.69
	<b>4,290.23</b>	4,243.69
<b>Net Deferred Tax Assets</b>	<b>23,037.64</b>	18,245.08

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 16</b>		
<b>LONG TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Capital Advances	2,517.47	164.65
Security Deposits	2,308.67	2,465.22
<b>Other Loans &amp; Advances</b>		
Loans to Employees	1,074.41	1,239.63
Loans to Others	76.93	78.78
Advances to Employees	0.70	0.74
Advances for Purchase	2,322.50	57.43
Advance to Others	142.88	183.22
Advance payment of Income Tax [Net of Provision for Tax - ₹ 99,678.02 (₹ 104,068.49)] - Refer Note 9	11,186.76	7,161.30
Balances with Customs, Port Trust and Other Government Authorities	81.70	100.19
Prepaid Expenses	7.79	1.65
	<b>19,719.81</b>	<b>11,452.81</b>
<b>Unsecured, Considered Doubtful</b>		
Capital Advances	0.30	0.28
Security Deposits	76.83	59.53
<b>Other Loans &amp; Advances</b>		
Loans to Others	132.00	132.00
Advances to Employees	-	0.02
Advances for Purchase	492.73	432.00
Advance to Others	2,149.63	570.38
Balances with Customs, Port Trust and Other Government Authorities	46.85	50.94
	<b>2,898.34</b>	<b>1,245.15</b>
Less: Provision	<b>2,898.34</b>	<b>1,245.15</b>
	<b>-</b>	<b>-</b>
	<b>19,719.81</b>	<b>11,452.81</b>

For Related Party Disclosures refer Note 31 (14a)

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 17</b>		
<b>OTHER NON CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw Materials & Components	23,915.06	20,541.15
Less: Provision	<u>13,843.56</u>	<u>10,287.02</u>
	<b>10,071.50</b>	10,254.13
Work in Progress	1,547.10	568.37
Stores & Spares	135.31	128.04
Loose Tools	<u>48.21</u>	<u>67.67</u>
	<u><b>11,802.12</b></u>	<u>11,018.21</u>
<b>Trade Receivables</b>		
<b>Unsecured, Considered Good</b>		
Trade Receivables	28.38	22.81
<b>Unsecured, Considered Doubtful</b>		
Trade Receivables	54,536.80	47,261.06
Less: Provision	<u>54,536.80</u>	<u>47,261.06</u>
	-	-
	<u><b>28.38</b></u>	<u>22.81</u>
<b>Others</b>		
<b>Unsecured, Considered Good</b>		
Claims Receivables - Purchases	46.37	46.06
Others	<u>4.11</u>	-
	<b>50.48</b>	46.06
<b>Unsecured, Considered Doubtful</b>		
Claims Receivables - Purchases	396.73	328.40
Others	<u>130.41</u>	<u>126.08</u>
	<b>527.14</b>	454.48
Less: Provision	<u>527.14</u>	<u>454.48</u>
	-	-
	<u><b>50.48</b></u>	<u>46.06</u>
	<u><b>11,880.98</b></u>	<u>11,087.08</u>

Valuation of Inventory has been made as per Company's Accounting Policy (Refer Accounting Policy 10).

## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at		As at
	31 March 2012		31 March 2011
<b>NOTE - 18</b>			
<b>INVENTORIES</b>			
Raw Materials & Components	126,434.66		103,912.00
Add: Raw Materials & Components in Transit	13,073.45		13,673.75
Less: Provisions	96.92		71.54
		<b>139,411.19</b>	117,514.21
Work in Progress		<b>112,720.85</b>	92,349.90
Finished Goods	7,838.14		19,073.19
Add: Finished Goods in Transit	2,303.58		1,306.86
Less: Provisions	116.54		-
		<b>10,025.18</b>	20,380.05
Stock in Trade	5,624.89		4,205.45
		<b>5,624.89</b>	4,205.45
Stores & Spares	2,361.58		1,539.03
Add: Stores & Spares in Transit	273.64		15.99
		<b>2,635.22</b>	1,555.02
Loose Tools	2,867.98		372.86
Add: Loose Tools in Transit	1.65		1.69
		<b>2,869.63</b>	374.55
Disposable Scrap	97.63		125.58
Less: Provisions	2.32		-
		<b>95.31</b>	125.58
		<b>273,382.27</b>	236,504.76
Less: Unrealised Profit on Unsold Inventory		132.41	14.21
		<b>273,249.86</b>	236,490.55

- i) Raw Materials and Components of Parent Company (BEL) includes ₹ 4,008.13 (₹ 2,816.65) being materials with subcontractors, out of which ₹ 265.07 (₹ 90.19)] of materials is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not material.
- ii) Valuation of Inventory has been made as per Companies Accounting Policy (Refer Accounting Policy 10).
- iii) The United Nations Climate Change Secretariat has granted 4852 TON CO<sub>2</sub>EQ Carbon Credit for the 2.5 MW BEL Grid Connected Wind Power Project at Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2009. The Carbon Credits are included under Finished Goods at a value of ₹ 0.58 (₹ Nil). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.

## NOTE - 19

### TRADE RECEIVABLES

#### Secured, Considered Good

Less than Six Months	42.00		57.79
Over Six Months	7.00		1.36
		<b>49.00</b>	59.15

#### Unsecured, Considered Good

Less than Six Months	136,068.48		172,928.19
Over Six Months	135,593.70		118,518.07
		<b>271,662.18</b>	291,446.26

#### Unsecured, Considered Doubtful

Less than Six Months	0.30		14.03
Over Six Months	21.57		9.73
	<b>21.87</b>		23.76
Less: Provision for Doubtful Dues	21.87		23.76
		<b>-</b>	-
		<b>271,711.18</b>	291,505.41



## Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2012	As at 31 March 2011
<b>NOTE - 20</b>		
<b>CASH &amp; BANK BALANCES</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
Balance with Banks	41,570.51	90,366.26
Cheques / Drafts on hand	61.77	2,826.29
Cash on hand	30.22	35.80
Term Deposits (incl. accrued interest)	<u>133,581.75</u>	<u>183,420.76</u>
	<b>175,244.25</b>	276,649.11
<b>OTHER BANK BALANCES</b>		
Term Deposits (incl. accrued interest)		
- Deposits with more than twelve months maturity	80.69	74.92
- Deposits - Others	506,692.86	376,950.54
Unpaid Dividend	<u>18.15</u>	<u>17.28</u>
	<b>506,791.70</b>	377,042.74
	<u><b>682,035.95</b></u>	<u>653,691.85</u>

- i. Cash and cash equivalents includes Term Deposits with original maturity period upto three months. Term Deposits with original maturity period beyond 3 months have been included in Other Bank balances.
- ii. Company does not have any Term Deposits with original maturity period more than 12 months.

## NOTE - 21 SHORT TERM LOANS & ADVANCES

### Unsecured, Considered Good

Inter Corporate Deposits	9,880.00	9,100.00
Security Deposits	450.97	403.24
Loans to Employees	220.06	250.92
Loans to Others	1.85	1.84
Advances to Employees	866.85	683.05
Advances for Purchase	123,835.44	33,069.20
Advance to Others	5,291.26	1,596.53
Balances with Customs, Port Trust and Other Government Authorities	6,257.97	5,753.10
Prepaid Expenses	<u>1,602.67</u>	<u>909.57</u>
	<b>148,407.07</b>	51,767.45
<b>Unsecured, Considered doubtful</b>		
Advances for Purchase	19.59	19.59
Less: Provision	<u>19.59</u>	<u>19.59</u>
	<b>-</b>	<b>-</b>
	<u><b>148,407.07</b></u>	<u>51,767.45</u>

For Related Party Disclosures refer Note 31 (14a)

## NOTE - 22 OTHER CURRENT ASSETS

Claims Receivables - Purchases	4,470.48	899.86
Others	<u>1,890.68</u>	<u>1,577.39</u>
	<b>6,361.16</b>	2,477.25

## Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 23</b>		
<b>OTHER OPERATING REVENUES</b>		
Export Benefits	189.08	193.05
Transport Receipts	401.22	495.14
Rent Receipts	419.97	316.00
Canteen Receipts	571.63	548.31
Electricity Charges Collected	96.63	87.16
Water Charges Collected	29.59	30.94
Provisions Withdrawn		
- Performance Warranty	218.43	1,215.95
- Contingencies towards Long Term Contracts	-	598.75
- Doubtful Debts, LD	1,481.59	2,932.11
- Inventory	372.65	949.50
- Loans & Advances	63.74	109.75
- Others	271.12	239.56
Transfer from Grants	677.12	389.43
Miscellaneous	7,422.35	3,271.11
	<u>12,215.12</u>	<u>11,376.76</u>
<b>NOTE - 24</b>		
<b>OTHER INCOME</b>		
Interest Income from Staff/IT Refund/Others	323.65	343.25
Interest income on Term Deposits	58,270.65	24,734.32
Foreign Exchange Differential Gain	-	2,791.99
Profit on Sale of Fixed Assets	212.70	159.76
Miscellaneous (Net of "Nil" expenses)	825.93	195.28
	<u>59,632.93</u>	<u>28,224.60</u>

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/the reporting date.

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 25</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>WORK IN PROGRESS AND SCRAP</b>		
<b>[ACCRETION/(DECRETION)]</b>		
<b>Work in Progress:</b>		
Closing Balance	114,267.95	92,918.27
Opening Balance	92,918.27	98,603.78
	<u>21,349.68</u>	<u>(5,685.51)</u>
Less: Adjustment pertaining to earlier years	35.68	1,447.36
	<u>21,314.00</u>	<u>(7,132.87)</u>
<b>Finished Goods:</b>		
Closing Stock	10,141.72	20,380.05
Opening Stock	20,380.05	14,453.22
	<u>(10,238.33)</u>	<u>5,926.83</u>
<b>Scrap:</b>		
Closing Stock	97.63	125.58
Opening Stock	125.58	78.05
	<u>(27.95)</u>	<u>47.53</u>
	<u>11,047.72</u>	<u>(1,158.51)</u>
Less: Unrealised Profit on Stock	122.86	13.51
	<u>10,924.86</u>	<u>(1,172.02)</u>

## Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 26</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus/ Ex - gratia	84,194.72	81,659.14
Gratuity	3,800.48	3,323.82
Contribution to Provident and Pension Funds	8,151.93	8,219.26
Provision for BEL Retired Employees Contributory Health Scheme	1,679.64	846.40
Welfare Expenses [including Salaries ₹ 1,237.90 (₹ 1,430.02), PF Contribution ₹ 72.23 (₹ 92.81)]	11,483.76	11,159.95
	<b>109,310.53</b>	<b>105,208.57</b>

The Parent Company's VRS Scheme was opened for the period from 15.07.2011 to 29.08.2011. An amount of ₹ 2,544.03 (₹ Nil) has been debited to "Salaries & Wages" being the exgratia amount paid as per the scheme.

### NOTE-27

#### FINANCE COSTS

##### Interest Expenses

Interest on Lease Finance	7.62	11.10
Interest on Dues to Micro & Small Enterprises	1.52	1.38
Other Interest Expenses	28.56	34.52
	<b>37.70</b>	<b>47.00</b>
<b>Other borrowing costs</b>		
Loan Processing Charges	30.00	30.00
	<b>67.70</b>	<b>77.00</b>

## Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 28</b>		
<b>OTHER EXPENSES</b>		
Power and Fuel	3,010.70	3,060.73
Water Charges	300.29	278.93
Royalty & Technical Assistance	3,883.71	1,259.09
Rent	1,828.24	1,330.32
Rates & Taxes	300.97	292.99
Insurance	515.72	456.48
Auditors Remuneration		
Audit Fees	16.05	13.65
Tax Audit Fees	2.06	2.23
Fees for Company Law Matters	0.85	0.85
Other Services (Certification Fees)	1.94	1.85
Reimbursement of Expenses	8.00	6.90
	<u>28.90</u>	25.48
Repairs & Maintenance:		
Buildings	1,722.64	1,416.23
Plant & Machinery	1,452.99	1,352.81
Others	5,545.58	5,167.33
	<u>8,721.21</u>	7,936.37
Bank Charges	390.08	394.88
Printing and Stationery	426.47	433.92
Advertisement & Publicity	718.80	744.13
Travelling Expenses	5,593.11	4,790.90
Hiring Charges for Van & Taxis	661.95	628.55
Excise Duty - Others	55.95	64.01
Packing & Forwarding	1,130.31	1,351.59
Bad Debts & Advances Written Off	1,072.71	533.29
Less: Charged to Provisions	<u>1,043.38</u>	<u>529.06</u>
	29.33	4.23
Provision for Obsolete/Redundant Materials	4,518.20	2,258.67
Provisions for Doubtful Debts, Liquidated damages, Customers' claims and disallowances	9,812.88	10,650.05
Provision for Doubtful Advances, claims	1,810.11	197.58
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	510.65	4.19
Less: Charged to Provisions	<u>508.14</u>	-
	2.51	4.19
Sponsorship/Contribution for Professional & Social Activities	263.50	295.38
<b>Others:</b>		
Other Misc. Direct Expenditure	2,971.37	2,457.18
After Sales Service	176.47	341.41
Telephones	565.19	638.92
Expenditure on Seminars & Courses	651.26	640.09
Other Selling Expenses	173.69	131.38
Foreign Exchange Differential Loss	473.21	-
Miscellaneous	2,402.64	6,389.31
	<u>7,413.83</u>	<u>2,180.33</u>
	<u>51,416.77</u>	<u>42,847.78</u>

The Foreign Exchange Gain/Loss is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/the reporting date.

## Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>NOTE - 29</b>		
<b>PRIOR PERIOD ITEMS</b>		
Prior Period Income:		
Sales	(92.34)	(260.74)
Accretion to WIP	35.68	1,447.36
Depreciation	19.03	-
Others	47.81	845.37
Total Prior Period Income (A)	<u>10.18</u>	<u>2,031.99</u>
Prior Period Expenditure:		
Salaries & Wages	-	2.51
Material Consumed	63.26	-
Bank Charges	-	8.19
Depreciation	9.43	-
Foreign Exchange Loss	236.57	-
Others	11.94	20.78
Total Prior Period Expenditure (B)	<u>321.20</u>	<u>31.48</u>
Total Prior Period Items Net Income/ (Expenditure) [(A) - (B)]	<u>(311.02)</u>	<u>2,000.51</u>

## NOTE - 30

### EARNING PER SHARE

Profit for the period - Before Extraordinary item	84,674.51	87,783.62
Profit for the period - After Extraordinary item	84,674.51	87,783.62
Number of Shares used in computing earnings per Share	80,000,000	80,000,000

### Earnings per Share - Basic & Diluted

Before Extraordinary item (Amount in Rupees)	105.84	109.73
After Extraordinary item (Amount in Rupees)	105.84	109.73

## NOTE - 31

### GENERAL NOTES TO ACCOUNTS

#### 1) Consolidation Procedure:

The Consolidated Financial Statements ("CFS") have been prepared on the basis of audited financial statements of the Parent Company viz., Bharat Electronics Limited (BEL), its 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."

- I.1 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.
- I.2 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.

## Consolidated Notes to Accounts

(₹ in Lakhs)

- 2) 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) **Impact of Changes in Accounting Policies**
- 3.1 The Parent Company (BEL) has made modifications to the following Accounting Policies with effect from 2011-12 and onwards mainly to incorporate the change in terminologies and regrouping requirements under Revised Schedule VI as compared to Pre-revised Schedule VI.
- Fixed Assets, Capital Work in Progress and Intangible Assets under development [previously "Fixed Assets, Capital Work in Progress"] (Policy No. 4)
  - Research & Development Expenditure (Policy No. 7)
  - Government Grants (Policy No. 8)
  - Investments (Policy No. 9)
  - Trade Receivables and Other Receivables [previously "Sundry Debtors"] (Policy No. 11)
  - Income Tax (Policy No. 12)
  - Foreign Currency Transactions (Policy No. 14)
  - Technical Know How (Policy No. 17)
- All the above modifications have no impact on Profit for the year nor are they expected to have a material effect in later years.
- 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 31 March 2012.
- 4) a) The Parent Company (BEL) has been sanctioned working capital limit of ₹ 180,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).
- b) The interest rate payable on fund based limit is linked to SBI Base Rate plus 1%. (Interest rate payable as on 31.03.2012 is 11% p.a.).
- c) The amount utilised is re-payable on demand. Utilisation as on 31.03.2012 is NIL (NIL)
- d) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.
- 5) a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for amounts to **23,061.94** 15,619.63
- b) Other commitments i.e., Non-cancellable contractual commitments (i.e. cancellation of which will result in a penalty disproportionate to the benefits involved) **15,268.75** -
- 6) Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation has been done and provisions/adjustments have been made wherever considered necessary.
- 7) 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:

PARTICULARS	2011-2012	2010-2011
a) Contract Revenue recognised during the year	-	-
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	<b>43,009.84</b>	43,009.84
d) Recognised Profit upto 31.03.2012 (net of provision for contingency)	<b>3,522.08</b>	3,522.08
e) Amount of advances received and outstanding as at 31.03.2012	<b>48.85</b>	48.85
f) The amount of retention	<b>1,466.65</b>	1,466.65

## Consolidated Notes to Accounts

(₹ in Lakhs)

### 8) 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

### 9) Contingent Liabilities (including share in JVCs):

PARTICULARS	2011-2012	2010-2011
Claims not acknowledged as debts	10,133.08	12,120.48
Outstanding Letters of Credit	70,588.92	26,836.18
Others	1,096.92	412.16
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	11,770.88	8,698.05

10) 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, 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.

### 11) Related Party Transactions:

(a) The related party transactions during the year with JVCs are as under:

GE BE Private Ltd., (Equity Holding 26%); and  
BEL Multitone Private Ltd., (Equity Holding 49%)

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

Sl. No.	Particulars	Joint Ventures		Grand Total
		GE BE Pvt. Ltd.	BEL Multitone Pvt. Ltd.	
1	Purchase of Goods	-	-	-
2	Sale of Goods	1,377.56 (1,533.98)	-	1,377.56 (1,533.98)
3	Rendering Services	0.20	-	0.20
4	Receiving Services	-	-	-
5	Rent Received	-	0.42 (0.42)	0.42 (0.42)
6	Dividend Income on Investments	260.00 (260.00)	-	260.00 (260.00)
7	Trade Payables outstanding as on 31.03.2012	0.07 (0.07)	-	0.07 (0.07)
8	Trade Receivables outstanding as on 31.03.2012	391.01 (357.91)	-	391.01 (357.91)
9	Provision for doubtful trade receivables as on 31.03.2012	10.27 (17.45)	-	10.27 (17.45)
10	Provision for Customer disallowances as on 31.03.2012	6.44	-	6.44
11	Investment in Equity as on 31.03.2012 *	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.

## Consolidated Notes to Accounts

(₹ in Lakhs)

- (b) The Key Management Personnel & their remuneration details are as follows:
- Shri Anil Kumar CMD from 01.10.11 & Dir [OU] -from 03.02.10 to 30.09.11
  - Shri A K Datt, CMD upto 30.09.11
  - Shri M L Shanmukh, Director (Human Resources)
  - Shri M G Raghuvver, Director (Finance)
  - Shri H N Ramakrishna, Director (Marketing)
  - Shri I V Sarma, Director (R & D)
  - Shri S K Sharma, Director (Bangalore Complex) from 01.09.11
  - Shri H S Bhadoria, Director (Bangalore Complex) upto 31.08.11
  - Shri Mahesh C Kapri, MD, GE BE Pvt Ltd

The total salary including perquisites drawn by the above Key Management Personnel during the year 2011-12 are ₹ 283.93 (₹ 277.01) as detailed below:

PARTICULARS	2011-2012	2010-2011
Salary & Allowances including benefits	173.97	188.97
Contribution to Provident Fund & Gratuity etc.	38.28	24.49
Leased Accommodation	17.56	24.44
Others	54.12	39.11

- 12) These Financial Statements have been prepared as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 issued by Ministry of Corporate Affairs. Previous year's figures have been regrouped/reclassified to conform to the classification required by the Revised Schedule VI. Figures for the current year of the group have been regrouped/reclassified wherever necessary to conform to the Parent Company (BEL) presentation. Figures in brackets relate to previous year.

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

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

30 July 2012  
New Delhi



## Consolidated Cash Flow Statement for the year ended 31 March 2012

Particulars	(₹ in Lakhs)	
	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax as per Statement of Profit & Loss	110,285.03	118,750.91
Adjustments for:		
Extraordinary Items	-	-
Depreciation and Amortisation Expenses (incl. prior period items)	12,566.88	12,690.53
Provision for Employee Benefits	6,325.86	2,978.48
Provision for Contingencies towards Long-term Contract	-	(598.75)
Provision for Performance Guarantee	(333.63)	(1,313.26)
Interest Income	(58,270.65)	(24,734.32)
Finance Cost	67.70	77.00
Profit on Sale of Fixed Assets	(212.70)	(159.76)
Transfer from Government Grants	(677.12)	(389.43)
ESOP amortisation - GE BE Pvt. Ltd.	0.52	0.33
<b>Operating Profit Before Working Capital Changes</b>	<b>69,751.89</b>	<b>107,301.73</b>
Adjustments for:		
Trade Receivables & Advances	(85,032.88)	(83,286.97)
Inventories	(37,543.22)	(623.86)
Trade Payables & Advances	94,462.36	314,142.55
<b>Cash Generated from Operations</b>	<b>41,638.15</b>	<b>337,533.45</b>
Receipt of Grants	10,593.75	33.91
Direct Taxes Paid (Net)	(34,342.61)	(34,890.00)
<b>Cash Flow Before Extraordinary Items</b>	<b>17,889.29</b>	<b>302,677.36</b>
Extraordinary Items	-	-
<b>Net Cash from Operating Activities</b>	<b>17,889.29</b>	<b>302,677.36</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(24,523.55)	(14,516.52)
Sale of Fixed Assets	613.61	195.56
Bank Deposits	(129,707.19)	(110,770.66)
Interest Received	58,270.65	24,734.32
<b>Net Cash from/(used) in Investing Activities</b>	<b>(95,346.48)</b>	<b>(100,357.30)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Long-term Borrowings	(36.35)	(36.65)
Dividends Paid (including Dividend Tax)	(23,843.62)	(17,954.88)
Finance Cost	(67.70)	(77.00)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(23,947.67)</b>	<b>(18,068.53)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(101,404.85)</b>	<b>184,251.53</b>
<b>Cash and Cash Equivalents at the beginning of the Year</b>	<b>276,649.11</b>	<b>92,397.58</b>
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>175,244.25</b>	<b>276,649.11</b>

### 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 Note 20 is inclusive of ₹ 506,773.55 (₹ 377,025.46) being the deposits having a original maturity period of more than three months.

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

**Anil Kumar**  
Chairman & Managing Director

**M L Shanmukh**  
Director (HR)

**R M Kamath**  
Partner  
Membership No. 022907

**Elaine Mathias**  
General Manager (Finance)

**C R Prakash**  
Company Secretary

30 July 2012  
New Delhi



*QUALITY. TECHNOLOGY. INNOVATION*

**BHARAT ELECTRONICS LIMITED**

(A Govt. of India Enterprise)

Regd. & Corporate Office: Outer Ring Road, Nagavara, Bangalore - 560 045

Ph.: +91 80 2503 9300 / 2503 9266 Fax: +91 80 2503 9233

Email: [secretary@bel.co.in](mailto:secretary@bel.co.in) Website: [www.bel-india.com](http://www.bel-india.com)